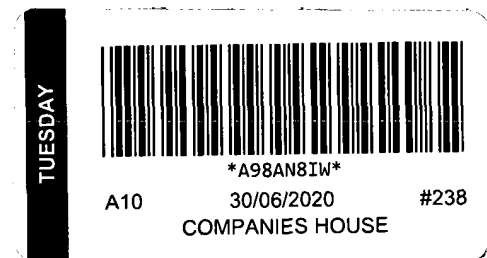


HB (HDG) Limited

Annual report and financial statements  
for the year ended 30 June 2019

Registered number: 01990709



HB (HDG) Limited  
Annual report and financial statements  
for the year ended 30 June 2019

Contents

	Page
Directors and advisers.....	1
Strategic report for the year ended 30 June 2019.....	2
Directors' report for the year ended 30 June 2019.....	3
Independent auditors' report to the members of HB (HDG) Limited.....	5
Profit and loss account for the year ended 30 June 2019.....	8
Statement of comprehensive income for the year ended 30 June 2019.....	8
Balance sheet as at 30 June 2019.....	9
Statement of changes in equity for the year ended 30 June 2019.....	10
Notes to the financial statements for the year ended 30 June 2019.....	11

# **HB (HDG) Limited**

## **Directors and advisers**

### **Directors**

J F Tutte

B M Richmond

### **Company Secretary**

G A Cope

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Hardman Square

Manchester

M3 3EB

### **Bankers**

Barclays Bank PLC

3 Windsor Place

3<sup>rd</sup> Floor Windsor Court

Cardiff

CF10 3BX

### **Registered office**

Redrow House

St David's Park

Flintshire

CH5 3RX

### **Registered number**

01990709

# **HB (HDG) Limited**

## **Strategic report for the year ended 30 June 2019**

The directors present their strategic report for the Company for the year ended 30 June 2019.

### **Principal activities**

The company is an intermediate holding company.

### **Business review**

The company made a profit of £500.0m (2018: £nil) during the year. This relates to dividends received from subsidiary companies. In addition to this, the main movement in the Total comprehensive income in the year was a £167.4m devaluation of investments (2018: revaluation £306.9m). The company paid a dividend of £500.0m to Redrow plc on 10 December 2018. The company has no tax payable or receivable. There is an enhanced business review of the group as a whole in the Strategic report of the Annual Report of Redrow plc pages 1 to 37.

Net assets at 30 June 2019 are £612.1m (2018: £779.5m).

### **Financial risk management**

Financial risk management is described in the Directors report on page 3.

### **Key performance indicators**

The key performance indicators of Redrow plc, which includes the company, are discussed on pages 4 to 5 of the Group's Annual Report which does not form part of this report.

By order of the board



G A Cope  
Company Secretary  
HB (HDG) Limited

26 June 2020

# **HB (HDG) Limited**

## **Directors' report for the year ended 30 June 2019**

The directors present their Annual report and the audited financial statements of the company for the year ended 30 June 2019.

### **Future developments**

Whilst the underlying housing market remains influenced by the availability of mortgage finance and consumer confidence generally, including the uncertainty surrounding Brexit, the directors consider the progress of the business during the year, the state of affairs at the end of the year, and the future prospects of the company, to be satisfactory.

### **Results and dividends**

The company made a profit of £500.0m for the financial year (2018: £nil) as a result of, on 6 December 2018 receiving a dividend of £480.0m from Redrow Homes Limited and a dividend of £20.0m from Harrow Estates plc (both of which were declared by the respective company on 3 December 2018). On 3 December 2018 the company declared, and on 10 December 2018 paid, a dividend of £500.0m to Redrow plc.

The Directors have not recommended a further dividend (2018: £nil).

No dividends were received or paid in the previous financial year.

### **Directors**

The directors of the company who held office during the year and up to the date of the signing of the financial statements are given below:

J P Tutte  
B M Richmond

### **Financial risk management and principal risks and uncertainties**

Financial risk management of the business is in line with Redrow Group policy. Further information on this can be found in the Strategic report as published in the Annual Report of Redrow plc on pages 30 to 37.

The principal risk is the nature of the conditions within the UK housing market. This risk is partially mitigated by having a range of excellent products and by monitoring the lead indicators of the housing market. However, COVID-19 is presenting individuals, businesses and governments with unprecedented challenges. The Group has established a specific COVID-19 Risk Management Committee chaired by the Chief Operations Officer to monitor and review and put specific measures in place to best manage the resulting risks. Actions are being continually reviewed to ensure we safeguard the well-being of our workforce and customers. We are reassured by the measures Government are putting in place to help businesses.

### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

**Directors' report for the year ended 30 June 2019 (continued)**

**Statement of Directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Directors' confirmation**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, will resign following the conclusion of the 2019 Annual General Meeting. KPMG LLP will be the company's auditor for the financial year commencing 1 July 2019.

By order of the board



G A Cope  
**Company Secretary**  
HB (HDG) Limited  
Registered number: 01990709  
26 June 2020

## Independent auditors' report to the members of HB (HDG) Limited

### Report on the audit of the financial statements

---

#### Opinion

In our opinion, HB (HDG) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2019; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

---

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

---

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## Independent auditors' report to the members of HB (HDG) Limited (continued)

---

### Reporting on other information (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

---

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



## HB (HDG) Limited

### Independent auditors' report to the members of HB (HDG) Limited (continued)

---

#### Other required reporting

---

##### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*Arif Ahmad*

Arif Ahmad (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
26 June 2020

## HB (HDG) Limited

### Profit and loss account for the year ended 30 June 2019

	2019 £m	2018 £m
Income from other fixed asset investments	500.0	-
<b>Profit for the financial year</b>	<b>500.0</b>	<b>-</b>

### Statement of comprehensive income for the year ended 30 June 2019

	Note	2019 £m	2018 £m
Profit for the financial year		500.0	-
(Decrease)/increase on revaluation of investments during the year	8	(167.4)	306.9
<b>Total comprehensive income for the financial year</b>		<b>332.6</b>	<b>306.9</b>

The notes on pages 11 to 14 form an integral part of these financial statements.

All amounts relate to continuing operations.

# HB (HDG) Limited

## Balance sheet as at 30 June 2019

	Note	2019 £m	2018 £m
<b>Fixed assets</b>			
Investments	8	612.2	779.6
<b>Current assets</b>			
Debtors	9	555.6	75.6
		555.6	75.6
<b>Creditors: amounts falling due within one year</b>	10	(555.7)	(75.7)
<b>Net current liabilities</b>		(0.1)	(0.1)
<b>Total assets less current liabilities</b>		612.1	779.5
<b>Net assets</b>		612.1	779.5
<b>Capital and reserves</b>			
Called up share capital	12	1.0	1.0
Share premium account		0.1	0.1
Revaluation reserve		607.1	774.5
Retained earnings		3.9	3.9
<b>Total equity</b>		612.1	779.5

The notes on pages 11 to 14 form an integral part of these financial statements.

The financial statements on pages 8 to 14 were approved by the board of directors on 26 June 2020 and were signed on its behalf by:



B M Richmond  
**Director**  
Registered number: 01990709

## HB (HDG) Limited

### Statement of changes in equity for the year ended 30 June 2019

	Called up share capital £m	Share premium account £m	Revaluation reserve £m	Retained earnings £m	Total Equity £m
Balance as at 1 July 2017	1.0	0.1	467.6	3.9	472.6
Other comprehensive income	-	-	306.9	-	306.9
Balance as at 30 June 2018	1.0	0.1	774.5	3.9	779.5
Other comprehensive expense	-	-	(167.4)	-	(167.4)
Profit for the financial year	-	-	-	500.0	500.0
Dividends paid	-	-	-	(500.0)	(500.0)
<b>Balance as at 30 June 2019</b>	<b>1.0</b>	<b>0.1</b>	<b>607.1</b>	<b>3.9</b>	<b>612.1</b>

# **HB (HDG) Limited**

## **Notes to the financial statements for the year ended 30 June 2019**

### **1 General information**

The principal activity of HB (HDG) Limited ('the company') is as an intermediate holding company, based within the UK.

The company is a private company limited by shares and is incorporated and domiciled in the UK and registered in Wales. The registered address of the company is Redrow House, St David's Park, Flintshire, CH5 3RX.

### **2 Statement of compliance**

The individual financial statements of HB (HDG) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

### **3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention on a going concern basis. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **Exemptions for qualifying entities under FRS 102**

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Redrow plc, includes the company's cash flows in its own consolidated financial statements.

#### **Fixed asset investments**

The investment in subsidiary and associated companies represents the book value of the underlying net assets at 30 June 2019, the surplus or deficit arising on the revaluation being transferred to non-distributable reserves. The basis of valuation has been adopted so as to more fairly represent the investment in these companies. Impairment reviews are carried out as appropriate.

#### **Consolidation**

The company is a wholly-owned subsidiary of Redrow plc and is included in the consolidated financial statements of Redrow plc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006. These financial statements are the company's separate financial statements.

#### **Related party transactions**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its' parent or with members of the same group that are wholly owned.

# **HB (HDG) Limited**

## **Notes to the financial statements for the year ended 30 June 2019 (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **Financial instruments**

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *i. Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *ii. Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### **4 Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *i. Carrying value of investments*

The investment in subsidiary companies represents the book value of the underlying net assets at 30 June 2019, the surplus or deficit arising on the revaluation being transferred to non-distributable reserves. The basis of valuation has been adopted so as to more fairly represent the investment in these companies. Impairment reviews are carried out as appropriate.

### **5 Operating result**

No emoluments were paid to the directors during 2019 or 2018 for their services as directors of the company. Auditors' remuneration for the audit of this company was borne by the company's ultimate parent undertaking, Redrow plc, in 2019 and 2018 in the sum of £1,000. There is no tax payable or receivable for the year (2018: £nil).

### **6 Employee information**

The company did not have any employees during 2019 or 2018.

# HB (HDG) Limited

## Notes to the financial statements for the year ended 30 June 2019 (continued)

### 7 Dividends

On 6 December 2018 the company received a dividend of £480m from Redrow Homes Limited and a dividend of £20m from Harrow Estates plc (both of which were declared by the respective company on 3 December 2018). On 3 December 2018 the company declared, and on 10 December 2018 paid, a dividend of £500m to Redrow plc, being £52.15 per share (2018: £nil).

The Directors have not recommended a further dividend (2018: £nil).

No dividends were received or paid in the previous financial year.

### 8 Investments

	Interests in subsidiary undertakings £m
Valuation at 1 July 2018	779.6
Revaluation in the year	(167.4)
<b>At 30 June 2019</b>	<b>612.2</b>

# HB (HDG) Limited

## Notes to the financial statements for the year ended 30 June 2019 (continued)

### 8 Investments (continued)

#### Interests in subsidiary undertakings

The principal subsidiary undertaking is Redrow Homes Limited. All subsidiary companies are incorporated in Great Britain except Redrow Homes (Park Heights) Limited which is incorporated in Jersey. The capital of all of the subsidiary companies shown below, consisting of ordinary shares, is wholly owned by HB (HDG) Limited. The trading in these investments relates to house building and development. The directors believe that the book value of investments is supported by their underlying net assets.

Name of undertaking	Company number	Name of undertaking	Company number
Redrow Homes Limited	1990710	HB (SC) Limited(i)	SC74732
Harrow Estates plc	6825371	HB (1995) Limited(i)	SC155021
Redrow Real Estate Limited	3996541	Redrow Homes (Wallyford) Limited(i)	SC205159
Redrow Regeneration plc	5405272	St David's Park Limited	2479183
Redmira Limited	7587765	PB0311 Limited	7577839
HB (NW) Limited	1189328	Debut Freeholds Limited	4638403
HB (LCS) Limited(i)	SC38052	Tay Homes (Western) Limited	2806562
HB (MID) Limited	2469449	Tay Homes (Northern) Limited	2708575
HB (SW) Limited	3522335	Tay Homes (Midlands) Limited	2183136
HB (SWA) Limited	2230870	Tay Homes (North West) Limited	2189721
HB (Y) Limited	2293006	Redrow Homes (Park Heights) Limited(ii)	66240
HB (ESTN) Limited	4017345	Redrow Construction Limited	1375826
HB (WM) Limited	3379746	Poche Interior Design Limited	2169473
HB (SM) Limited	3522321	Redrow (Shareplan) Limited	3520984
HB (SN) Limited	537405	Cadmoore Limited	3977222
HB (WC) Limited	4984069	Redrow (Sudbury) Limited	4558070
HB (WX) Limited	1940936	The Waterford Park Company Limited	5429823
HB (EM) Limited	2827161	The Waterford Park Company (Balmoral) Limited	6047122
HB (CD) Limited	2034733	HB (Herne Bay No 1) Limited	7743649
HB (GRPS) Limited	2898913	HB (Herne Bay No 2) Limited	9163243
HB (CPTS) Limited	1079513	Radleigh Construction Limited	4219460
HB (SE) Limited	3988594	Radleigh Homes Limited	4210633
HB (CSCT) Limited (i)	SC231364	Redrow Langley Limited	7306461
Redrow Homes East Midlands Limited	4219459	Radleigh (Hackwood) Limited	8131049
Radbourne Edge (Holdings) Limited	8737345		

All the subsidiaries registered office is Redrow House, St David's Park, Flintshire, CH5 3RX apart from those marked (i) and (ii) whose registered offices are as follows:

- (i) c/o TLIT LLP, 140 West George Street, Glasgow, G2 2HG
- (ii) 13 Castle Street, St. Helier, Jersey, JE4 5UT

### 9 Debtors

	2019 £m	2018 £m
Amounts owed by group undertakings	555.6	75.6

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.



## HB (HDG) Limited

### Notes to the financial statements for the year ended 30 June 2019 (continued)

#### 10 Creditors: amounts falling due within one year

	2019 £m	2018 £m
Amounts owed to group undertakings	555.7	75.7

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

#### 11 Financial instruments

The company has the following financial instruments:

<b>Financial assets that are debt instruments measured at amortised cost</b>	<b>2019 £m</b>	<b>2018 £m</b>
Amounts owed by group undertakings	555.6	75.6

<b>Financial liabilities measured at amortised cost</b>	<b>2019 £m</b>	<b>2018 £m</b>
Amounts owed to group undertakings	555.7	75.7

#### 12 Called up share capital

	2019 £m	2018 £m
<b>Allotted and fully paid</b>		
9,588,119 (2018: 9,588,119) ordinary shares of £0.10 each	1.0	1.0

#### 13 Contingent liabilities

The company provides cross guarantees in respect of certain Redrow plc loans, details of which are in the Redrow plc Annual Report on page 125.

#### 14 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Redrow plc.

The ultimate parent undertaking and controlling party is Redrow plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements, and is incorporated in the United Kingdom. Copies of the Redrow plc consolidated financial statements can be obtained from the Company Secretary, Redrow plc, Redrow House, St David's Park, Flintshire, CH5 3RX.