



Directors' interests

The Directors' interests in the Company's shares are set out in the Directors' remuneration report on page 100.

Directors' indemnity provisions

The Company has purchased and maintained throughout the period Directors' and officers' liability insurance in respect of the Directors.

Share capital structure

At 30 September 2021, the Company's issued share capital was £2,561,634, divided into 256,163,459 ordinary shares of one pence each.

The holders of ordinary shares are entitled to one vote per share at the Company's general meetings.

Engagement with employees, suppliers, customers and other stakeholders

Information on the Group's engagement with its employees, clients, customers, supply chain, shareholders and communities can be found in the strategic report on pages 64 and 65. Information on other employee matters such as investing in the workforce, employee diversity and the provision of equal opportunities for disabled employees can be found in the strategic report on pages 45 to 48.

Political donations

The Company made no political donations during the year.

Financial instruments

Information on financial instruments is given in note 30 to the financial statements.

Auditor

In view of the fact that Ernst & Young had been the Company's auditor for over 20 years, a tender process was held during 2021. Following that process, the Board selected Deloitte LLP to be the Company's new auditor and they will be appointed immediately following the signing of the Company's financial statements for the year ended 30 September 2021.

A resolution to appoint Deloitte as auditor will be proposed at the 2022 annual general meeting.

Going concern

After making enquiries and as more fully explained in the going concern review on pages 80 and 81, the Directors have a reasonable expectation that the Group has adequate resources to continue to trade for the period to 31 January 2023. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Approval

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 auditor are unaware; and
- they have taken all 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.

This Directors' report was approved on behalf of the Board on 18 January 2022.

Sarah Sergeant

Chief Financial Officer

18 January 2022

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Counterparty risk

The Group's clients are predominantly blue-chip institutional funds and the risk of default is low. The funds for a forward sold development are normally specifically allocated by the client or backed by committed debt funding.

For forward sold developments, our cash income remains ahead of our development expenditure through the life of the development, such that if we were exposed to a client payment default, we could suspend the works, thereby limiting any cash exposure.

Fresh has many clients and these are mostly institutional funds with low default risk.

Base case cash forecast

We have prepared a base case cash forecast for the forecast period, based on our current business plan and trading assumptions for the year. This is well supported by our forward sold pipeline of ten PBSA developments and three BTR developments for delivery during the period FY22 to FY24, as well as the reserved/exchanged and forward sales for our Affordable Homes business and the contracted income for Fresh. Our currently secured cash flow, derived from our forward sold developments and other contracted income, net of overheads and tax, results in a modest cash utilisation over the forecast period, with the result that our liquidity position is maintained.

In addition to the secured cash flow, the base case forecast assumes a number of new forward sales and further house sales, which if achieved will result in a further strengthening of our liquidity position, after allowing for dividend payments. We currently have under offer, and are progressing, sales of two BTR schemes, which will underpin the additional forward sales assumptions in the forecast.

Risk analysis

In addition to the base case forecast, and though considered unlikely given the reaction of the institutional investment market to the pandemic to date, including the emergence of the Omicron variant, we have considered the possibility of a suspension of the forward sale market in the event of a further resurgence of the pandemic leading to a significant economic downturn or market uncertainty. This is our most significant risk as it would greatly limit our ability to achieve any further forward sales and would potentially mean that we would have to complete on secured site acquisitions without a subsequent forward sale in place.

We have run various model scenarios to assess the possible impact of the above risks, including a severe but plausible downside scenario assuming no further forward sales are achieved other than those currently under offer, as a result of a freeze in the sales markets.

In the severe but plausible downside scenario, we have included for the payment of our FY21 full-year proposed dividend in line with our dividend policy. The cash forecast prepared under this scenario illustrates that adequate liquidity is maintained through the forecast period and the financial covenants under the RCF would still be met.

The minimum total cash and available facilities balance under this scenario was £45 million (excluding the £10 million overdraft). We consider the likelihood of events occurring which would exhaust the total cash and available facilities balances remaining to be remote. However, should such events occur, management would be able to implement reductions in discretionary expenditure and investments in unsold developments to ensure that the Group's liquidity was maintained.

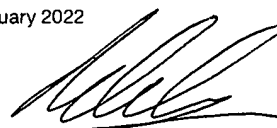
Conclusion

Based on the thorough review and robust downside forecasting undertaken, and having not identified any material uncertainties that may cast any significant doubt, the Board is satisfied that the Group will be able to continue to trade for the period to 31 January 2023 and has therefore adopted the going concern basis in preparing the financial statements.

This strategic report has been approved by the Board and signed on its behalf:

Richard Simpson
Chief Executive Officer

18 January 2022



Company statement of financial position

as at 30 September 2021

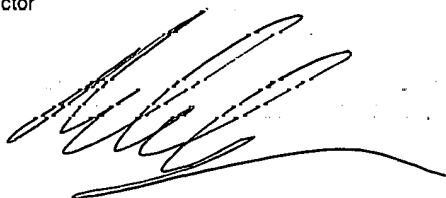
		30 September 2021 £'000	30 September 2020 £'000
	Notes		
Fixed assets			
Investments	42	258,599	258,123
Current liabilities			
Trade and other payables	43	(93,269)	(67,785)
Total liabilities		(93,269)	(67,785)
Net assets		165,330	190,338
Equity			
Share capital	44	2,562	2,562
Share premium		84,612	84,612
Share-based payment reserve		2,824	2,348
Retained earnings		75,332	100,816
Total equity		165,330	190,338

The notes on pages 150 and 151 are an integral part of these Company financial statements.

No income statement has been presented as permitted by Section 408 of the Companies Act 2006. The Company's profit for the year after taxation was £Nil (2020: £Nil).

Approved by the Board of Directors on 18 January 2022 and signed on its behalf by:

Richard Simpson
Director



Consolidated statement of financial position

as at 30 September 2021

	Notes	30 September 2021 £'000	30 September 2020 £'000
Non-current assets			
Intangible assets	16	12,724	13,284
Investment property (leased)	17	98,567	104,623
Right-of-use assets	17	4,468	4,763
Property, plant and equipment	18	3,656	4,376
Investment in joint ventures	20	17	3,243
Deferred tax assets	28	4,057	3,313
Other financial assets	29	1,241	1,133
		124,730	134,735
Current assets			
Inventory and work in progress	21	127,603	126,660
Contract assets	22	13,810	41,522
Trade and other receivables	23	28,198	23,518
Cash and cash equivalents	24	136,293	134,513
		305,904	326,213
Total assets		430,634	460,948
Current liabilities			
Trade and other payables	25	(89,198)	(97,300)
Contract liabilities	22	(2,845)	(8,967)
Interest-bearing loans and borrowings	26	(4,653)	(711)
Lease liabilities	17	(6,113)	(6,310)
Provisions	27	(4,667)	(6,277)
Current tax liabilities		(2,015)	(819)
		(109,491)	(120,384)
Non-current liabilities			
Interest-bearing loans and borrowings	26	(7,308)	(38,956)
Lease liabilities	17	(123,139)	(128,143)
Provisions	27	(4,732)	(3,587)
Deferred tax liabilities	28	(1,143)	(1,040)
		(136,322)	(171,726)
Total liabilities		(245,813)	(292,110)
Net assets		184,821	168,838
Equity			
Share capital	31	2,562	2,562
Share premium		84,612	84,612
Merger reserve		(75,383)	(75,383)
Fair value reserve of financial assets at FVOCI		536	428
Share-based payment reserve	32	2,824	2,348
Retained earnings		169,660	153,271
Total equity		184,821	168,838

The notes on pages 114 to 147 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on 18 January 2022 and signed on its behalf by:

Richard Simpson
Director
Watkin Jones plc
Company no. 09791105

