

Rydon Construction Limited

COMPANY Nº 1292680

Financial Statements - 30 September 1999

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Rydon Construction Limited

Financial Statements - 30 September 1999

Directors:

R Bond
D D Dennard
C P Dixon
M W Gearon
M J Pollard
G N Turner

Secretary:

G N Turner

Registered Office:

Bevis Marks House
24 Bevis Marks
London
EC3A 7NR

Registered Auditors:

Mazars Neville Russell
37 Frederick Place
Brighton
BN1 4EA

Registered Number:

1292680

Rydon Construction Limited

Directors' Report

The directors present their report and the financial statements for the year ended 30 September 1999.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for maintaining proper accounting records which 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.

Review of the Business and Future Developments

The principal activity of the company continued to be that of building contractors and developers.

Both the level of business and the year end financial position were satisfactory. The directors are confident that the present level of activity will be sustained in the coming year and that profits will be maintained.

Results and Dividends

The results of the company for the year ended 30 September 1999 are set out in the financial statements on pages 5 to 16.

A dividend of £23.81 per share on the issued ordinary share capital amounting to £500,000 was paid during the year (1998 - £500,000).

Year 2000

The directors are aware of the need to ensure that the company's systems are Year 2000 compliant. Action has been taken to upgrade or replace those systems that did not comply. The total costs involved were not material.

Rydon Construction Limited

Directors' Report (continued)

Directors

The directors set out below have held office during the whole of the period from 1 October 1998 to the date of this report, unless otherwise stated:

R Bond	R G Moran (resigned 30 September 1999)
D D Dennard	M J Petty (resigned 1 March 1999)
C P Dixon	M J Pollard
M W Gearon	G N Turner

None of the directors had any interest in the shares of the company, according to the register of directors' interests, at any time during the year ended 30 September 1999. The interests of G N Turner, D D Dennard, M W Gearon and C P Dixon in the shares of the parent company, Rydon Holdings Limited, are set out in the directors' report of that company.

The interests of R Bond and M J Pollard in the shares of the parent company, Rydon Holdings Limited, are as shown below:

	In Issue		Under Option	
	30 September 1999 Ordinary shares of 25p each	1 October 1998 Ordinary shares of 25p each	30 September 1999 Ordinary shares of 25p each	1 October 1998 Ordinary shares of 25p each
R Bond	-	-	9,677	9,677
M J Pollard	578	-	10,632	10,632

No rights to subscribe for shares in the company or any body corporate in the same group was granted to or exercised by any director during the year.

General Meetings

The company has elected in pursuance of Section 252 Companies Act 1985, not to lay accounts before members in general meeting. Members, however, may by notice in writing to the company at its registered office request that the accounts are laid before the company in general meeting.

Approved by the Board on 23 December 1999
and signed on its behalf by

G N Turner
Secretary

Bevis Marks House
24 Bevis Marks
London
EC3A 7NR

Auditors' Report to the Shareholders of Rydon Construction Limited

We have audited the financial statements on pages 5 to 16 which have been prepared following the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

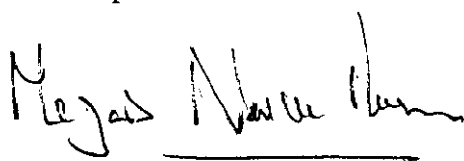
Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the company's affairs at 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'M. J. ...', is written over a horizontal line.

Chartered Accountants
and Registered Auditors
Brighton

23 December 1999

Rydon Construction Limited

Profit and Loss Account For the Year Ended 30 September 1999

	Notes	1999 £	1998 £
Turnover	2	45,107,896	45,451,769
Cost of contracts		<u>(38,961,392)</u>	<u>(40,328,257)</u>
Gross Profit		6,146,504	5,123,512
Administrative expenses		<u>(5,213,397)</u>	<u>(5,047,195)</u>
Operating Profit		933,107	76,317
Interest receivable and similar income		12,835	-
Interest payable and similar charges		<u>(71,145)</u>	<u>-</u>
Profit on Ordinary Activities Before Taxation	3	874,797	76,317
Taxation on profit on ordinary activities	6	<u>(269,781)</u>	<u>(65,418)</u>
Profit for the Financial Year	13	605,016	10,899
Ordinary dividend paid	7	<u>(500,000)</u>	<u>(500,000)</u>
Retained Profit (Loss) for the Year		<u>£105,016</u>	<u>£(489,101)</u>

The company's turnover and expenses all relate to continuing operations.

The company has no recognised gains or losses other than the profit for the year.

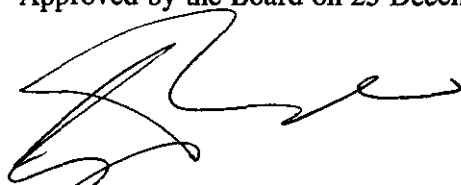
The profit on ordinary activities before taxation and the retained profit have been calculated on the historical cost basis.

Rydon Construction Limited

Balance Sheet at 30 September 1999

	Notes	£	1999 £	£	1998 £
Tangible Fixed Assets	8		144,586		82,117
Current Assets					
Work-in-progress	9	152,133		342,749	
Debtors	10	13,292,122		11,801,477	
Cash at bank		<u>1,307,435</u>		<u>1,579,569</u>	
		14,751,690		13,723,795	
Creditors - Amounts Falling Due Within One Year	11	<u>(7,914,669)</u>		<u>(6,929,321)</u>	
Net Current Assets			<u>6,837,021</u>		<u>6,794,474</u>
Net Assets			<u><u>£6,981,607</u></u>		<u><u>£6,876,591</u></u>
Capital and Reserves					
Called up share capital	12		42,000		42,000
Profit and loss account	13		<u>6,939,607</u>		<u>6,834,591</u>
Shareholders' Funds					
(Including non-equity interests)	13		<u><u>£6,981,607</u></u>		<u><u>£6,876,591</u></u>

Approved by the Board on 23 December 1999, and signed on its behalf by



G.N. Turner - Director

Rydon Construction Limited

Notes to the Financial Statements For the Year Ended 30 September 1999

1. Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover excludes value added tax and represents the value of the work done in the year.

(c) Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over their estimated useful lives.

(d) Work-in-progress

Work-in-progress is valued at the lower of cost and estimated net realisable value. Cost consists of materials, direct labour and direct overhead costs. For both short term and long term contracts, where profits can reasonably be foreseen, the proportion of the estimated total profit on each contract attributable to the value of work carried out is included in the valuation. Progress payments received or receivable at the balance sheet date are deducted up to the amount of the valuation, any excess being included in current liabilities as progress payments received in advance.

(e) Taxation

The charge for taxation is based on the profit for the year, at current rates of tax. Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

(f) Pension Costs

Rydon Pension Scheme

Contributions payable to this pension scheme are charged to the profit and loss account of the holding company, Rydon Holdings Limited, so as to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice.

Rydon Construction Limited

Notes to the Financial Statements For the Year Ended 30 September 1999

2. Segmental Information

The turnover, profit before taxation and net assets are attributable to the principal activity, that of building contractors and developers. The company operates in the UK and the whole of its turnover is to the UK market.

3. Profit on Ordinary Activities Before Taxation

	1999 £	1998 £
The profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	174,192	159,764
Hire of plant and machinery	<u>886,379</u>	<u>833,231</u>

Bank overdraft facilities are arranged on a group basis and consequently individual companies do not bear specific charges for interest on their borrowings. A contribution to interest charged to the group is made within the management charges levied by the company's parent company.

4. Directors

	1999 £	1998 £
Remuneration		
Total emoluments receivable from Rydon Holdings Limited in respect of management services provided to the Rydon group of companies	964,789	1,026,598
Contributions to money purchase pension schemes	<u>78,840</u>	<u>4,800</u>
	<u>£1,043,629</u>	<u>£1,031,398</u>

The directors are all employed and paid by Rydon Holdings Limited.

Rydon Construction Limited

Notes to the Financial Statements For the Year Ended 30 September 1999

4. Directors (continued)

The emoluments of directors disclosed above include the following amounts paid to the highest paid director:

	1999 £	1998 £
Emoluments	161,907	184,881
Contribution to money purchase pension scheme	<u>26,280</u>	<u>1,600</u>
	<u>£188,187</u>	<u>£186,481</u>

During the year the following number of directors:

accrued benefits under money purchase pension schemes	3	3
accrued benefits under defined benefit pension schemes	5	5

Transactions

During the year work valued at over £5,000 was carried out for the following directors on the same terms as available to all staff:

	Value of work done £
C P Dixon	6,600
G N Turner	15,000

The total amount outstanding from directors at the year end was £12,770.

Rydon Construction Limited

Notes to the Financial Statements For the Year Ended 30 September 1999

5. Staff Costs

	1999 £	1998 £
Wages and salaries	467,213	543,735
Profit related pay	6,770	23,146
Social security costs	38,826	51,595
	<u>£512,809</u>	<u>£618,476</u>

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

	Number	Number
Management	7	8
Direct labour	40	46
	<u>47</u>	<u>54</u>
Total Employees	47	54

The following additional specific charges were made for seventy (1998 - sixty eight) staff employed and paid by Rydon Holdings Limited who are engaged in supervision activities:

	1999 £	1998 £
Wages and salaries	1,728,940	1,686,744
Social security costs	173,896	168,634
Other pension costs	101,466	76,052
	<u>£2,004,302</u>	<u>£1,931,430</u>

Rydon Construction Limited

Notes to the Financial Statements For the Year Ended 30 September 1999

6. Taxation

	1999 £	1998 £
Based on the profit for the year:		
Corporation tax at 30.5% (1998 - 31%)	269,781	64,803
Under provision in previous year	<u>-</u>	<u>615</u>
	<u>£269,781</u>	<u>£65,418</u>

The corporation tax charge for the year has been reduced by approximately £36,000, as a result of losses surrendered by the company's parent company Rydon Holdings Limited.

7. Dividend

	1999	1998
Ordinary dividend paid of £23.81 (1998 - £23.81) per share	<u>£500,000</u>	<u>£500,000</u>

Rydon Construction Limited

Notes to the Financial Statements For the Year Ended 30 September 1999

8. Tangible Fixed Assets

	Plant and machinery £
Cost	
At 1 October 1998	221,260
Additions	106,396
Disposals	<u>(12,007)</u>
At 30 September 1999	<u><u>£315,649</u></u>
Accumulated Depreciation	
At 1 October 1998	139,143
Charge for the year	43,575
Eliminated on disposals	<u>(11,655)</u>
At 30 September 1998	<u><u>£171,063</u></u>
Net Book Values	
At 30 September 1999	<u><u>£144,586</u></u>
At 30 September 1998	<u><u>£82,117</u></u>
Depreciation rate	25%

Rydon Construction Limited

Notes to the Financial Statements For the Year Ended 30 September 1999

9. Work-in-progress

		1999		1998
	£	£	£	£
Costs of construction on own land - short term	-		-	
- long term	<u>62,330</u>	62,330	<u>35,914</u>	35,914
Third party contracts under construction:				
Short term	13,487,476		5,589,467	
Progress payments received and receivable	<u>(13,397,673)</u>	89,803	<u>(5,282,632)</u>	306,835
Long term	41,486,062		30,032,942	
Progress payments received and receivable	<u>(41,486,062)</u>	-	<u>(30,032,942)</u>	-
		<u>£152,133</u>		<u>£342,749</u>

In accordance with SSAP 9 the directors have included attributable profit amounting to £5,754,033 (1998 - £3,628,000) in the value of long term contracts and £1,914,000 (1998 - £1,064,000) in the value of short term contracts.

Rydon Construction Limited

Notes to the Financial Statements For the Year Ended 30 September 1999

10. Debtors

	1999 £	1998 £
Due Within One Year		
Trade debtors	81,708	8,121
Amounts recoverable on contracts	5,127,166	4,854,724
Amounts owed by group companies	7,675,374	6,780,163
Amounts owed by related companies	335,648	9,672
Other debtors	72,226	148,797
	<u>£13,292,122</u>	<u>£11,801,477</u>

11. Creditors - Amounts Falling Due Within One Year

	1999 £	1998 £
Payments received on account	742,794	1,020,734
Trade creditors	5,731,889	5,516,828
Amounts owed to group companies	1,286,670	269,688
Corporation tax	82,103	64,803
Other taxation	15,643	8,758
Social security costs	5,698	5,959
Other creditors	49,872	42,551
	<u>£7,914,669</u>	<u>£6,929,321</u>

Rydon Construction Limited

Notes to the Financial Statements For the Year Ended 30 September 1999

12. Share Capital

	Authorised		Allotted, issued and fully paid	
	1999	1998	1999	1998
	£	£	£	£
Ordinary shares of £1 each	25,000	25,000	21,000	21,000
Deferred ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>21,000</u>	<u>21,000</u>
	<u>£50,000</u>	<u>£50,000</u>	<u>£42,000</u>	<u>£42,000</u>

The deferred ordinary shares carry no entitlement to participate in the profits of the company and have no voting rights. In the event of the winding up of the company the deferred ordinary shareholders will receive the amount paid up after payment of £1 per share to the ordinary shareholders.

13. Reconciliation of Movements in Shareholders' Funds

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance at 1 October 1997	42,000	7,323,692	7,365,692
Profit for the year	-	10,899	10,899
Dividend paid	-	(500,000)	(500,000)
	<u>42,000</u>	<u>6,834,591</u>	<u>6,876,591</u>
Balance at 1 October 1998	42,000	6,834,591	6,876,591
Profit for the year	-	605,016	605,016
Dividend paid	-	(500,000)	(500,000)
	<u>42,000</u>	<u>£6,939,607</u>	<u>£6,981,607</u>
Balance at 30 September 1999	<u>£42,000</u>	<u>£6,939,607</u>	<u>£6,981,607</u>

The total of shareholders' funds comprises

	1999	1998
	£	£
Non-equity interests attributable to deferred ordinary shareholders	21,000	21,000
Equity interests	<u>6,960,607</u>	<u>6,855,591</u>
	<u>£6,981,607</u>	<u>£6,876,591</u>

Rydon Construction Limited

Notes to the Financial Statements For the Year Ended 30 September 1999

14. Contingent Liabilities

The company has given an unlimited guarantee to its bankers for monies due to the bank by the company's parent company and fellow subsidiary companies. No liability is expected to arise.

15. Parent Company

The ultimate parent company is Rydon Holdings Limited, a company registered in England and Wales. A copy of the group financial statements can be obtained from the trading address of the parent company, Rydon House, Forest Row, Sussex, RH18 5DW.

16. Related Party Transactions

The company has taken advantage of the exemption conferred to 90% subsidiary undertakings by Financial Reporting Standard No.8 regarding the disclosure of related party transactions within the same group.

The company was related to Brambletye Care Limited, Ryhurst Limited and Civilscent Limited by virtue of ultimate common shareholdings of greater than 50%.

At the year end £10,648 (1998 - £9,672) was due to the company by Ryhurst Limited. This represents sundry costs incurred by the company on behalf of Ryhurst Limited.

During the year a piece of land was sold to Civilscent Limited for £325,000 and construction work valued at £412,140 was carried out for this company. These transactions were on normal commercial terms.