

# Rydon Construction Limited

REGISTRAR OF COMPANIES

Financial Statements - 31 March 2003

Company no: 1292680

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# **Rydon Construction Limited**

**Financial Statements - 31 March 2003**

**Directors:**

R Bond  
C P Dixon  
P A Hance  
M C Mitchener  
M J Pollard  
D L Seal  
P C Stevens

**Secretary:**

P T Wright

**Registered Office:**

Bevis Marks House  
24 Bevis Marks  
London  
EC3A 7NR

**Registered Auditors:**

Mazars  
37 Frederick Place  
Brighton  
BN1 4EA

**Registered Number:**

1292680

# Rydon Construction Limited

## Directors' Report

The directors present their report and the financial statements for the year ended 31 March 2003.

### Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Review of the Business and Future Developments

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

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

### Results and Dividends

The results of the company for the year ended 31 March 2003 are set out in the financial statements on pages 5 to 16.

A dividend of £71.43 per share on the issued ordinary share capital amounting to £1,500,000 was paid during the year (2002 - £750,000).

### Directors

The directors set out below have held office during the whole of the period from 1 April 2002 to the date of this report, unless otherwise stated:

R Bond	P A Hance	M J Pollard	P C Stevens
C P Dixon	M C Mitchener	D L Seal	

None of the directors had any interest in the shares of the company, according to the register of directors' interests, at any time during the year ended 31 March 2003. The interests of R Bond and C P Dixon in the shares of the parent company, Rydon Group Limited, are set out in the directors' report of that company.

# Rydon Construction Limited

## Directors' Report (continued)

### Directors (continued)

The interests of P A Hance, M C Mitchener, M J Pollard D L Seal and P C Stevens in the shares of the parent company, Rydon Group Limited, are as shown below:

	In Issue		Under Option	
	31 March 2003 Ordinary shares of 25p each	1 April 2002 Ordinary shares of 25p each	31 March 2003 Ordinary shares of 25p each	1 April 2002 Ordinary shares of 25p each
P A Hance	-	-	5,000	-
M C Mitchener	-	-	-	-
M J Pollard	578	578	10,632	10,632
D L Seal	-	-	5,000	-
P C Stevens	7,529	7,529	5,000	-

Share options in Rydon Group Limited were granted during the year to the following directors:

	No of Shares	Option Price	Exercise
P A Hance	5,000	£3.50	19 June 2005 to 19 June 2012
M C Mitchener	5,000	£3.50	19 June 2005 to 19 June 2012
D L Seal	5,000	£3.50	19 June 2005 to 19 June 2012
P C Stevens	5,000	£3.50	19 June 2005 to 19 June 2012

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

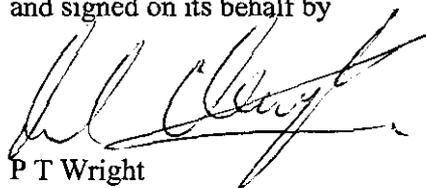
### General Meetings

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

### Auditors

An elective resolution has been passed in accordance with Section 386, Companies Act 1985, to dispense with the annual re-appointment of auditors.

Approved by the Board on 21 July 2003,  
and signed on its behalf by



P T Wright  
Secretary

Bevis Marks House  
24 Bevis Marks  
London EC3A 7NR

# **Independent Auditors' Report to the Shareholders of Rydon Construction Limited**

We have audited the financial statements of Rydon Construction Limited for the year ended 31 March 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of Companies Act 1985. 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.

## **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

## **Basis of opinion**

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

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

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Mazars*

**Mazars**  
**Chartered Accountants**  
and Registered Auditors  
37 Frederick Place  
Brighton

21 July 2003

# Rydon Construction Limited

## Profit and Loss Account For the Year Ended 31 March 2003

	Notes	2003 (12 Months) £	2002 (18 Months) £
Turnover	2	71,704,845	84,625,459
Cost of contracts		<u>(62,813,864)</u>	<u>(73,322,722)</u>
<b>Gross Profit</b>		8,890,981	11,302,737
Administrative expenses		<u>(7,002,201)</u>	<u>(9,506,001)</u>
<b>Operating Profit</b>		1,888,780	1,796,736
Interest receivable and similar income		239,838	(1,553)
Interest payable and similar charges		<u>(10,949)</u>	<u>(59,511)</u>
<b>Profit on Ordinary Activities Before Taxation</b>	3	2,117,669	1,735,672
Taxation on profit on ordinary activities	6	<u>(643,835)</u>	<u>(504,302)</u>
<b>Profit for the Financial Year</b>		1,473,834	1,231,370
Ordinary dividend paid	7	<u>(1,500,000)</u>	<u>(750,000)</u>
<b>Retained (Loss) Profit for the Year</b>	13	<u>£(26,166)</u>	<u>£481,370</u>

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

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

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

# Rydon Construction Limited

## Balance Sheet at 31 March 2003

	Notes	£	2003 £	£	2002 £
<b>Tangible Fixed Assets</b>	8		284,342		269,243
<b>Current Assets</b>					
Work-in-progress	9	253,440		150,308	
Debtors	10	23,434,509		24,704,968	
Cash at bank		<u>631,540</u>		<u>2,277,041</u>	
		24,319,489		27,132,317	
<b>Creditors - Amounts Falling Due Within One Year</b>	11	<u>(16,665,763)</u>		<u>(19,437,326)</u>	
<b>Net Current Assets</b>			<u>7,653,726</u>		<u>7,694,991</u>
<b>Net Assets</b>			<u>£7,938,068</u>		<u>£7,964,234</u>
<b>Capital and Reserves</b>					
Called up share capital	12		42,000		42,000
Profit and loss account	13		<u>7,896,068</u>		<u>7,922,234</u>
<b>Shareholders' Funds (Including non-equity interests)</b>	13		<u>£7,938,068</u>		<u>£7,964,234</u>

Approved by the Board on 21 July 2003, and signed on its behalf by



R Bond - Director

# Rydon Construction Limited

## Notes to the Financial Statements For the Year Ended 31 March 2003

### 1. Accounting Policies

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

#### (a) Accounting convention

The financial statements are prepared under the historical cost convention.

#### (b) Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of construction and development work.

#### (c) Depreciation

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

#### (d) Work-in-progress

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

#### (e) Deferred taxation

Deferred taxation is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

#### (f) Pension costs

Contributions payable to the group's pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice and is recharged from the parent company.

# Rydon Construction Limited

## Notes to the Financial Statements For the Year Ended 31 March 2003

### 2. Segmental Information

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

### 3. Profit on Ordinary Activities Before Taxation

	2003 (12 Months) £	2002 (18 Months) £
The profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	134,282	159,366
Hire of plant and machinery	<u>1,563,083</u>	<u>2,168,528</u>

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

### 4. Directors

	2003 (12 Months) £	2002 (18 Months) £
<b>Remuneration</b>		
Total emoluments receivable from Rydon Group Limited in respect of management services provided to Rydon Construction Limited	<u>£595,093</u>	<u>£864,751</u>

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

# Rydon Construction Limited

## Notes to the Financial Statements For the Year Ended 31 March 2003

### 4. Directors (continued)

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

	2003 (12 Months) £	2002 (18 Months) £
Emoluments	£129,941 <u>          </u>	£170,629 <u>          </u>

During the year the following number of directors:

accrued benefits under defined benefit pension schemes	7	7
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### Transactions

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

	Value of work done £
R Bond	157,398
C P Dixon	38,701
M Mitchener	5,913

The total amount outstanding from directors at the year end was £57,583.

# Rydon Construction Limited

## Notes to the Financial Statements For the Year Ended 31 March 2003

### 5. Staff Costs

	2003 (12 Months) £	2002 (18 Months) £
Wages and salaries	826,280	1,066,809
Social security costs	<u>65,689</u>	<u>82,935</u>
	<u>£891,969</u>	<u>£1,149,744</u>

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

	Number	Number
Management	7	7
Direct labour	<u>49</u>	<u>51</u>
<b>Total Employees</b>	<u>56</u>	<u>58</u>

The following additional specific charges were made for ninety-three (2002 - seventy-seven) staff employed and paid by Rydon Group Limited who are engaged in supervision activities:

	2002 (12 Months) £	2002 (18 Months) £
Wages and salaries	2,631,516	3,195,925
Social security costs	260,490	326,847
Other pension costs	<u>181,707</u>	<u>196,315</u>
	<u>£3,073,713</u>	<u>£3,719,087</u>

# Rydon Construction Limited

## Notes to the Financial Statements For the Year Ended 31 March 2003

### 6. Taxation on Profit on Ordinary Activities

	2003 (12 Months) £	2002 (18 Months) £
(a) Analysis of charge in the year		
Current Tax		
UK corporation tax on profits for the year	479,209	422,455
Amount payable for group relief	160,527	-
Adjustment in respect of previous period	<u>4,099</u>	<u>81,847</u>
	<u>£643,835</u>	<u>£504,302</u>

#### (b) Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 (12 Months) £	2002 (18 Months) £
Profit on ordinary activities before tax	<u>£2,117,669</u>	<u>£1,735,672</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2002 - 30%)	635,301	520,702
Effects of:		
Expenses not deductible for tax purposes	852	64,046
Group relief	-	(169,181)
Capital allowances in year in excess of depreciation	3,583	6,888
Adjustment in respect of previous period	<u>4,099</u>	<u>81,847</u>
	<u>£643,835</u>	<u>£504,302</u>

### 7. Dividend

	2003 (12 Months) £	2002 (18 Months) £
Ordinary dividend paid of £71.43 (2002 - £35.71) per share	<u>£1,500,000</u>	<u>£750,000</u>

# Rydon Construction Limited

## Notes to the Financial Statements For the Year Ended 31 March 2003

### 8. Tangible Fixed Assets

	<b>Plant and machinery £</b>
<b>Cost</b>	
At 1 April 2002	611,821
Additions	165,908
Disposals	<u>(37,045)</u>
At 31 March 2003	<u>£740,684</u>
<b>Accumulated Depreciation</b>	
At 1 April 2002	342,578
Charge for the year	134,282
Eliminated on disposals	<u>(20,518)</u>
At 31 March 2003	<u>£456,342</u>
<b>Net Book Values</b>	
At 31 March 2003	<u>£284,342</u>
At 31 March 2002	<u>£269,243</u>
Depreciation rate	25%

# Rydon Construction Limited

## Notes to the Financial Statements For the Year Ended 31 March 2003

### 9. Work-in-progress

		2003		2002
	£	£	£	£
Costs of construction on own land - long term		37,555		51,005
Costs of construction on own land - short term		4,329		-
Third party contracts under construction:				
Short term	13,483,420		7,679,254	
Progress payments received and receivable	<u>(13,370,604)</u>	112,816	<u>(7,579,951)</u>	99,303
Long term	69,682,759		63,244,093	
Progress payments received and receivable	<u>(69,584,019)</u>	<u>98,740</u>	<u>(63,244,093)</u>	<u>-</u>
		<u>£253,440</u>		<u>£150,308</u>

In accordance with SSAP 9 the directors have included attributable profit amounting to £12,834,900 (2002 - £10,769,000) in the value of long term contracts and £3,195,000 (2002 - £2,368,000) in the value of short term contracts.

# Rydon Construction Limited

## Notes to the Financial Statements For the Year Ended 31 March 2003

### 10. Debtors

	2003 £	2002 £
Due Within One Year		
Trade debtors	6,524	79,149
Amounts recoverable on contracts	5,149,327	4,245,596
Amounts owed by group companies	18,001,575	20,156,877
Amounts owed by related companies	10,839	68,303
Other debtors	<u>266,244</u>	<u>155,043</u>
	<u>£23,434,509</u>	<u>£24,704,968</u>

### 11. Creditors - Amounts Falling Due Within One Year

	2003 £	2002 £
Payments received on account	2,747,150	7,900,003
Trade creditors	7,872,827	8,660,579
Amounts owed to group companies	5,471,761	2,606,246
Corporation tax	523,250	222,455
Other taxation	66,757	25,742
Social security costs	10,211	8,753
Other creditors	<u>17,848</u>	<u>13,548</u>
	<u>£16,709,804</u>	<u>£19,437,326</u>

# Rydon Construction Limited

## Notes to the Financial Statements For the Year Ended 31 March 2003

### 12. Share Capital

	Authorised		Allotted, issued and fully paid	
	2003 £	2002 £	2003 £	2002 £
Ordinary shares of £1 each	25,000	25,000	21,000	21,000
Deferred ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>	<u>21,000</u>	<u>21,000</u>
	<u>£50,000</u>	<u>£50,000</u>	<u>£42,000</u>	<u>£42,000</u>

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

### 13. Reconciliation of Movements in Shareholders' Funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 October 2000	42,000	7,440,864	7,482,864
Profit for the 18 month period	-	1,231,370	1,231,370
Dividend paid	-	<u>(750,000)</u>	<u>(750,000)</u>
Balance at 31 March 2002	42,000	7,922,234	7,964,234
Profit for the year	-	1,473,834	1,473,834
Dividend paid	-	<u>(1,500,000)</u>	<u>(1,500,000)</u>
Balance at 31 March 2003	<u>£42,000</u>	<u>£7,896,068</u>	<u>£7,938,068</u>

The total of shareholders' funds comprises

	2003 £	2002 £
Non-equity interests attributable to deferred ordinary shareholders	21,000	21,000
Equity interests	<u>7,917,068</u>	<u>7,943,234</u>
	<u>£7,938,068</u>	<u>£7,964,234</u>

# Rydon Construction Limited

## Notes to the Financial Statements For the Year Ended 31 March 2003

### 14. Contingent Liabilities

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

### 15. Parent Company

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

### 16. Related Party Transactions

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

The company was related to Ryhurst Limited, Ryhurst (Bexley) Limited, Ryhurst (Black Country) Limited, Ryhurst (Redbridge) Limited, Ryhurst (Essex & Herts) Limited and Civilscent Limited by virtue of ultimate common shareholdings of greater than 50%.

During the year construction work was carried out for the Ryhurst group of companies valued at £5,891,340 (2002 - £14,545,823). These transactions were on normal commercial terms.

At the year end the following amounts were owed to the company by related parties:

	2003 £	2002 £
Ryhurst Limited	£10,839	£10,648
Ryhurst (Bexley) Limited	£2,110	£4,038
Ryhurst (Black Country) Limited	-	£30,000
Ryhurst (Essex & Herts) Limited	£50,409	-
Ryhurst (Redbridge) Limited	£1,163	£23,618