

Registered number: 01583757

RYDON GROUP LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

*Consolidated parent company accounts for filing with
Rydon Construction limited. 01292680.*

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RYDON GROUP LIMITED

COMPANY INFORMATION

Directors	W J Barnes R Bond M Day L C Fitzsimons A P Goldman R B Irvine N C Standen
Registered number	01583757
Registered office	Luxford Place Lower Road Forest Row East Sussex RH18 5HE
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2nd Floor St John's House Haslett Avenue West Crawley West Sussex RH10 1HS

RYDON GROUP LIMITED

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RYDON GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors present their report and the financial statements for the year ended 30 September 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland').

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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK 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 Group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activities of the company and its subsidiaries (the Group) continued to be that of building contractors and maintenance contractors.

Results and dividends

The loss for the year for the group, after taxation, amounted to £4,839,000 (2021: loss £2,620,000).

A dividend of £6 million was paid during the year to the company's parent, Rydon Holdings Limited (2021: £50m). The directors do not recommend payment of further dividends (2021: £nil).

RYDON GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Directors

The directors who served during the year and up to the date of the approval of these financial statements unless otherwise stated were:

W J Barnes
R Bond
M Day
L C Fitzsimons
A P Goldman
R B Irvine
A A Ivanec (resigned 30 September 2022)
M Mitchener (resigned 30 September 2022)
N C Standen

Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred political expenditure during the year (2021: £nil).

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption for the year are consolidated into the numbers included in the Directors' Report of the consolidated financial statements of Rydon Group Holdings Limited along with efficiency measures taken and objectives for 2022/2023.

Future developments

Future developments are deemed to be of strategic importance to the Group and accordingly have been outlined within the Strategic Report on page 7 of these financial statements.

RYDON GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk and liquidity risk. The Group has in place processes and procedures that seek to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance cost.

Price risk

The Group is exposed to commodity price risk as a result of its operations. However, given the nature and size of the Group's operations, which are all UK based, the costs of managing exposure to commodity price risk exceed any potential benefits.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is continually reviewed by the senior management team. Within the Construction and Maintenance divisions, the majority of their customers are government/quasi-government bodies.

Liquidity risk

The Group's cash is managed by the directors of Rydon Group Holdings Limited. The Group's approach to managing liquidity is to ensure, as far as possible, that the Group will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Engagement with employees

The Group places a strong emphasis on regular engagement and communications with employees and employee representative groups in order to provide regular updates on the progress of the Group as well as other relevant matters. Channels for communications are generally two way in the sense that feedback and dialogue is encouraged and include:

- A monthly 'bulletin' from the directors providing a rolling overview of market engagement, policies and reward and recognition;
- Staff 'tool box' talks where site staff are updated by directors on current developments;
- A staff forum managed by employee representatives through which ideas are encouraged and staff engagement activities are discussed;
- A Group intranet site which is regularly updated with news and event information as well as updates on policy and process;
- The Group holds an annual staff meeting for all employees which has been conducted virtually this year because of the pandemic;
- Annual performance reviews and appraisals where directors and their reports engage with employees on performance targets and the support required to meet them; and
- Reward and recognition where employees that have achieved notable successes such as securing an industry award or receiving a significant professional accreditation are recognised in the monthly bulletin.

Engagement with suppliers, customers and others

We have a commitment to excellent professional standards and respect for our clients, partners and suppliers. We adhere to extremely rigorous service level agreements where specified in our contracts, commit to and meet programmed delivery timelines and conduct pre and post-contract surveys in some instances to ensure expectations are being met.

RYDON GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Disabled employees

The Group's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career development within the Group. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Qualifying third party indemnity provisions

Third party directors and officers insurance, a qualifying third party indemnity provision, was provided for all directors and officers of the company during the year and at the date of approval of the financial statements under a policy in the name of Rydon Group Holdings Limited, the ultimate parent company, and all subsidiary companies.

Provision of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Going concern

At the date of this report, the directors have carried out a detailed and comprehensive review of the business and its future prospects which covers the 12 months period from the date of signing the financial statements. In particular, they have considered forecast performance and anticipated cash flows. This includes taking into account the provisions and other debtors referred to in note 26 with regard to the Grenfell Tower tragedy and the insurance policies held by the Company. The forecast has also considered a down side scenario in sales levels.

At the balance sheet date, the wider group controlled by the ultimate parent company, Rydon Group Holdings Limited, had a positive cash balance of £25,544k and no borrowings. The company has access to group funding with written confirmation from the ultimate parent company, Rydon Group Holdings Limited, that it will provide financial support.

In the opinion of the directors, the company has adequate resources to be able to continue to trade which includes access to Group funding and consequently the financial statements are prepared on a going concern basis.

Post balance sheet events

There have been no significant events since the year end that the directors consider require disclosure in, or adjustments to, these financial statements except that detailed in note 26.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

This report was approved by the board on 11/5/2023 and signed on its behalf.

Bob Bond

R Bond
Director

RYDON GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The directors present their strategic report on the Group for the year ended 30 September 2022.

The Rydon Group Strategic Focus

The strategic focus of Rydon Group is to derive a fair return from its delivery of built environment solutions that address both maintenance and delivery needs primarily across housing and healthcare.

Results and performance

The results of the Group for the year show a loss before tax of £5.9m (2021 loss: £2.7m). The shareholders' funds of the Group total £13.5m (2021: £24.2m).

The results for the year were impacted by a number of external factors such as the rising cost of materials and labour shortages.

The performance of the Group during the year to 30 September 2022 has produced the following results.

Rydon Construction

Since FY20/21, the Group is no longer operating as a design and build contractor, other than in relation to run-off or legacy projects.

The results of Rydon Construction Limited for the year show turnover of £5.3m (2021: £46.7m) and a loss before tax of £3.9m (2021 loss: £2.2m). The shareholder's funds of the company total £0.5m (2021: £2.7m).

The results of disposed operations in the prior year include turnover of £23.1m and a profit before tax of £1.1m.

Rydon Maintenance

The Group's Maintenance business comprises reactive and planned preventative maintenance, lifecycle works, alterations and small works, including void maintenance, largely delivered through a number of long-term PFI contracts that represent an extensive pipeline of work through to the late 2030s. We have established a strong reputation as a provider of high quality maintenance services to social housing landlords throughout London and the South East, where we maintain several thousand properties.

We also currently maintain a wide range of facilities that comprise the healthcare estates of a number of NHS Trusts across a number of regions in England. Our experience in working within sensitive healthcare environments, including in specialist mental healthcare facilities, and of working closely with the service providers and users of these facilities, makes Rydon one of the leading facilities maintenance companies in this field.

The consolidated results of Rydon Maintenance Limited for the year show turnover of £42.6m (2021: £46.6m) and a profit before tax of £0.7m (2021: £0.9m). The consolidated shareholder's funds total £6.3m (2021: £5.9m).

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**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Rydon Group

The Board monitors the progress of the Group by reference to the following KPIs:

Group Financial KPIs	2022	2021
Turnover	£51.9	£121.5m
Gross profit	£5.3m	£13.2m
Earnings before interest and tax	£(6.3)m	£(2.0)m
Return on capital *	(13.4)%	(6.5)%
Current ratio	2.8	1.8
Total assets less current liabilities	£46.9m	£30.6m

*Return on capital = Earnings before interest and tax / Total assets less current liabilities

Operational KPIs	2022	2021
Rydon Maintenance – Forward order book	£301m	£272m

Strategy and future developments

The Group's objectives underpin its strategy to capitalise on economic and sector opportunities, add shareholder value and retain a motivated workforce.

Since the Covid-19 lockdown period, the Group has adopted hybrid working practices for office-based staff. This has enabled more flexibility coupled with efficiency gains through the use of a smaller head office and a reduced transport-related carbon footprint.

Business environment

Supply chain disruption, escalating costs and wider uncertainties have had a significant impact on business and consumer confidence during the Group's FY22. The year has been sandwiched between a fuel-crisis at its start and cost of living pressures at year-end, both impacting consumer behaviour.

FY23 is set to remain unpredictable due to the conflict in Ukraine, rising energy prices and the general rise in prices for the cost of goods and materials.

The long term PFI contracts core to the housing arm of our Maintenance business allow for pricing increases in line with the Retail Price Index, RPI, providing some protection in relation to material supply and wage increases.

In relation to the Grenfell Tower tragedy, the Public Inquiry, which was formally set up on 15 August 2017, finished hearing evidence in November 2022. The Inquiry has been very thorough and has considered a number of aspects. These have included, as well as the tower's refurbishment, the cladding and insulation products, the testing of these products and the information provided by their manufacturers, the architect's design, the scope, guidance and adequacy of relevant legislation and the cause and progression of the fire.

Along with many other contractors and developers, Rydon used cladding in its partial refurbishment of the building which was marketed widely by its manufacturers. It is now apparent the manufacturers circumvented fire regulations to assist in the marketing of their products and the certification process was very weak. The government finally admitted publicly five and a half years after the tragedy in early 2023 its acceptance that the relevant Building Regulations were 'faulty and ambiguous.'

Consequently, a large number of projects were commissioned by bodies such as Housing Associations, Local Authorities and private developers, which deployed similar cladding products on 600 buildings across the UK. Grenfell Tower was only one such project.

The Royal Borough of Kensington and Chelsea (the client) commissioned architects to undertake the design

RYDON GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

and then Rydon Maintenance Limited (RML) as the design & build contractor to re-clad the tower. RML in turn commissioned a specialist design sub-contractor to carry out and procure the work. A similar process is likely to have occurred on the 600 buildings across the UK.

Civil proceedings have been issued, served and stayed on a number of parties involved in the Inquiry including RML. An ADR (alternative dispute resolution) process has commenced involving those individuals affected by the tragedy, companies party to the Inquiry and their insurers. Subsequent to the year end a settlement has been agreed between the parties and the majority of the individuals affected, known collectively as BSR Cohort 1. Rydon Maintenance Limited has made a provision in its accounts for its share of this settlement plus costs and recognised the associated insurance proceeds in other debtors. The provision is included in the amounts disclosed in note 23 and the associated insurance proceeds are included in other debtors in note 19.

There continue to be ongoing discussions between the parties and those individuals not included in the BSR Cohort 1 settlement plus the emergency responders to the tragedy made up of individuals from the fire service, police, and ambulance services. A provision and associated other debtor number has also been made in relation to these. The provision is included in the amounts disclosed in note 23 and the associated insurance proceeds are included in other debtors in note 19.

Principal risks and uncertainties

As outlined above, there are a number of economic and political uncertainties faced by the Group.

We continue to reduce risk through close engagement with our customers and supply chain. The decision to withdraw from the design and build contracting market has reduced our risk to fixed price construction projects, the delivery costs of which can fluctuate due to external factors such as material prices.

The Group identified the principal risks with potential to impact the business operations during the last financial year as: the availability of experienced/key people, supplier cost inflation, availability of current and future funding, interest rate uncertainty, computer virus attacks, client spending pressures, economic uncertainty and confidence and changes to planning laws and regulations.

To help counter these identified risks the Group has invested in training, recruitment and succession planning as well as continuing to review and improve internal governance systems, putting into place indicators that support stress-testing areas of sensitivity for the Group. Particular emphasis has been put on cyber-security training due to an increasing trend of malicious threats and attacks on IT systems across all industries.

Recognising the criticality of protecting the supply chain, carefully selected and approved preferred subcontractors and suppliers have been identified and their own financial standing is continually reviewed to ensure project delivery performance and minimisation of financial risk. This includes regular reviews of material supplies and securing stock in advance should shortages appear likely.

The Group has addressed the process of risk acceptance and risk management through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the Group and the compliance, health and safety and legal teams.

Funding throughout the Group is reviewed continuously and best use of funds remains a key focus to ensure that funds are allocated to projects at the right time, with land purchases being carefully planned to ensure that cash lockup is kept to a minimum. New sites and investment opportunities are carefully selected, planned and phased.

Rydon Group is fully aware of its impact on the environment and upon its business reputation as a result of our activities and the lasting effect that these can have on clients, their customers and communities and other stakeholders. As such the Group's focus on its social, environmental and economic responsibilities is embedded into our Sustainable Development Policy.

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**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Statement by the directors in performance of their statutory duties in accordance with S172 (1) Companies Act 2006

The directors of the company consider, both individually and together, that they have acted in good faith in a way that would most likely promote the success of the company for its employees and shareholders. The directors fulfil their obligations in relation to the above by continuously having a regard to:

- The likely consequences of any decisions in the long-term
- The interests of the company's employees and shareholders
- The need to foster the company's business relationships with customers, suppliers and other stakeholders
- The impact of the company's operations on the community and environment
- Maintaining high standards in relation to quality of delivery and business standards

Decision making for the long term

We provide business-critical services to our clients in a highly-regulated and complex environment. It is vital that we effectively identify, evaluate, manage and mitigate the risks we face particularly in relation to health and safety, quality and the environment (HSQ&E). We regularly review our HSQ&E processes and controls at monthly directors meeting, at our quarterly safety forums and in our annual HSQ&E report. Other key areas that are germane to running a company in a complex environment are also reviewed monthly including finance, legal and insurance, IT and HR.

Employees and Shareholders

A considerable focus is placed on engagement and communication, keeping employees and shareholders informed of how the company is performing and what they can do to help to take the company forward. Discussion is encouraged and we aim to listen to all good ideas and to give credit where these are acted on.

Business relationships

We have a commitment to excellent professional standards and respect for our, clients, partners and suppliers. We adhere to extremely rigorous service level agreements where specified in our contracts, commit to and meet programme delivery timelines and conduct pre and post-contract surveys in some instances to ensure expectations are being met.

Community and Environment

Our work makes a clear contribution to society and the environment around us. We source our materials responsibly and continually aim to minimise waste and carbon outputs.

Quality and Business standards

We have governance mechanisms in place to ensure that we are adhering to industry standards and broader business processes which are regularly audited by both internal and external parties.

This report was approved by the board on 11/5/2023 and signed on its behalf.

Bob Bond

R Bond
Director

RYDON GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYDON GROUP LIMITED

Opinion

We have audited the financial statements of Rydon Group Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 September 2022, which comprise the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of changes in equity, the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent company's business model, including effects arising from macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

RYDON GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYDON GROUP LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Group's and the parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

RYDON GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYDON GROUP LIMITED

Auditor's 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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Group is subject to many laws and regulations where the consequence of non-compliance could have a direct material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a direct material effect if non-compliance were to occur: FRS102 'the Financial Reporting Standard applicable in the UK and Ireland', the Companies Act 2006, pensions legislation, construction and tax legislation.
- The Group is subject to many other laws and regulations that do not have a direct effect to the financial statements but are fundamental to the Group's ability to operate or avoid material penalty. We have identified the following areas as those likely to have such an effect: health and safety, anti-bribery, employment law and environmental law.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We understood how the Group is complying with those legal and regulatory frameworks by making inquiries of management and those charged with governance. We corroborated our inquiries through our review of board minutes provided by management and inquiries with in-house legal counsel.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance.
- We utilised internal and external information to corroborate these enquiries and to perform a fraud risk assessment for the Group as a whole. We considered the risk of fraud to be higher through the potential for management override of controls.
- Audit procedures performed by the engagement team included:
 - testing manual journal entries, in particular journal entries relating to management estimates, entries processed by unauthorised users, and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates; and
 - understanding of the legal and regulatory requirements specific to the Group and company.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYDON GROUP LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Jonathan Oakey FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley
11/5/2023

RYDON GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

		Continuing operations 2022 £000	Discontinued operations 2022 £000	Total 2022 £000	Continuing operations as restated 2021 £000	Discontinued operations 2021 £000	Total as restated 2021 £000
	Note						
Turnover							
Group and share of joint ventures' turnover		52,003	-	52,003	121,538	-	121,538
Less: share of joint ventures' turnover		(124)	-	(124)	-	-	-
Group turnover	4	51,879	-	51,879	121,538	-	121,538
Cost of sales		(46,533)	-	(46,533)	(88,312)	(20,064)	(108,376)
Gross profit		5,346	-	5,346	10,158	3,004	13,162
Administrative expenses		(15,860)	-	(15,860)	(17,708)	(1,939)	(19,647)
Other operating income	5	4,125	-	4,125	4,512	-	4,512
Operating loss	6	(6,389)	-	(6,389)	(3,038)	1,065	(1,973)
Share of profit of joint ventures		124	-	124	-	-	-
Total operating loss		(6,265)	-	(6,265)	(3,038)	1,065	(1,973)
Loss on disposal of subsidiaries		-	-	-	-	(1,166)	(1,166)
Interest receivable and similar income	10	296	-	296	762	-	762
Interest payable and similar expenses	11	-	-	-	(348)	-	(348)
Other finance income/(expense)	12	30	-	30	(5)	-	(5)
Loss before tax		(5,939)	-	(5,939)	(2,629)	(101)	(2,730)
Tax on loss	13	1,100	-	1,100	312	(202)	110
Loss for the financial year		(4,839)	-	(4,839)	(2,317)	(303)	(2,620)
Loss for the year attributable to:							
Owners of the parent		(4,839)	-	(4,839)	(2,317)	(303)	(2,620)
		(4,839)	-	(4,839)	(2,317)	(303)	(2,620)

The notes on pages 23 to 56 form part of these financial statements.

RYDON GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £000	2021 £000
Loss for the financial year		(4,839)	(2,620)
Other comprehensive income			
Actuarial gain/ (loss) on defined benefit pension obligations	28	11,571	(257)
Return on defined benefit pension scheme assets excluding amount included in net interest	28	(11,224)	2,132
Movement on deferred tax relating to defined benefit pension schemes	22	(182)	(350)
Other comprehensive income for the year		165	1,525
Total comprehensive income for the year		(4,674)	(1,095)
Total comprehensive income attributable to:			
Owners of the parent company		(4,674)	(1,095)
		(4,674)	(1,095)

The notes on pages 23 to 56 form part of these financial statements.

RYDON GROUP LIMITED
REGISTERED NUMBER: 01583757

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	16	2,862	3,333
Tangible assets	17	1,091	761
Investments	18	-	6
		<u>3,953</u>	<u>4,100</u>
Current assets			
Debtors: amounts falling due after more than one year	19	957	2,990
Debtors: amounts falling due within one year	19	62,614	42,696
Bank and cash balances		3,659	15,348
		<u>67,230</u>	<u>61,034</u>
Creditors: amounts falling due within one year	20	(24,276)	(34,577)
Net current assets		<u>42,954</u>	<u>26,457</u>
Total assets less current liabilities		<u>46,907</u>	<u>30,557</u>
Creditors: amounts falling due after more than one year	21	(7,780)	(7,333)
Provisions for liabilities			
Deferred taxation	22	(356)	(133)
Other provisions	23	(27,120)	(390)
		<u>(27,476)</u>	<u>(523)</u>
Net assets excluding pension asset		<u>11,651</u>	<u>22,701</u>
Pension asset		1,851	1,475
Net assets		<u><u>13,502</u></u>	<u><u>24,176</u></u>

RYDON GROUP LIMITED
REGISTERED NUMBER: 01583757

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Capital and reserves			
Called up share capital	24	1,332	1,332
Share premium account	25	1,522	1,522
Capital redemption reserve	25	85	85
Profit and loss account	25	10,563	21,237
Equity attributable to owners of the parent company		<u>13,502</u>	<u>24,176</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11/5/2023

Bob Bond

R Bond
 Director

The notes on pages 23 to 56 form part of these financial statements.

RYDON GROUP LIMITED
REGISTERED NUMBER: 01583757

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible fixed assets	17	1,091	761
Fixed asset investments	18	1,198	1,290
		<u>2,289</u>	<u>2,051</u>
Current assets			
Debtors: amounts falling due within one year	19	11,642	13,821
Bank and cash balances		335	7,097
		<u>11,977</u>	<u>20,918</u>
Creditors: amounts falling due within one year	20	(7,664)	(7,254)
Net current assets		<u>4,313</u>	<u>13,664</u>
Total assets less current liabilities		<u>6,602</u>	<u>15,715</u>
Provisions for liabilities			
Deferred taxation	22	(339)	(165)
		<u>(339)</u>	<u>(165)</u>
Net assets excluding pension asset		<u>6,263</u>	<u>15,550</u>
Pension asset	28	1,643	1,194
Net assets		<u><u>7,906</u></u>	<u><u>16,744</u></u>

RYDON GROUP LIMITED
REGISTERED NUMBER: 01583757

COMPANY BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	2021 £000
Capital and reserves			
Called up share capital	24	1,332	1,332
Share premium account	25	1,522	1,522
Capital redemption reserve	25	85	85
Profit and loss account brought forward		13,805	63,980
Loss for the year		(3,083)	(1,671)
Other changes in the profit and loss account		(5,755)	(48,504)
		<hr/>	<hr/>
Profit and loss account carried forward		4,967	13,805
Equity shareholder's funds		<hr/> 7,906 <hr/>	<hr/> 16,744 <hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11/5/2023

Bob Bond

R Bond
Director

The notes on pages 23 to 56 form part of these financial statements.

RYDON GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2021	1,332	1,522	85	21,237	24,176
Total comprehensive income for the year					
Loss for the year	-	-	-	(4,839)	(4,839)
Other comprehensive income	-	-	-	165	165
Total comprehensive income for the year	-	-	-	(4,674)	(4,674)
Transactions with shareholder					
Dividends: Equity capital	-	-	-	(6,000)	(6,000)
Total transactions with shareholder	-	-	-	(6,000)	(6,000)
At 30 September 2022	1,332	1,522	85	10,563	13,502

The notes on pages 23 to 56 form part of these financial statements.

RYDON GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Capital con- tribution reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2020	1,332	1,522	85	1,090	71,242	75,271
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(2,620)	(2,620)
Other comprehensive income	-	-	-	-	1,525	1,525
Total comprehensive income for the year	-	-	-	-	(1,095)	(1,095)
Transactions with shareholder						
Dividends: Equity capital	-	-	-	-	(50,000)	(50,000)
Total transactions with shareholder	-	-	-	(1,090)	(48,910)	(50,000)
At 30 September 2021	1,332	1,522	85	-	21,237	24,176

The notes on pages 23 to 56 form part of these financial statements.

RYDON GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2021	1,332	1,522	85	13,805	16,744
Total comprehensive income for the year					
Loss for the year	-	-	-	(3,083)	(3,083)
Other comprehensive income	-	-	-	245	245
Total comprehensive income for the year	-	-	-	(2,838)	(2,838)
Transactions with shareholder					
Dividends: Equity capital	-	-	-	(6,000)	(6,000)
Total transactions with shareholder	-	-	-	(6,000)	(6,000)
At 30 September 2022	1,332	1,522	85	4,967	7,906

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2020	1,332	1,522	85	63,980	66,919
Total comprehensive income for the year					
Loss for the year	-	-	-	(1,671)	(1,671)
Other comprehensive income	-	-	-	1,496	1,496
Total comprehensive income for the year	-	-	-	(175)	(175)
Transactions with shareholder					
Dividends: Equity capital	-	-	-	(50,000)	(50,000)
Total transactions with shareholder	-	-	-	(50,000)	(50,000)
At 30 September 2021	1,332	1,522	85	13,805	16,744

The notes on pages 23 to 56 form part of these financial statements.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. General information

Rydon Group Limited is a private company limited by shares and incorporated in the UK. The address of the registered office is given in the Company information page of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Group and parent company financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of Group and parent company financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group and company 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 3.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account and statement of other comprehensive income in these financial statements.

2.2 FRS 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption as the company is considered to be a qualifying entity (for the purpose of FRS) in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 7 Statement of Cash Flows; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Rydon Group Holdings Limited as at 30 September 2022 and these financial statements may be obtained from the registered office.

2.3 Basis of consolidation

An entity is considered to be a subsidiary where it is controlled by the parent. Control is achieved where the group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The results of these subsidiaries are consolidated from the date that control commences until the date that control ceases.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.4 Joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the joint venture. The consolidated profit and loss account includes the Group's share of the results of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in joint venture are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition net of adjustments to eliminate unrealised profit on transactions between members of the Group and the joint ventures.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.5 Going concern

At the date of this report, the Directors have carried out a detailed and comprehensive review of the business and its future prospects over the going concern period. In particular, they have considered forecast performance and anticipated cash flows. This includes taking into account the provisions and other debtors referred to in note 26 with regard to the Grenfell Tower tragedy and the insurance policies held by the company. The forecast has also considered a down side scenario in sales levels.

At the balance sheet date, the wider group controlled by the ultimate parent company, Rydon Group Holdings Limited, had a positive cash balance of £25,544k and no borrowings. The company has access to group funding with written confirmation from the ultimate parent company, Rydon Group Holdings Limited, that it will provide financial support.

In the opinion of the Directors, the company has adequate resources to be able to continue to trade which includes access to Group funding and consequently the financial statements are prepared on a going concern basis.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates and value added tax.

Revenue from the Group's principal business streams is recognised on the following basis:

- Construction contracts – in accordance with the Group's accounting policy on construction contracts. Where the outcome of a contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date and profit is that estimated to fairly reflect the profit arising up to that date. Provision is made for all losses incurred to the accounting date together with any further losses that are foreseen in bringing contracts to completion.
- Provision of services – the value of work carried out over the period the services are delivered to the customer. Where a long term services contract exists, and the outcome of the contract can be estimated reliably, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date and profit is estimated to fairly reflect the profit arising up to that date. Provision is made for all losses incurred to the accounting date together with any further losses that are foreseen in bringing contracts to completion.

2.7 Intangible assets

Goodwill

Goodwill represents the difference between the fair value of the consideration of amounts paid on the cost of a business combination plus any transactions and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated profit and loss account over its useful economic life.

Amortisation is charged to the profit and loss account on a straight line basis over its estimated useful life which is 18 years from date of acquisition.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Group elected not to restate business combinations that took place prior to the transition date. In respect of the acquisitions prior to transition date, goodwill is included on the basis of deemed cost, which represents the amounts recorded under old UK GAAP. Intangible assets previously included in goodwill are not recognised separately.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Short term leasehold property - the shorter of 10 years or the remainder of the lease term
Plant and machinery - 4 years straight line
Motor vehicles - 5 years straight line
Office equipment - 4 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

2.9 Investments

Investments in subsidiaries and joint ventures are measured at cost less accumulated impairment.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for future losses, less amounts received and receivable as progress payments on account. Excess progress payments are included in creditors as deferred income.

2.11 Impairment

Assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit and loss account based on the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Equity instruments issued by the company and Group, such as share capital are recorded based on *proceeds received or receivable, net of direct issue costs.*

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans and deferred payments, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Government grants - Coronavirus Job Retention Scheme

Government grants received as a result of claims under the Coronavirus Job retention Scheme are recognised in the consolidated profit and loss account in other operating income in the same period as the related expenditure on staff costs.

2.15 Finance costs

Finance costs are charged to the consolidated profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.16 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Operating leases

Rentals paid under operating leases are charged to the consolidated profit and loss account on a straight line basis over the lease term.

Finance Leases

Assets acquired under hire purchase and finance leases are capitalised as tangible fixed assets at an amount equal to the lower of fair value and present value of the minimum lease payment at inception. They are depreciated over the shorter of the lease term and their useful lives.

The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.19 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets at the balance sheet date out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.20 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.21 Annual bonus plan

The Group operates a profit share scheme for all directors of the company and directors of its subsidiary companies and a discretionary bonus scheme for all other staff. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the schemes as a result of past events and a reliable estimate of the obligation can be made.

2.22 Interest income

Interest income is recognised in the consolidated profit and loss account using the effective interest method.

2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.24 Prior year adjustment**

A prior year adjustment has been recognised to reclassify legal fees reimbursed by insurers as below from administrative expenses to other income as the directors consider this is a more appropriate classification for the balances concerned. This reclassification has no impact on the net assets brought forward and the prior year profit after tax.

	As previously stated £'000	Prior year adjustment £'000	As restated £'000
Administrative expenses	(15,305)	(4,342)	(19,647)
Other operating income	170	4,342	4,512

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the Group financial statements where these judgements and estimates have been made include:

Revenue and profit recognition

In order to apply the Group's policy on revenue and profit recognition, estimates have to be made around costs to complete and progress valuations. Assessments and judgements are required to assess changes in scope of work, contract programmes, maintenance and defects liabilities and changes in costs.

Defined benefit pension

In order to determine the valuation of the defined benefit pension scheme liabilities, a number of key assumptions have been made. Each year in selecting these assumptions, the directors take advice from an independent qualified actuary, those assumptions are detailed in note 28.

Investments and goodwill impairment

Annually the Group considers whether its investments and goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash-generating units (CGUs). This requires estimation of future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Provisions

The Group, from time to time, receives claims in respect of services performed. In assessing the potential outcome of a claim, the directors make a judgement to assess the probable outcome of the matter. A different judgement may affect both the timing and extent of the recognition of expenses and liabilities as well as the disclosure within these financial statements.

Provisions for claims are liabilities of an uncertain timing and amount therefore, in making a reliable estimate of the amount and timing of such liabilities, judgement is applied. These estimates depend on the outcome and timing of future events and may need to be revised as circumstances change.

With regards to provisions relating to Grenfell Tower, please refer to note 26.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£000	£000
Construction contracts	5,322	70,641
Provision of services	46,557	50,897
	51,879	121,538

All turnover arose within the United Kingdom.

5. Other operating income

	2022	2021
	£000	£000
Coronavirus Job Retention Scheme claims	-	170
Reimbursed legal fees	4,125	4,342
	4,125	4,512

A prior year adjustment has been recognised to reclassify legal fees reimbursed by insurers of £4.3m from administrative expenses to other income as the directors consider this is a more appropriate classification for the balances concerned. This reclassification has no impact on the net assets brought forward and the prior year profit after tax.

6. Operating loss

The operating loss is stated after charging:

	2022	2021
	£000	£000
Depreciation of tangible fixed assets - owned	373	424
Depreciation of tangible fixed assets - leased	-	35
Profit on disposal of fixed assets	44	16
Amortisation of goodwill	472	472
Operating lease rentals - plant and machinery	580	1,692
Operating lease rentals - other	427	593

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

7. Auditor's remuneration

	2022	2021
	£000	£000
Fees payable to the company's auditor and its associates for the audit of the parent company and the Group's consolidated financial statements	<u>43</u>	<u>30</u>
Fees payable to the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	<u>52</u>	<u>82</u>
	<u>52</u>	<u>82</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	Group
	2022	2021
	£000	£000
Wages and salaries	19,397	25,026
Social security costs	2,145	2,571
Cost of defined contribution scheme	928	1,246
Cost of defined benefit scheme	50	58
	<u>22,520</u>	<u>28,901</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Management and administration	275	365
Direct labour	148	150
	<u>423</u>	<u>515</u>

All employees and directors are employed by the company.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

9. Directors' remuneration

	2022	2021
	£000	£000
Directors' emoluments	1,868	1,703
Company contributions to defined contribution pension schemes	111	109
	<u>1,979</u>	<u>1,812</u>

During the year retirement benefits were accruing to 7 directors (2021: 8) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £414,000 (2021: £481,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2021: £nil).

10. Interest receivable and similar income

	2022	2021
	£000	£000
Interest receivable from joint ventures of the parent company	-	361
Other interest receivable	296	401
	<u>296</u>	<u>762</u>

11. Interest payable and similar expenses

	2022	2021
	£000	£000
Intercompany recharge for bank interest, facility fees and non-utilisation charges	-	347
Finance leases and hire purchase contracts	-	1
	<u>-</u>	<u>348</u>

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

12. Other finance income/(expense)

	2022	2021
	£000	£000
Interest income on pension scheme assets	743	565
Interest expense on defined benefit pension scheme obligations	(713)	(570)
	<u>30</u>	<u>(5)</u>

13. Tax on loss

	2022	2021
	£000	£000
Corporation tax		
Current tax loss for the year	(1,100)	(396)
Adjustments in respect of previous periods	(41)	75
Total current tax	<u>(1,141)</u>	<u>(321)</u>
Deferred tax		
Origination and reversal of timing differences	41	211
Total deferred tax	<u>41</u>	<u>211</u>
Tax on loss	<u>(1,100)</u>	<u>(110)</u>

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

13. Tax on loss (continued)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19.0% (2021 - 19.0%). The differences are explained below:

	2022 £000	2021 £000
Loss before tax	(5,939)	(2,730)
Loss multiplied by standard rate of corporation tax in the UK of 19.0% (2021 - 19.0%)	(1,128)	(519)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	90	90
Expenses not deductible for tax purposes	110	231
Adjustments to tax charge in respect of prior periods	(41)	75
Deferred taxation not recognised in prior period	(98)	13
Other differences leading to a decrease in the tax charge	(33)	-
Total tax credit for the year	(1,100)	(110)

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Group's future tax charge accordingly.

14. Dividends

	2022 £000	2021 £000
Dividends on ordinary shares	6,000	50,000
	6,000	50,000

The dividend was paid by the company to its parent company, Rydon Holdings Limited.

15. Parent company loss for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements. The loss after tax of the parent company for the year was £3,083,000 (2021: loss £1,671,000).

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

16. Intangible assets

Group

	Goodwill £000
Cost	
At 1 October 2021	8,654
At 30 September 2022	8,654
Accumulated amortisation	
At 1 October 2021	5,320
Charge for the year	472
At 30 September 2022	5,792
Net book value	
At 30 September 2022	2,862
At 30 September 2021	3,333

Goodwill arising on the acquisition of Equipe Regeneration Limited is being amortised over 18 years. The directors consider this to be an appropriate period over which to amortise the goodwill, based on their assessment of the value expected to flow over the duration of the company's existing contracts.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

17. Tangible fixed assets**Group**

	Short term leasehold property £000	Motor vehicles £000	Office equipment £000	Total £000
Cost				
At 1 October 2021	1,095	1,766	3,735	6,596
Additions	328	224	151	703
Disposals	(746)	(175)	(2,467)	(3,388)
At 30 September 2022	677	1,815	1,419	3,911
Accumulated depreciation				
At 1 October 2021	1,076	1,146	3,613	5,835
Charge for the year on owned assets	44	246	83	373
Disposals	(746)	(175)	(2,467)	(3,388)
At 30 September 2022	374	1,217	1,229	2,820
Net book value				
At 30 September 2022	303	598	190	1,091
At 30 September 2021	19	620	122	761

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

17. Tangible fixed assets (continued)**Company**

	Short term leasehold property £000	Motor vehicles £000	Office equipment £000	Total £000
Cost				
At 1 October 2021	746	1,766	3,735	6,247
Additions	328	224	151	703
Disposals	(746)	(175)	(2,467)	(3,388)
At 30 September 2022	328	1,815	1,419	3,562
Accumulated depreciation				
At 1 October 2021	727	1,146	3,613	5,486
Charge for the year on owned assets	44	246	83	373
Disposals	(746)	(175)	(2,467)	(3,388)
At 30 September 2022	25	1,217	1,229	2,471
Net book value				
At 30 September 2022	303	598	190	1,091
At 30 September 2021	19	620	122	761

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

18. Investments**Group**

	Investment in joint ventures £000
Cost	
At 1 October 2021	6
Distribution received	(130)
Share of profit	124
	<hr/>
At 30 September 2022	<hr/> - <hr/>

Company

	Investments in subsidiary companies £000
Cost	
At 1 October 2021	1,290
Additions	1,000
Amounts written off	(1,092)
	<hr/>
At 30 September 2022	<hr/> 1,198 <hr/>

For the year ended 30 September 2022, the following subsidiary entities were entitled to exemption from audit of individual entity accounts under Section 479A of the Companies Act 2006 as Rydon Group Limited has guaranteed these subsidiaries under S479C of the Companies Act 2006:

Ryhurst Limited (registered number 01615778)
 Ryhurst (Lancashire STEP) Limited (registered number 07377248)
 Rydon Construction Limited (registered number 01292680)

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

18. Investments (continued)**Direct subsidiary undertakings**

Direct undertakings of the Group listed below are incorporated in the United Kingdom and have their registered office at Luxford Place, Lower Road, Forest Row, East Sussex, RH18 5HE.

The direct subsidiaries are included in the consolidated accounts of Rydon Group Limited by virtue of the provisions in the Companies Act 2006 Section 1162 (2a).

Name	Principal activity	Class of shares	Holding
Rydon Construction Limited	Building contractor	Ordinary	100%
Rydon Maintenance Limited	Property maintenance	Ordinary	100%
Ryhurst (Lancashire STEP) Limited	Holding company	Ordinary	100%
Ryhurst Limited	Holding company	Ordinary	100%

Indirect subsidiary undertakings

The indirect undertaking of the Group listed below is incorporated in the United Kingdom and has its registered office at Luxford Place, Lower Road, Forest Row, East Sussex, RH18 5HE.

The indirect subsidiary is included in the consolidated accounts of Rydon Group Limited by virtue of the provisions in the Companies Act 2006 Section 1162 (2a).

Name	Principal activity	Class of shares	Holding
Equipe Regeneration Limited	Property maintenance	Ordinary	100%

Joint venture

The joint venture listed below is incorporated in the United Kingdom with its registered office at Luxford Place, Lower Road, Forest Row, East Sussex, RH18 5HE.

Name	Registered office	Holding
Red Rose Corporate Services LLP	As noted above	50%

In the consolidated accounts, joint ventures are accounted for using the equity method of accounting as described in the accounting policies note 2.4.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

19. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Due after more than one year				
Trade debtors	957	2,990	-	-
	<u>957</u>	<u>2,990</u>	<u>-</u>	<u>-</u>

The directors consider debtors due after more than one year approximate to their fair value.

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Due within one year				
Trade debtors	12,942	13,607	17	191
Amounts owed by parent company	22	18	22	18
Amounts owed by group companies	102	71	8,785	12,143
Other debtors	28,984	9,619	1,960	260
Prepayments and accrued income	595	893	493	840
Amounts recoverable on long term contracts	18,942	17,956	-	-
Tax recoverable	1,027	532	365	369
	<u>62,614</u>	<u>42,696</u>	<u>11,642</u>	<u>13,821</u>

Amounts due from group undertakings are interest free, unsecured and repayable on demand.

20. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade creditors	5,710	6,858	579	385
Amounts owed to group undertakings	-	-	1,835	454
Corporation tax	243	147	-	-
Other taxation and social security	1,950	2,058	529	675
Other creditors	1,349	1,434	1,349	1,434
Accruals and deferred income	15,024	24,080	3,372	4,306
	<u>24,276</u>	<u>34,577</u>	<u>7,664</u>	<u>7,254</u>

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

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. Creditors: Amounts falling due after more than one year

	Group 2022 £000	<i>Group 2021 £000</i>
Accruals and deferred income	7,780	7,333
	<u>7,780</u>	<u>7,333</u>

22. Deferred taxation

Group

	2022 £000	<i>2021 £000</i>
At beginning of year	(133)	428
Charged to profit or loss	(41)	(211)
Charged to other comprehensive income	(182)	(350)
At end of year	<u>(356)</u>	<u>(133)</u>

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

22. Deferred taxation (continued)

Company

	2022	<i>2021</i>
	£000	<i>£000</i>
At beginning of year	(165)	<i>384</i>
Charged to profit or loss	10	<i>(212)</i>
Charged to other comprehensive income	(184)	<i>(337)</i>
At end of year	<u>(339)</u>	<i><u>(165)</u></i>

The provision for deferred taxation is made up as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Accelerated capital allowances	90	<i>85</i>	55	<i>46</i>
Short term timing differences	17	<i>62</i>	17	<i>16</i>
Deferred tax on pension asset	(463)	<i>(280)</i>	(411)	<i>(227)</i>
	<u>(356)</u>	<i><u>(133)</u></i>	<u>(339)</u>	<i><u>(165)</u></i>

The net deferred tax liability expected to reverse in 2023 is £52,000. This primarily relates to expected tax deductions when payments are made to defined benefit and defined contribution pension schemes and the reversal of timing differences on acquired tangible assets and capital allowances through depreciation and amortisation.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

23. Provisions for liabilities**Group**

	Provisions £000
At 1 October 2021	390
Provided in the year	26,730
At 30 September 2022	27,120

The Group, from time to time, receives claims in respect of services performed. In assessing the potential outcome of a claim, the directors makes a judgement to assess the probable outcome of the matter. A different judgement may affect both the timing and extent of the recognition of expenses and liabilities as well as the disclosure within these financial statements.

Provisions for claims are liabilities of an uncertain timing and amount. Therefore, in making a reliable estimate judgement is applied. These estimates depend on the outcome and timing of future events and may need to be revised as circumstances change. A different assessment of the likely outcome of each case or of the probable cost involved may result in a different level of provision recognised.

No separate disclosure is made of the details of such claims and proceedings, the manner in which the amount provided has been estimated, the uncertainties relating to the range of possible outcomes considered or the costs recoverable by insurance, where, in the director's view, to do so could seriously be prejudicial to the position of the Group.

The directors' assessment in relation to the Grenfell Tower tragedy has been set out in note 26.

24. Share capital**Group and Company**

	2022 £000	2021 £000
Allotted, called up and fully paid		
5,327,816 (2021 - 5,327,816) Ordinary shares of £0.25 each	1,332	1,332

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

25. Reserves

Share premium account

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.

Capital redemption reserve

The capital redemption reserve contains the amounts transferred following repurchase and redemption of the company's shares.

Profit and loss account

The profit and loss account reserve represents cumulative profits and losses net of dividends paid and other adjustments.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

26. Grenfell Tower

In relation to the Grenfell Tower tragedy, the Public Inquiry, which was formally set up on 15 August 2017, finished hearing evidence in November 2022. The Inquiry has been very thorough and has considered a number of aspects. These have included, as well as the tower's refurbishment, the cladding and insulation products, the testing of these products and the information provided by their manufacturers, the architect's design, the scope, guidance and adequacy of relevant legislation and the cause and progression of the fire.

Along with many other contractors and developers, Rydon used cladding in its partial refurbishment of the building which was marketed widely by its manufacturers. It is now apparent the manufacturers circumvented fire regulations to assist in the marketing of their products and the certification process was very weak. The government finally admitted publicly five and a half years after the tragedy in early 2023 its acceptance that the relevant Building Regulations were 'faulty and ambiguous.'

Consequently, a large number of projects were commissioned by bodies such as Housing Associations, Local Authorities and private developers, which deployed similar cladding products on 600 buildings across the UK. Grenfell Tower was only one such project.

The Royal Borough of Kensington and Chelsea (the client) commissioned architects to undertake the design and then Rydon Maintenance Limited (RML) as the design & build contractor to reclad the tower. RML in turn commissioned a specialist design sub-contractor to carry out and procure the work. A similar process is likely to have occurred on the 600 buildings across the UK.

Civil proceedings have been issued, served and stayed on a number of parties involved in the Inquiry including RML. An ADR (alternative dispute resolution) process has commenced involving those individuals affected by the tragedy, companies party to the Inquiry and their insurers. Subsequent to the year end a settlement has been agreed between the parties and the majority of the individuals affected, known collectively as BSR Cohort 1. Rydon Maintenance Limited has made a provision in its accounts for its share of this settlement plus costs and recognised the associated insurance proceeds in other debtors. The provision is included in the amounts disclosed in note 23 and the associated insurance proceeds are included in other debtors in note 19.

There continue to be ongoing discussions between the parties and those individuals not included in the BSR Cohort 1 settlement plus the emergency responders to the tragedy made up of individuals from the fire service, police, and ambulance services. A provision and associated other debtor number has also been made in relation to these. The provision is included in the amounts disclosed in note 23 and the associated insurance proceeds are included in other debtors in note 19.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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27. Share based payments

The Group has an equity settled share option scheme for shares in the ultimate holding company. Under this scheme, options have been granted to directors of subsidiary companies and senior employees within the Group to acquire shares in the ultimate parent company.

Options are exercisable at a price set when the option is granted, which partly reflects the anticipated growth of the Group. 50% of each option vests three years after the date of the grant, the remaining 50% vests three years after the first 50% is exercised. Options are generally forfeited if the employee leaves the Group before the options vest. Details of these options are given in the table below.

Date of Original Grant	Number of options	Number of shares	Price per share
7 March 2006	4	16,500	£2.00
27 June 2007	1	3,000	£2.36

	Weighted average exercise price £ 2022	Number 2022	Weighted average exercise price £ 2021	Number 2021
Outstanding at the beginning of the year	2.02	66,000	2.06	89,000
lapsed during the year	2.09	(36,000)	2.23	(17,000)
Exercised during the year	1.64	(10,500)	2.0	(6,000)
Outstanding at the end of the year	2.06	19,500	2.02	66,000

	2022	2021
Exercisable at 30 September	19,500	66,000

The options outstanding at 30 September 2022 had a weighted average exercise price of £2.06 (2021: £2.02). No options were granted during the year ended 30 September 2022 (2021: nil).

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments

Defined contribution schemes

The Group contributes to defined contribution pension schemes in respect of certain subsidiary directors and employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £928,000 (2021: £1,246,000).

Defined benefit pension schemes

Rydon Group Limited's defined benefits scheme was closed to future accrual of benefits on 30 September 2009, with all active members at that date becoming deferred pensioners. As a result an assumption is not required for salary increases this period as the linkage of benefits to salary increases has been broken. Members' accrued benefits will be revalued to retirement in line with inflation. The pension cost is assessed in accordance with the advice of a qualified actuary using the projected unit method. The last full actuarial assessment of the scheme was at 30 September 2021 which will be finalised in December 2022.

The Group also participates in Prudential Platinum Pension Scheme - Rydon Maintenance Limited, a Sub-Scheme of the Prudential Platinum Pension Scheme. The Prudential Platinum Pension Scheme is a funded defined benefit pension scheme in the UK. The Sub-Scheme is administered within a trust which is legally separate from the company. There is an independent Trustee who acts in the interest of the Sub-Scheme and all relevant stakeholders, including the members and the company. The Trustee is also responsible for ensuring that the correct benefits are paid, that the Sub-Scheme is appropriately funded and that Sub-Scheme assets are appropriately invested.

This Sub-Scheme provides pensions and lump sums to members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension. Active members of the scheme pay contributions as a percentage of salary and the company pays the balance of the cost as determined by regular actuarial valuations and scheme expenses. The Trustees are required to use prudent assumptions to value the liabilities and costs of the scheme whereas the accounting assumptions must be best estimates.

A formal actuarial valuation was carried out as at 31 December 2019. The results of that valuation have been projected to 30 September 2022 with allowance for subsequent member movements using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

The net surplus position of the two schemes is set out below:

	2022 £000	2021 £000
Rydon Group Pension Scheme	1,643	1,194
Prudential Platinum Pension - Rydon Maintenance Limited	208	281
	<hr/> 1,851	<hr/> 1,475
Total pension asset	<hr/> 1,851	<hr/> 1,475
	<hr/> 2022 £000	<hr/> 2021 £000
Fair value of plan assets	26,198	37,540
Present value of plan liabilities	(24,347)	(36,065)
	<hr/> 1,851	<hr/> 1,475
Net pension scheme asset	<hr/> 1,851	<hr/> 1,475

The amounts recognised in profit or loss are as follows:

	2022 £000	2021 £000
Current service cost	(50)	(58)
Administration expenses	(100)	(124)
Interest on obligation	(713)	(570)
Interest income on plan assets	743	565
	<hr/> (120)	<hr/> (187)
Total	<hr/> (120)	<hr/> (187)

RYDON GROUP LIMITED

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28. Pension commitments (continued)

Reconciliation of fair value of plan liabilities by scheme:

	2022	2021
	£000	£000
Rydon Group Pension Scheme		
Opening defined benefit obligation	34,889	35,086
Interest cost	689	553
Actuarial (gains)/ losses	(11,124)	265
Benefits paid	(895)	(1,015)
	23,559	34,889
Prudential Platinum Pension - Rydon Maintenance Limited		
Opening defined benefit obligation	1,176	1,123
Current service cost	50	58
Interest cost	24	17
Actuarial gains	(447)	(8)
Benefits paid	(26)	(27)
Contributions by scheme participants	11	13
	788	1,176
Total fair value of plan liabilities	24,347	36,065

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

Reconciliation of fair value of plan assets by scheme:

	2022 £000	2021 £000
Rydon Group Pension Scheme		
Opening fair value of scheme assets	36,083	34,505
Administrative expenses	(79)	(80)
Interest income on plan assets	713	544
Actuarial (losses)/gains	(10,695)	2,098
Contributions by employer	75	31
Benefits paid	(895)	(1,015)
	<u>25,202</u>	<u>36,083</u>
Prudential Platinum Pension - Rydon Maintenance Limited		
Opening fair value of scheme assets	1,457	1,337
Administrative expenses	(21)	(44)
Interest income on plan assets	30	21
Actuarial (losses)/gains	(529)	34
Contributions by employer	74	123
Contributions by scheme participants	11	13
Benefits paid	(26)	(27)
	<u>996</u>	<u>1,457</u>
Total fair value of plan assets	<u><u>26,198</u></u>	<u><u>37,540</u></u>

The Group expects to contribute £150,000 to its defined benefit pension schemes in 2023.

	2022 £000	2021 £000
Analysis of actuarial gain/(loss) recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	(11,224)	2,132
Experience gains and losses arising on the scheme liabilities	11,571	(257)
	<u><u>347</u></u>	<u><u>1,875</u></u>

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

Principal actuarial assumptions at the Balance sheet date:

	2022 %	2021 %
Rydon Group Pension Scheme		
Discount rate	5.4	2.0
RPI inflation	3.6	3.4
CPI inflation	3.2	2.9
Rate of increase for pensions in payment	3.5	3.3
Rate of increase for pensions in deferment	3.2	2.9
Mortality rates:		
- for a male member aged 65 now	21.8	21.4
- at 65 for a male member aged 45 now	22.7	22.4
- for a female member aged 65 now	24.1	23.4
- at 65 for a female member aged 45 now	25.3	24.7
Prudential Platinum Pension - Rydon Maintenance Limited		
Discount rate	5.2	2.05
RPI inflation	3.5	3.3
CPI inflation (pre 2030/post 2030)	2.5/3.3	2.3
Rate of increase in salaries - 2022,2023/24, thereafter	5.0/3.0/2.0	2.0
Revaluation of deferred pensions: RPI increases	3.5	3.3
Revaluation of deferred pensions: CPI increases (pre 2030/post 2030)	2.5/3.3	2.3
Increases for pensions in payment: RPI max 6%	3.5	3.3
Increases for pensions in payment: CPI increases (pre 2030/post 2030)	2.5/3.3	2.3
Mortality rates:		
- for a male member aged 65 now	20.9	22.2
- at 65 for a male member aged 45 now	22.1	23.5
- for a female member aged 65 now	23.8	24.5
- at 65 for a female member aged 45 now	25.3	25.9

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

Defined benefit pension scheme assets:

	2022	2021
	£000	£000
Rydon Group Pension scheme		
Equity instruments	4,423	14,715
Debt instruments	14,484	12,665
Property	1,650	1,435
Other assets	4,645	7,268
	25,202	36,083
	25,202	36,083
 Prudential Platinum Pension - Rydon Maintenance Limited		
Equity instruments	-	3
Debt instruments	969	1,413
Other assets	27	41
	996	1,457
	996	1,457
	2022	2021
	£000	£000
Rydon Group Pension Scheme	25,202	36,083
Prudential Platinum Pension - Rydon Maintenance Limited	996	1,457
	26,198	37,540
	26,198	37,540

29. Commitments under operating leases

At 30 September 2022 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	2021	2022	2021
	£000	£000	£000	£000
Not later than 1 year	183	376	169	361
Later than 1 year and not later than 5 years	431	174	414	147
	614	550	583	508
	614	550	583	508

RYDON GROUP LIMITED

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30. Related party transactions

The Group entered into transactions in the ordinary course of business with related parties as detailed below. No amounts were outstanding at the balance sheet date:

	2022	2021
	£000	£000
Sales to joint ventures of the parent company	-	4,547
Interest received from joint ventures of the parent company	-	361
Purchases by directors	245	-
	<hr/> 2022 <hr/> £000	<hr/> 2021 <hr/> £000
Key management personnel		
Key management personnel remuneration	871	1,109
	<hr/> 871 <hr/>	<hr/> 1,109 <hr/>

Key management personnel remuneration relates to remuneration paid by Rydon Group Limited to subsidiary company directors within the Rydon Group Holdings Limited group of companies excluding the directors of Rydon Group Limited whose remuneration is disclosed in note 9.

31. Contingent liabilities

Certain companies within the Group have given performance guarantees for other Group companies, the majority of which are parent company guarantees from Rydon Group Limited supporting performance. At 30 September 2022, the Group had performance guarantees provided by third parties to support its construction operations of £11.7m (2021: £10.5m). The Group considers the likelihood that an outflow of cash under these agreements is low and that no provision is required.

The company, along with other companies in the Group, has provided security over its assets in relation to an overdraft facility made available to Rydon Holdings Limited of £10.0m. The drawn balance was £nil at 30 September 2022 (2021: £nil).

Where the Group is involved in claims where costs are likely to be incurred in defending and concluding such matters and they can be reliably estimated, they are provided for in the financial statements. No separate disclosure is made of the detail of such claims and proceedings where to do so could seriously prejudice the position of the Group.

RYDON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

32. Controlling party

Rydon Group Limited is a 100% subsidiary of Rydon Holdings Limited. The ultimate parent company is Rydon Group Holdings Limited. A copy of their financial statements can be obtained from the trading address; Rydon Group Holdings Limited, Luxford Place, Lower Road, Forest Row, East Sussex, RH18 5HE.

The directors consider R Bond to be the controlling party by virtue of his interest in the ordinary shares of Rydon Group Holdings Limited.