

Consolidated Income Statement

52 weeks ended		28 June 2020 £m	30 June 2019 £m
Revenue	Note	1,339	2,112
Cost of sales		(1,097)	(1,608)
Gross profit		242	504
Administrative expenses		(94)	(93)
Operating profit		148	411
Financial income		2	3
Financial costs		(10)	(8)
Net financing costs		(8)	(5)
Share of profit of joint ventures after interest and taxation		-	-
Profit before tax		140	406
Income tax expense	2	(27)	(77)
Profit for the year		113	329
Earnings per share - basic	4	32.9p	92.3p
- diluted	4	32.8p	92.0p

Statement of Comprehensive Income

52 weeks ended		28 June 2020 £m	30 June 2019 £m
Profit for the year		113	329
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		1	(7)
Deferred tax on actuarial losses/(gains) taken directly to equity		-	1
Other comprehensive income/(expense) for the year net of tax		1	(6)
Total comprehensive income for the year		114	323

Balance Sheet

		As at	
	Note	28 June 2020 £m	30 June 2019 £m
Assets			
Intangible assets		2	2
Property, plant and equipment		19	16
Lease right of use assets		7	-
Investments		9	6
Deferred tax assets		1	4
Retirement benefit surplus		22	18
Trade and other receivables		-	9
Total non-current assets		60	55
Inventories	5	2,585	2,404
Trade and other receivables		38	48
Current corporation tax		7	-
Cash and cash equivalents	8	44	204
Total current assets		2,674	2,656
Total assets		2,734	2,711
Equity			
Retained earnings at 1 July 2019/2 July 2018		1,481	1,379
Profit for the year		113	329
Other comprehensive income/(expense) for the year		1	(6)
Dividend Paid		(72)	(218)
Movement in LTIP/SAYE		(1)	(3)
Retained earnings at 28 June 2020/30 June 2019		1,522	1,481
Share capital	9	37	37
Share premium account		59	59
Other reserves		8	8
Total equity		1,626	1,585
Liabilities			
Bank loans	8	170	80
Trade and other payables	6	120	167
Deferred tax liabilities		5	4
Long-term provisions		8	8
Total non-current liabilities		303	259
Trade and other payables	6	805	833
Current income tax liabilities		-	34
Total current liabilities		805	867
Total liabilities		1,108	1,126
Total equity and liabilities		2,734	2,711

Statement of Changes in Equity

52 weeks ended	28 June 2020 £m	30 June 2019 £m
Profit for the year	113	329
Other comprehensive income/(expense) for the year	1	(6)
Total comprehensive income relating to the year (net)	114	323
Dividend paid	(72)	(218)
Movement in LTIP/SAYE	(1)	(3)
Net increase in equity	41	102
Opening equity	1,585	1,483
Closing equity	1,626	1,585

Statement of Cash Flows

52 weeks ended		28 June 2020 £m	30 June 2019 £m
Cash flows from operating activities	Note		
Profit for the year		113	329
Depreciation and amortisation		7	3
Financial income		(2)	(3)
Financial costs		10	8
Income tax expense		27	77
Adjustment for non-cash items		1	(7)
Decrease/(increase) in trade and other receivables		20	(6)
Increase in inventories		(181)	(113)
(Decrease)/increase in trade and other payables		(75)	84
(Decrease) in provisions		-	(1)
Cash (outflow)/inflow generated from operations		(80)	371
Interest paid		(5)	(2)
Tax paid		(64)	(77)
Net cash (outflow)/inflow from operating activities		(149)	292
Cash flows from investing activities			
Acquisition of software, property, plant and equipment		(7)	(4)
Interest received		-	1
Payments to joint ventures		(3)	-
Net cash (outflow) from investing activities		(10)	(3)
Cash flows from financing activities			
Issue of bank borrowings	7	170	80
Repayment of bank borrowings	7	(80)	(5)
Payment of lease liabilities		(3)	-
Purchase of own shares		(16)	(10)
Dividend paid	3	(72)	(218)
Net cash (outflow) from financing activities		(1)	(153)
(Decrease)/increase in net cash and cash equivalents		(160)	136
Net cash and cash equivalents at the beginning of the year		204	68
Net cash and cash equivalents at the end of the year	8	44	204

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 year ended 28 June 2020 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 year ended 30 June 2019 have been delivered to the Registrar of Companies and the statutory accounts for the year ended 28 June 2020 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 Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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.

As a precaution against an extended lockdown, the Group increased its available banking facilities by £100m in April 2020. As a result, the Group has a £350m Revolving Credit Facility (RCF) (2019: £250m) provided by an established syndicate of six banks being Barclays Bank PLC, Lloyds Bank Plc, The Royal Bank of Scotland Plc, Santander UK PLC, HSBC UK Bank PLC and Svenska Handelsbanken AB (PUBL). This expires in December 2022 and is a committed unsecured facility. No change to the RCF covenants was made as a result of the increase to £350m. As at 15 September 2020, £260m of this facility was undrawn. It is likely that the RCF will be renewed prior to its expiry in December 2022.

In addition the Group has a further £13m of committed, unsecured facilities also expiring in December 2022 and £3m of unsecured, uncommitted facilities.

The Group also gained eligibility as an issuer for the Government's COVID Corporate Funding Facility (CCFF) with an issuer limit of £300m. Given the timely return to work and the effectiveness of measures to protect its cash flow, the Group has not used the CCFF and our forecasts do not assume the utilisation of this facility.

In the interests of cash conservation the Board took the decision not to pay the interim dividend due to be paid in April 2020 and no final dividend for financial year 2020 will be paid.

The Directors have prepared forecasts including cashflow forecasts for a period of 26 months from the date of approval of these financial statements to 30 December 2022. 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 20% price reduction on all unexchanged private legal completions for FY21 and a 10% price reduction on all unexchanged social legal completions for FY21;
- A 10% price reduction on all unexchanged private legal completions for FY22 and a 5% price reduction on all unexchanged social legal completions for FY22;
- FY23 legal completions at May 2020 budgeted prices; and
- A reduction in sales rate to 0.4 per budgeted active outlet per week from July 2020 to Sept 2021, representing a 43% reduction from average rates over the last three years.

These downside assumptions reflect the further potential impact of COVID 19 being increased economic uncertainty, further Government lockdown restrictions and increasing rates of unemployment and 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 in the periods other than for the effect of applying new standards and a change in presentation in respect of payments on account from social and private rented sector customers. These payments were previously netted off inventories but are now disclosed within Trade and other payables. The 2019 comparatives have been restated.

2. Income Tax expense

	2020	2019
	£m	£m
Current year		
UK Corporation Tax	<u>23</u>	<u>77</u>
Deferred tax		
Origination and reversal of temporary differences	<u>4</u>	-
Total income tax charge in income statement	<u><u>27</u></u>	<u><u>77</u></u>
Reconciliation of tax charge for the year		
Profit before tax	<u>140</u>	406
Tax calculated at UK Corporation Tax Rate at 19.0% (2019: 19.0%)	<u>27</u>	77
Tax charge for the year	<u><u>27</u></u>	<u><u>77</u></u>

3. Dividends

The following dividends were paid by the Group:

	2020	2019
	£m	£m
Prior year final dividend per share of 20.5p (2019: 19.0p);		
current year interim dividend per share of nil pence (2019: 10.0p)	72	107
B share dividend nil pence (2019: 30.15 p)	-	111
	<u><u>72</u></u>	<u><u>218</u></u>

4. Earnings per ordinary share

The basic earnings per share calculation for the year ended 28 June 2020 is based on the weighted average number of shares in issue during the period of 343m (2019: 356m) excluding those held in trust under the Redrow Long Term Incentive Plan (9m shares (2019: 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 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

For the 52 weeks ended 30 June 2019

	Earnings £m	No. of shares Millions	Per share pence
Basic earnings per share	329	356	92.3
Effect of share options and SAYE	-	2	(0.3)
Diluted earnings per share	329	358	92.0

5. Inventories

	2020 £m	2019 £m
Land for development	1,538	1,547
Work in progress	972	790
Stock of showhomes	75	67
	2,585	2,404

Inventories of £1,027m were expensed in the year (2019: £1,526m). Work in progress includes £1m (2019: £3m) in respect of part exchange properties.

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

	2020 £m	2019 £m
Due within one year	186	271
Due in more than one year	116	167
	302	438

7. Borrowings and loans

	2020 £m	2019 £m
Opening net book amount	80	5
Issue of bank borrowings	170	80
Repayment of bank borrowings	(80)	(5)
Closing net book amount	170	80

At 28 June 2020 the Group had total unsecured bank borrowing facilities of £366m representing £363m committed facilities and £3m uncommitted facilities.

8. Analysis of net (debt)/cash

	2020	2019
	£m	£m
Cash and cash equivalents	44	204
Bank loans	(170)	(80)
	(126)	124

9. Share capital

	2020	2019
	£m	£m
Issued and fully paid	37	37

Number of ordinary
shares

As at 1 July 2019 and 28 June 2020 (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 6 November 2020 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.