

Redrow Homes (Southern) Limited
Annual report
for the year ended 30 June 2008

Registered number 537405



Redrow Homes (Southern) Limited
Annual report
for the year ended 30 June 2008

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Redrow Homes (Southern) Limited

Directors and advisors for the year ended 30 June 2008

Directors

Redrow Homes Limited

F Veevers

A J West

C E Lewis

A Grundy

B Stiles

R T Gartside

D H Livingstone

M Timlin

S Pickering

Secretary

G A Cope

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

Bankers

Barclays Bank PLC

Level 27

1 Churchill Place

Canary Wharf

London

E14 5HP

Registered office

Redrow House

St David's Park

Flintshire

CH5 3RX

Registered number

537405

Redrow Homes (Southern) Limited

Directors' report for the year ended 30 June 2008

The directors present their report and the audited financial statements of the company for the year ended 30 June 2008.

Principal activities and business review

The principal activity of the company is residential development.

Turnover for the year was £70,008,544 (2007: £95,742,839). Pre-exceptional operating margin for the year was 16.1% (2007:20.6%) a decrease of 4.5% on the prior year, largely reflecting the current challenges faced by UK housebuilders.

Net assets as at 30 June 2008 were £29,795,031 (2007: £43,297,718), with the movement of £13,502,687 largely being the result of the exceptional net realisable value provision.

Financial risk management

Financial risk management of the business is in line with Redrow Group policy. Further information on this can be found in the Chief Executive and Finance Director's business review as published in the Annual Report and Accounts of Redrow plc.

Interest rate risk is managed at a group level with regular monitoring to ensure that the level of hedging to mitigate risks remains appropriate. Liquidity risks are managed through the regular review of cash forecasts and maintaining adequate banking facilities. The company is exposed to commodity price risk as part of its operations but this is minimised by Groupwide annual agreements for key materials. The company has no exposure to equity securities price risk as it holds no listed investments.

The principal risk is the nature of the conditions within the UK housing market. This risk is partially mitigated by having a wide range of products and by monitoring the lead indicators of the housing market.

Key performance indicators

Key performance indicators for the company are operating profit and customer service targets. The key performance indicators of Redrow plc, which includes the company, are discussed on page 21 of the Group's Annual Report which does not form part of this report.

Future outlook

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 loss for the financial year of £13,502,687 (2007: profit before dividends of £9,323,825) will be deducted from reserves.

The directors do not recommend payment of a dividend in respect of the year ended 30 June 2008 (2007: 72.7p per ordinary share totalling £4,000,000)

Directors

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

| | |
|----------------------|------------------------------|
| W J Brand | - resigned 3 September 2007 |
| Redrow Homes Limited | |
| P R Dunthorne | - resigned 30 September 2008 |
| J F Tutte | - resigned 3 September 2007 |
| P A Moran | - resigned 16 November 2007 |
| F Veevers | |
| S T Rowlands | - resigned 18 August 2008 |
| G Blake | - resigned 30 November 2007 |
| A J West | - resigned 31 July 2008 |
| C E Lewis | - appointed 1 July 2007 |

Redrow Homes (Southern) Limited

Directors' report for the year ended 30 June 2008 (continued)

A Grundy - appointed 1 July 2007
B Stiles - appointed 14 November 2007

Redrow Homes Limited is the immediate parent company of the majority of the Redrow Homes trading subsidiaries.

On 1 August 2008 W J Brand, J F Tutte, R T Gartside, D H Livingstone, M Timlin and S Pickering were all appointed to the board.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985. They 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.

Statement of provision of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Charitable contributions

Charitable contributions amounting to £4,842 (2007: £7,900) were made by the company during the year.

Creditor payment policy

The company values its relationships with suppliers and sub-contractors. It is the policy to agree credit terms prior to commencement of trading. Subject to any items of genuine dispute, it is policy to pay creditors within the terms agreed. At 30 June 2008, the company had 57 days' purchases outstanding in respect of payments to suppliers and sub-contractors (2007: 59 days).

Redrow Homes (Southern) Limited

Directors' report for the year ended 30 June 2008 (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the annual general meeting.

By order of the Board



G A Cope

Secretary

19 November 2008

Redrow Homes (Southern) Limited

Independent auditors' report to the members of Redrow Homes (Southern) Limited

We have audited the financial statements of Redrow Homes (Southern) Limited for the year ended 30 June 2008 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- and the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
19 November 2008

Redrow Homes (Southern) Limited

Profit and loss account for the year ended 30 June 2008

| | Note | Pre- exceptional Items 2008 £ | Exceptional Items 2008 £ | Total 2008 £ | Restated 2007 £ |
|--|-------|---|-----------------------------------|--------------------|-----------------------|
| Turnover | 1 | 70,008,544 | - | 70,008,544 | 95,742,839 |
| Operating (loss)/profit | 1 | 11,303,483 | (29,259,000) | (17,955,517) | 14,169,025 |
| Interest payable | 4 | (1,259,465) | - | (1,259,465) | (933,591) |
| (Loss)/profit on ordinary activities before taxation | 5 | 10,044,018 | (29,259,000) | (19,214,982) | 13,235,434 |
| Tax on (loss)/profit on ordinary activities | 6 | (2,964,021) | 8,676,316 | 5,712,295 | (3,911,609) |
| (Loss)/profit for the financial year | 15,16 | 7,079,997 | (20,582,684) | (13,502,687) | 9,323,825 |

All amounts relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the year stated above and their historical cost equivalents.

Redrow Homes (Southern) Limited

Balance sheet as at 30 June 2008

| | Note | 2008 £ | 2007 £ |
|--|------|---------------------|---------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 415,002 | 134,662 |
| Investments | 8 | 44,056 | 44,056 |
| | | 459,058 | 178,718 |
| Current assets | | | |
| Stock | 9 | 94,046,795 | 91,258,113 |
| Debtors | 10 | 8,469,023 | 6,297,232 |
| Cash at bank and in hand | | - | 1,532,017 |
| | | 102,515,818 | 99,087,362 |
| Creditors: amounts falling due within one year | 11 | (61,757,495) | (41,899,035) |
| Net current assets | | 40,758,323 | 57,188,327 |
| Total assets less current liabilities | | 41,217,381 | 57,367,045 |
| Creditors: amounts falling due after more than one year | 12 | (11,300,000) | (13,976,577) |
| Provision for liabilities and charges | 13 | (122,350) | (92,750) |
| Net assets | | 29,795,031 | 43,297,718 |
| Capital and reserves | | | |
| Called up share capital | 14 | 5,500,000 | 5,500,000 |
| Profit and loss account | 15 | 24,295,031 | 37,797,718 |
| Total shareholders' funds | 16 | 29,795,031 | 43,297,718 |

The financial statements on pages 6 to 16 were approved by the board of directors on 19 November 2008 and were signed on its behalf by:

A Grundy

A Grundy
Director

Redrow Homes (Southern) Limited

Statement of accounting policies for the year ended 30 June 2008

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently throughout the year, except for turnover and profit recognition, is set out below.

1) Sales of residential land holdings have historically not represented a material part of the Group's strategy and, because of this, have not been included within revenue. With the increased focus on optimising the Group's land bank through land sales and land swaps which may form a more frequent part of ordinary trading for Redrow, we have amended our revenue recognition policy to include residential land sales revenue. This change in accounting policy does not affect reported cash flows and earnings. The impact is to increase reported revenue by £nil (2007: £13,700,000).

Basis of accounting

The financial statements have been prepared under the historical cost convention on a going concern basis.

Tangible fixed assets

Tangible fixed assets are shown at cost (i.e. purchase price and other incidentals) less accumulated depreciation. Fixed assets are depreciated on a straight line basis over their expected useful economic lives at the following principal annual rates:

| | % |
|-----------------------|-------|
| Fixtures and fittings | 25 |
| Plant and machinery | 10-25 |

Investments

Ground rents are capitalised at six years' rental value.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value, cost includes materials, labour and subcontract work.

Turnover and profit recognition

Turnover represents sales of residential housing and land sales. Turnover and profit are recognised on legal completion.

Interest on borrowings

Interest is written off to the profit and loss account as incurred.

Deferred taxation

Deferred tax is provided on timing differences arising from the recognition of income and expenditure in different periods for taxation and accounting purposes where timing differences have originated but not reversed by the balance sheet date. Deferred tax is provided at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax assets are only recognised to the extent that it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted.

Pension scheme

The Group, Redrow plc, operates a contributory pension scheme for all its staff. The funds of the scheme are administered by Trustees. The scheme is externally invested and comprises two sections: a defined benefit section and a defined contribution section.

i. Defined contribution section

The company participates in the Group's defined contribution section. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are recognised in the profit and loss account when they fall due.

Redrow Homes (Southern) Limited

Statement of accounting policies for the year ended 30 June 2008 (continued)

ii. Defined benefit section

The company participates in the Group's defined benefit section, the assets of which are held separately from those of the company in independently administered funds. As the company is unable to identify its share of the assets and liabilities of the Group scheme, it accounts for contributions as if they were to a defined contribution pension scheme, as permitted by FRS 17. Contributions are charged to the profit and loss account in the year as incurred. The amendment to FRS 17 has been adopted during the year. This has no impact on reserves and no prior year adjustment has been required as the company has taken the multi-employer exemption.

The pension cost charge as disclosed in note 3 represents employer contributions made in respect of both the defined benefit and defined contribution sections.

Cash flows

The company is a wholly owned subsidiary of Redrow plc, and its cash flows are included in the consolidated cash flow statement of Redrow plc whose financial statements are publicly available. Consequently, the company is exempt from the requirement of FRS 1 (revised 1996) to prepare a cash flow statement.

Forward land

All expenditure relating to forward land, including options, fees etc. is provided for when incurred. After exercise of an option and acquisition of the land following the securing of planning permission, the provisions relating to that land are released.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Exceptional items

Exceptional items are those which in the opinion of the Board are material by size or nature, non-recurring and of such significance that they require separate disclosure on the face of the income statement.

Redrow Homes (Southern) Limited

Notes to the financial statements for the year ended 30 June 2008

1 Turnover and operating (loss)/profit

| | Pre-exceptional Items 2008 £ | Exceptional Items 2008 £ | Total 2008 £ | Restated 2007 £ |
|-------------------------|---------------------------------------|-----------------------------------|--------------------|-----------------------|
| Turnover | 70,008,544 | - | 70,008,544 | 95,742,839 |
| Cost of sales | (54,870,940) | (29,259,000) | (84,129,940) | (76,060,247) |
| Gross (loss)/profit | 15,137,604 | (29,259,000) | (14,121,396) | 19,682,592 |
| Administrative expenses | (3,834,121) | - | (3,834,121) | (5,513,567) |
| Operating (loss)/profit | 11,303,483 | (29,259,000) | (17,955,517) | 14,169,025 |

All turnover is generated from one line of business and one geographical area.

An exceptional net realisable value provision was recognised in the year against land and work in progress in the sum of £29,259,000. Comprehensive details of the methodology adopted can be found on page 59 and 60 of the Redrow plc Annual Report and Accounts.

2 Directors' emoluments

| | 2008 £ | 2007 £ |
|--|-----------|-----------|
| Emoluments | | |
| Aggregate emoluments | 824,347 | 588,257 |
| Company contributions to money purchase pension scheme | 12,883 | 1,406 |

Retirement benefits are accruing to 5 (2007: 5) directors under a defined benefit scheme, there are also 5 (2007: 5) directors in the money purchase scheme. During the year 1 directors (2007: nil) exercised options over shares of Redrow plc.

| | 2008 £ | 2007 £ |
|---|-----------|-----------|
| Highest paid director | | |
| Emoluments | 277,277 | 180,897 |
| Defined benefit pension schemes: | | |
| Accrued pension at end of year | 5,880 | 3,760 |

Redrow Homes (Southern) Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

3 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

| | 2008 Number | 2007 Number |
|------------------------------------|------------------|------------------|
| By activity | | |
| Directors and administrative staff | 25 | 28 |
| Site personnel | 47 | 47 |
| | 72 | 75 |
| | 2008 | 2007 |
| | £ | £ |
| Wages and salaries | 2,739,407 | 3,036,808 |
| Social security costs | 349,975 | 360,968 |
| Other pensions costs (note 17) | 199,778 | 675,361 |
| | 3,289,160 | 4,073,137 |

4 Interest payable

| | 2008 £ | 2007 £ |
|----------------------------------|-----------|-----------|
| Interest payable - group funding | 1,259,465 | 933,591 |

5 (Loss)/Profit on ordinary activities before taxation

| | 2008 £ | 2007 £ |
|--|-----------|-----------|
| (Loss)/profit on ordinary activities before taxation is stated after | | |
| Depreciation – owned assets | 48,050 | 37,706 |
| Auditors' remuneration – audit services | 7,725 | 7,500 |
| Hire of plant and machinery | 532,383 | 513,332 |
| Rent of land and buildings | 120,000 | 120,000 |
| After crediting: | | |
| Rental income | 20 | 185 |

Redrow Homes (Southern) Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

6 Tax on (loss)/profit on ordinary activities

| a) Analysis of (credit)/charge in the year | 2008 £ | 2007 £ |
|--|--------------------|------------------|
| Current taxation | | |
| United Kingdom corporation tax on (loss)/profit for the year | (5,734,945) | 3,964,818 |
| Over provision in respect of prior year | - | (59,463) |
| Total current tax | (5,734,945) | 3,905,355 |
| Deferred tax: | | |
| Origination and reversal of timing differences | 21,830 | 6,254 |
| Change in tax rate: effect on deferred tax | 820 | - |
| Total deferred taxation (note 13) | 22,650 | 6,254 |
| Tax on profit on ordinary activities | (5,712,295) | 3,911,609 |

b) Factors affecting the tax (credit)/charge for the year

The tax assessed for the year is lower (2007: lower) than the standard rate of corporation tax in the UK. The differences are explained below

Reconciliation of current taxation charge

| | | |
|--|--------------------|------------------|
| Profit on ordinary activities before taxation | (19,214,892) | 13,235,434 |
| Profit on ordinary activities multiplied by the standard UK rate 29.5% (2007: 30%) | (5,668,393) | 3,970,630 |
| Over provision in respect of prior year | - | (59,463) |
| Permanent differences | 43,554 | 442 |
| Accelerated capital allowances and other timing differences | (22,998) | (6,254) |
| Current tax (credit)/charge for the year | (5,734,945) | 3,905,355 |

From 1 April 2008, the rate of corporation tax applied reduced from 30% from 28% giving an average rate for the year of 29.5%.

Redrow Homes (Southern) Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

7 Tangible assets

| | Plant and machinery £ | Fixtures and fittings £ | Total £ |
|---------------------------------|-----------------------------|-------------------------------|----------------|
| Cost | | | |
| At 1 July 2007 | 117,626 | 515,486 | 633,112 |
| Additions | - | 328,390 | 328,390 |
| At 30 June 2008 | 117,626 | 843,876 | 961,502 |
| Accumulated depreciation | | | |
| At 1 July 2007 | 2,849 | 495,601 | 498,450 |
| Charge for the year | 17,094 | 30,956 | 48,050 |
| At 30 June 2008 | 19,943 | 526,557 | 546,500 |
| Net book amount | | | |
| At 30 June 2008 | 97,683 | 317,319 | 415,002 |
| At 30 June 2007 | 114,777 | 19,885 | 134,662 |

8 Investments

Investments represent capitalised ground rents

| | £ |
|---|---------------|
| Net book value at 1 July 2007 and 30 June 2008 | 44,056 |

The Directors believe that the book value of investments is supported by their underlying net assets.

9 Stock

| | 2008 £ | 2007 £ |
|------------------------------------|-------------------|-------------------|
| Land for development | 76,490,748 | 67,839,129 |
| Work in progress | 22,148,718 | 24,203,990 |
| Stock of showhomes | 872,442 | 632,815 |
| | 99,511,908 | 92,675,934 |
| Less: payments received on account | (5,465,113) | (1,417,821) |
| | 94,046,795 | 91,258,113 |

Redrow Homes (Southern) Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

10 Debtors

| | 2008 £ | 2007 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 3,396,515 | 1,524,272 |
| Amounts owed by group undertakings | 1,743,972 | 1,201,035 |
| Other debtors | 248,159 | 3,527,533 |
| Corporation tax | 3,072,045 | - |
| Deferred taxation (note 13) | - | 12,300 |
| Prepayments and accrued income | 8,332 | 32,092 |
| | 8,469,023 | 6,297,232 |

Amounts owed by group undertakings are repayable on demand. Interest is charged at a commercial rate linked to the Bank of England base rate.

11 Creditors: amounts falling due within one year

| | 2008 £ | 2007 £ |
|--|-------------------|-------------------|
| Bank borrowings | 644,875 | - |
| Trade creditors | 15,356,978 | 17,227,317 |
| Amounts due in respect of land for development | 37,822,781 | 15,913,664 |
| Amounts owed to group undertakings | 6,862,973 | 4,563,505 |
| Corporation tax | - | 1,914,511 |
| Other taxation and social security payable | 8,122 | 1,176 |
| Other creditors | 186,507 | 192,189 |
| Accruals and deferred income | 875,259 | 2,086,673 |
| | 61,757,495 | 41,899,035 |

Amounts owed to group undertakings are repayable on demand. Interest is incurred at a commercial rate linked to the Bank of England base rate.

12 Creditors: amounts falling due after more than one year

| | 2008 £ | 2007 £ |
|--|------------|------------|
| Amounts due in respect of land for development | 11,300,000 | 13,976,577 |

Amounts due in respect of development land are expected to be settled within 2 years.

Redrow Homes (Southern) Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

13 Provisions for liabilities and charges

| | Maintenance provision £ | Deferred taxation £ |
|--|-------------------------------|---------------------------|
| At 1 July 2007 | 92,750 | (12,300) |
| Charged to the profit and loss account | 19,250 | 22,650 |
| At 30 June 2008 | 112,000 | 10,350 |

Deferred Taxation

The deferred tax asset arises from the excess of tax allowances over depreciation of £10,350 (2007: asset due to excess of depreciation over tax allowances £12,300).

14 Called up share capital

| | 2008 £ | 2007 £ |
|---|-----------|-----------|
| Authorised | | |
| 5,500,000 ordinary shares of £1 each | 5,500,000 | 5,500,000 |
| Allotted, called up and fully paid | | |
| 5,500,000 ordinary shares of £1 each | 5,500,000 | 5,500,000 |

15 Reserves

| | Profit and loss account £ |
|---------------------------------------|------------------------------------|
| At 1 July 2007 | 37,797,718 |
| Loss for the financial year (note 16) | (13,502,687) |
| At 30 June 2008 | 24,295,031 |

16 Reconciliation of movements in shareholders' funds

| | 2008 £ | 2007 £ |
|---|---------------------|-------------------|
| (Loss)/profit for the financial year | (13,502,687) | 9,323,825 |
| Dividends paid in the year | - | (4,000,000) |
| Retained profit for the financial year | (13,502,687) | 5,323,825 |
| Opening shareholders' funds | 43,297,718 | 37,973,893 |
| Closing shareholders' funds | 29,795,031 | 43,297,718 |

Redrow Homes (Southern) Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

17 Pensions and similar obligations

The Redrow Group participates in The Redrow Staff Pension Scheme, a group scheme, which constitutes a self-administered Scheme with defined benefits and defined contribution sections. Contributions to the defined benefits section are based on the pension costs of the whole Redrow Group and were at the rate of 16% (2007: 16%) of pensionable earnings. Details of the latest actuarial valuation will be found in the financial statements of Redrow plc. As at 30 June 2008, the Redrow Staff Pension Scheme was in deficit at £0.2m (2007: surplus £6.1m), as calculated in accordance with IAS 19. The pension deficit is calculated in accordance with IAS 19 since Redrow plc prepares its accounts under IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985 as detailed on page 58 of the Group Annual Report which does not form part of this report. The Group considers that insufficient information is available cost effectively to allocate the fund assets and liabilities to individual companies within the Group.

The contributions made to the defined contribution section were £103,211 (2007: £98,455).

18 Contingent liabilities

Performance bonds and other building guarantees have been entered into in the normal course of business. In addition, the company provides cross guarantees in respect of certain Redrow plc loans, details of which are on page 84 of the Redrow plc Annual Report and Accounts.

19 Related party transactions

As a wholly owned subsidiary of Redrow plc, whose accounts are publicly available, the company has taken advantage of the exemption under paragraph 3(c) FRS 8 not to disclose intra-group transactions. There have been no other related party transactions.

20 Ultimate parent undertaking

The immediate parent undertaking is Redrow Homes Limited.

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. Copies of Redrow plc consolidated financial statements can be obtained from the Company Secretary, Redrow plc, Redrow House, St David's Park, Flintshire, CH5 3RX.