

Registered number: 01651097

RYDON MAINTENANCE LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022



RYDON MAINTENANCE LIMITED

COMPANY INFORMATION

Directors	S W Blake R Bond M Day R B Irvine P R Whipp CB Yeend
Registered number	01651097
Registered office	Luxford Place Lower Road Forest Row East Sussex RH18 5HE
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2nd Floor St John's House Haslett Avenue West Crawley West Sussex RH10 1HS

RYDON MAINTENANCE LIMITED

CONTENTS

	Pages
Directors' report	1 - 3
Group strategic report	4 - 7
Independent auditor's report to the members of Rydon Maintenance Limited	8 - 11
Consolidated profit and loss account	12
Consolidated statement of comprehensive income	13
Consolidated balance sheet	14 - 15
Company balance sheet	16 - 17
Consolidated statement of changes in equity	18
Company statement of changes in equity	19
Notes to the consolidated financial statements	20 - 41

RYDON MAINTENANCE 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 Group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including Financial Reporting Standard 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;
- 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 activity of the company and its subsidiaries continued to be the provision of maintenance services.

Results and dividends

The profit for the year of the group, after taxation, amounted to £452,740 (2021: £617,423).

No dividends were paid during the year (2021: £nil). The directors do not recommend the payment of a final dividend.

RYDON MAINTENANCE 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 this report unless otherwise stated were:

B C Beckett (resigned 30 September 2022)
S W Blake
R Bond
M Day
R B Irvine
P R Whipp
CB Yeend (appointed 30 September 2022)

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

Rydon Maintenance's greenhouse gas emissions and energy consumption for the year are consolidated into the numbers included within the Directors Report of the 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 5 of the Annual Report.

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 Maintenance division, the majority of its customers are government/quasi-government bodies.

Liquidity risk

The company's cash and that of its subsidiary, Equipe Regeneration Limited 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.

RYDON MAINTENANCE LIMITED

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

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 Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and 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 27 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 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 27.

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.

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

Bob Bond

R Bond
Director

RYDON MAINTENANCE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The directors present their strategic report on the Rydon Maintenance Limited (the "Rydon Maintenance" Group) for the year ended 30 September 2022.

Review of the business

Rydon Maintenance consists of two divisions; Housing and Healthcare.

Housing

The Housing division provides hard facilities management services including responsive repairs, cyclical decorations, life cycle works and preventative maintenance to several thousand homes. In total six contracts were in operation during the year with contract end dates extending as far as 2037 and providing a forward contracted income stream of £178m plus additional variation works. These contract values increase with inflation.

Healthcare

The Healthcare division provides property maintenance services to mental health, acute, community and social care facilities nationally. In addition to providing contractual responsive repairs and preventative maintenance we are increasingly undertaking additional projects, cyclical decoration and life cycle works, including complex centralised boiler plants on large housing and hospital schemes.

We operate in excess of 20 contracts of varying sizes with contract end dates extending as far as 2040. These provide a total forward contracted income stream of £123m (which are subject to RPI adjustments similar to the Housing PFI contracts), with additional fluctuating variation works.

In addition to the Housing and Healthcare work we are starting to gain some traction in Non-Housing with local authority Hard Facilities Maintenance work such as for Epsom and Ewell where we are providing services for maintenance and street repairs as well as other types of reactive and preventative maintenance.

Results and performance

The results of Rydon Maintenance Group for the year show a profit before tax of £0.7m (2021: £0.9m). The shareholders' funds of the Group total £6.3m (2021: £5.9m).

The performance during the year to 30 September 2022 is detailed below.

Key performance indicators ('KPIs')

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

Rydon Maintenance Financial KPIs	2022	2021
Turnover	£42.6m	£46.6m
Gross profit	£7.6m	£8.8m
Operating profit	£0.7m	£1.0m
Return on capital*	1.7%	8.6%
Current ratio	3.2	1.4
Total assets less current liabilities	£39.8m	£11.0m

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

RYDON MAINTENANCE LIMITED

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

Operational KPIs	2022	2021
Forward order book value	£301m	£272m

Our PFI schemes in health and housing have additional KPIs on each contract with regard to both operational performance and client/end user satisfaction levels and these are regularly exceeded.

Strategy and future developments

Rydon Maintenance provides a strong maintenance model offering a wide range of services including total asset management underpinned by the strength of the Rydon brand. We have a strong track record in our chosen focus areas of housing and healthcare and a solid client base to build from as well as a large secured PFI contract pipeline.

Within Rydon Maintenance, our vision is to be the service provider of choice, achieved by creating strong and lasting relationships, understanding the needs of our customers and identifying practical solutions to deliver a high quality service.

Where strategic opportunities arise we will consider adding to and strengthening our portfolio within our existing operational boundaries of social and mixed tenure housing across London and the South East and healthcare maintenance nationwide. This can be achieved by leveraging our core competencies including an in-house call centre, a tailored dynamic resource scheduling system and our operational methodology of continuous improved levels of productivity and service.

Business environment

Supply chain disruption, escalating costs and wider uncertainties have had a significant impact on business confidence throughout 2022. The year has been sandwiched between a fuel-crisis at its start and cost of living pressures at year-end.

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.

However, 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 on 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 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

RYDON MAINTENANCE LIMITED

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

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 21 and the associated insurance proceeds are included in other debtors in note 17.

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 21 and the associated insurance proceeds are included in other debtors in note 17.

Principal risks and uncertainties

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

The company has 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, supply chain unpredictability, material shortages, 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 company has invested in training, recruitment, retention 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. 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.

In our normal course of business, the company is exposed to financial, operational and reputational risk if it fails to satisfy any of its contractual obligations from inception through to completion. The Board 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.

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 to be likely.

Funding is reviewed continuously and best use of funds remains a key focus.

Rydon Maintenance 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. Focus on our social, environmental and economic responsibilities is embedded into our Sustainable Development Policy.

RYDON MAINTENANCE LIMITED

**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 MAINTENANCE LIMITED

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

Opinion

We have audited the financial statements of Rydon Maintenance Limited (the 'parent company') and its subsidiary (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 profit 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 MAINTENANCE LIMITED

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYDON MAINTENANCE 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 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.

RYDON MAINTENANCE LIMITED

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

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

	Note	2022 £	2021 as restated £
Turnover	4	42,559,791	46,588,946
Cost of sales		(34,945,968)	(37,789,523)
Gross profit		7,613,823	8,799,423
Administrative expenses		(11,079,757)	(12,190,415)
Other operating income	5	4,125,104	4,342,333
Operating profit	6	659,170	951,341
Interest payable and similar expenses	10	-	(96,785)
Other finance income	11	6,000	4,000
Profit before tax		665,170	858,556
Tax on profit	12	(212,430)	(241,133)
Profit for the financial year		452,740	617,423
Profit for the year attributable to:			
Owners of the parent		452,740	617,423
		452,740	617,423

The notes on pages 20 to 41 form part of these financial statements.

RYDON MAINTENANCE LIMITED

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

	Note	2022 £	2021 £
Profit for the financial year		452,740	617,423
Other comprehensive income			
Actuarial gain on defined benefit obligation	25	447,000	8,000
Return on defined benefit plan assets	25	(529,000)	340,000
Movement on deferred tax relating to pension scheme	20	1,390	(12,730)
Other comprehensive income for the year		(80,610)	335,270
Total comprehensive income for the year		372,130	952,693
Total comprehensive income attributable to:			
Owners of the parent company		372,130	952,693
		372,130	952,693

The notes on pages 20 to 41 form part of these financial statements.

RYDON MAINTENANCE LIMITED
REGISTERED NUMBER: 01651097

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	2,861,694	3,333,473
		<u>2,861,694</u>	<u>3,333,473</u>
Current assets			
Debtors	17	51,958,106	25,762,194
Bank and cash balances		1,522,945	1,980,537
		<u>53,481,051</u>	<u>27,742,731</u>
Creditors: amounts falling due within one year	18	(16,501,784)	(20,036,081)
Net current assets		<u>36,979,267</u>	<u>7,706,650</u>
Total assets less current liabilities		<u>39,840,961</u>	<u>11,040,123</u>
Creditors: amounts falling due after more than one year	19	(6,990,617)	(5,381,581)
Provisions for liabilities			
Deferred taxation	20	(16,672)	-
Other provisions	21	(26,730,000)	-
		<u>(26,746,672)</u>	<u>-</u>
Pension asset	25	208,000	281,000
Net assets		<u><u>6,311,672</u></u>	<u><u>5,939,542</u></u>
Capital and reserves			
Called up share capital	22	599	599
Share premium account	23	999,500	999,500
Profit and loss account	23	5,311,573	4,939,443
Total equity attributable to owners of the parent company		<u><u>6,311,672</u></u>	<u><u>5,939,542</u></u>

RYDON MAINTENANCE LIMITED
REGISTERED NUMBER: 01651097

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2022

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 20 to 41 form part of these financial statements.

RYDON MAINTENANCE LIMITED
REGISTERED NUMBER: 01651097

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	16	4,141,000	4,141,000
		<u>4,141,000</u>	<u>4,141,000</u>
Current assets			
Debtors	17	42,510,369	19,312,556
Bank and cash balances		1,481,763	1,928,105
		<u>43,992,132</u>	<u>21,240,661</u>
Creditors: amounts falling due within one year	18	(16,821,358)	(20,310,223)
Net current assets		<u>27,170,774</u>	<u>930,438</u>
Total assets less current liabilities		<u>31,311,774</u>	<u>5,071,438</u>
Creditors: amounts falling due after more than one year	19	(182,017)	(182,017)
Provisions for liabilities			
Deferred taxation	20	(16,672)	-
Other provisions	21	(26,730,000)	-
		<u>(26,746,672)</u>	<u>-</u>
Net assets excluding pension asset		<u>4,383,085</u>	<u>4,889,421</u>
Pension asset	25	208,000	281,000
Net assets		<u>4,591,085</u>	<u>5,170,421</u>
Capital and reserves			
Called up share capital	22	599	599
Share premium account	23	999,500	999,500
Profit and loss account brought forward		4,170,322	7,747,166
Loss for the year		(498,726)	(3,606,114)
Other changes in the profit and loss account		(80,610)	29,270
		<u>3,590,986</u>	<u>4,170,322</u>
Profit and loss account carried forward		<u>3,590,986</u>	<u>4,170,322</u>
Equity shareholder's funds		<u>4,591,085</u>	<u>5,170,421</u>

RYDON MAINTENANCE LIMITED
REGISTERED NUMBER: 01651097

COMPANY BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2022

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 20 to 41 form part of these financial statements.

RYDON MAINTENANCE LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2021	599	999,500	4,939,443	5,939,542
Total comprehensive income for the year				
Profit for the year	-	-	452,740	452,740
Other comprehensive loss for the year	-	-	(80,610)	(80,610)
Total comprehensive income for the year	-	-	372,130	372,130
At 30 September 2022	599	999,500	5,311,573	6,311,672

The notes on pages 20 to 41 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2020	599	999,500	4,292,750	5,292,849
Total comprehensive income for the year				
Profit for the year	-	-	617,423	617,423
Other comprehensive income for the year	-	-	29,270	29,270
Total comprehensive income for the year	-	-	646,693	646,693
At 30 September 2021	599	999,500	4,939,443	5,939,542

The notes on pages 20 to 41 form part of these financial statements.

RYDON MAINTENANCE LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2021	599	999,500	4,170,322	5,170,421
Total comprehensive income for the year				
Loss for the year	-	-	(498,726)	(498,726)
Other comprehensive loss for the year	-	-	(80,610)	(80,610)
	-	-	(579,336)	(579,336)
Total comprehensive income for the year				
At 30 September 2022	599	999,500	3,590,986	4,591,085

The notes on pages 20 to 41 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2020	599	999,500	7,747,166	8,747,265
Total comprehensive income for the year				
Loss for the year	-	-	(3,606,114)	(3,606,114)
Other comprehensive income for the year	-	-	29,270	29,270
	-	-	(3,576,844)	(3,576,844)
Total comprehensive income for the year				
At 30 September 2021	599	999,500	4,170,322	5,170,421

The notes on pages 20 to 41 form part of these financial statements.

RYDON MAINTENANCE LIMITED

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

1. General information

Rydon Maintenance 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 exemptions 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; 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 MAINTENANCE LIMITED

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

2. Accounting policies (continued)

2.4 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 27 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 and consequently the financial statements are prepared on a going concern basis.

2.5 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, value added tax and other sales taxes.

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

- 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 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.

2.6 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 estimated useful economic life which is 18 years.

RYDON MAINTENANCE LIMITED

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

2. Accounting policies (continued)

2.7 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.

Leasehold property - 10 years straight line or to the end of the lease date if shorter

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.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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.

2.10 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.

2.11 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.

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.

RYDON MAINTENANCE LIMITED

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

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 Pensions

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees and former 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 together with the return on plan assets, less amounts included in net interest.

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 MAINTENANCE LIMITED

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

2. Accounting policies (continued)**2.15 Holiday pay accrual**

Unused holiday pay entitlement which is accrued at the balance sheet date is recognised as a liability in another group company. This is charged to the company along with other staff costs and is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.16 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.

2.17 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 £	Prior year adjustment £	As restated £
Administrative expenses	(7,848,082)	(4,342,333)	(12,190,415)
Other operating income	-	4,342,333	4,342,333

RYDON MAINTENANCE LIMITED

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

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, which is based on a percentage complete basis, 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 scheme

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 25.

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 27.

4. Turnover

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

	2022 £	2021 £
Provision of services	42,559,791	45,557,946
Construction contracts	-	1,031,000
	<u>42,559,791</u>	<u>46,588,946</u>

All turnover arose within the United Kingdom.

RYDON MAINTENANCE LIMITED

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

5. Other operating income

	2022 £	2021 £
Reimbursed legal fees	4,125,104	4,342,333
	<u>4,125,104</u>	<u>4,342,333</u>

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 profit

The operating profit is stated after charging:

	2022 £	2021 £
Amortisation of goodwill	471,779	471,779
Other operating lease rentals	24,557	22,636
	<u>496,336</u>	<u>494,415</u>

7. Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and its associates for the audit of the parent company and the Group's consolidated financial statements	51,500	47,250
	<u>51,500</u>	<u>47,250</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the consolidated financial statements of the ultimate parent company.

8. Employees

All employees are employed and paid by Rydon Group Limited. A recharge is made by Rydon Group Limited for certain individuals' salaries.

9. Directors' remuneration

All the directors are employed and paid by Rydon Group Limited. Total emoluments recharged by Rydon Group Limited for management services provided to Rydon Maintenance Limited amounted to £686,754 (2021: £697,112). Details of remuneration in respect of the highest paid director are disclosed in Rydon Group Limited's financial statements.

RYDON MAINTENANCE LIMITED

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

10. Interest payable and similar expenses

	2022 £	2021 £
Intercompany charge for bank interest, facility fees and non-utilisation charges	-	96,785
	<u>-</u>	<u>96,785</u>

11. Other finance income

	2022 £	2021 £
Interest income on pension scheme assets	30,000	21,000
Interest expense on defined benefit pension scheme obligations	(24,000)	(17,000)
	<u>6,000</u>	<u>4,000</u>

12. Tax on profit

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	208,051	242,558
Adjustments in respect of previous periods	(46,957)	540
Total current tax	<u>161,094</u>	<u>243,098</u>
Deferred tax		
Origination and reversal of timing differences	51,336	(1,965)
Total deferred tax	<u>51,336</u>	<u>(1,965)</u>
Tax on profit	<u>212,430</u>	<u>241,133</u>

RYDON MAINTENANCE LIMITED

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

12. Tax on profit (continued)

Factors affecting tax charge 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% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit before tax	665,170	858,556
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	126,382	163,126
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	89,638	89,638
Adjustments to tax charge in respect of prior periods	(46,957)	540
Decrease in pension fund prepayment leading to a decrease in tax	-	(4,750)
Prior year deferred tax adjustment	43,367	(7,421)
Total tax charge for the year	212,430	241,133

RYDON MAINTENANCE LIMITED

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

12. Tax on profit (continued)**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.

13. 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 £498,726 (2021: loss £3,606,114).

14. Intangible assets**Group**

	Goodwill £
Cost	
At 1 October 2021	8,653,926
At 30 September 2022	<u>8,653,926</u>
Accumulated amortisation	
At 1 October 2021	5,320,453
Charge for the year	471,779
At 30 September 2022	<u>5,792,232</u>
Net book value	
At 30 September 2022	<u>2,861,694</u>
At 30 September 2021	<u>3,333,473</u>

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 MAINTENANCE LIMITED

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

15. Tangible fixed assets

Group and Company

	Short-term leasehold property £
Cost	
At 1 October 2021	350,116
At 30 September 2022	<u>350,116</u>
Accumulated depreciation	
At 1 October 2021	350,116
At 30 September 2022	<u>350,116</u>
Net book value	
At 30 September 2022	<u><u>-</u></u>
At 30 September 2021	<u><u>-</u></u>

RYDON MAINTENANCE LIMITED

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

16. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost	
At 1 October 2021	8,970,393
At 30 September 2022	8,970,393
Accumulated impairment	
At 1 October 2021	4,829,393
At 30 September 2022	4,829,393
Net book value	
At 30 September 2022	4,141,000
At 30 September 2021	4,141,000

Subsidiary undertaking

For the year ended 30 September 2022, the company's subsidiary entity, Equipe Regeneration Limited (registered number 06143773) was entitled to exemption from audit of individual entity accounts under Section 479A of the Companies Act 2006 as Rydon Maintenance Limited has guaranteed this subsidiary under S479C of the Companies Act 2006.

Details of the subsidiary entity of the company are given below:

Name	Registered office	Class of shares	Holding
Equipe Regeneration Limited	Luxford Place, Lower Road, Forest Row, RH18 5HE	Ordinary	100%

RYDON MAINTENANCE LIMITED

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

17. Debtors

		Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due after more than one year					
Deferred tax asset	20	-	33,274	-	33,274
Due within one year					
Trade debtors		9,006,289	9,681,794	2,752,378	4,027,706
Other debtors		26,730,000	31,481	26,730,000	-
Prepayments and accrued income		101,787	52,558	27,256	28,096
Amounts recoverable on long term contracts		15,994,258	15,963,087	12,874,963	15,223,480
Tax recoverable		125,772	-	125,772	-
		51,958,106	25,762,194	42,510,369	19,312,556

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

18. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	1,680,732	2,017,667	1,680,732	2,017,667
Amounts owed to parent company	8,683,003	12,051,666	8,683,003	12,051,666
Amounts owed to group companies	-	-	712,437	417,672
Corporation tax	243,404	147,038	-	147,038
Other taxation and social security	1,417,569	1,370,367	1,417,569	1,370,367
Accruals and deferred income	4,477,076	4,449,343	4,327,617	4,305,813
	16,501,784	20,036,081	16,821,358	20,310,223

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

19. Creditors: Amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accruals and deferred income	6,990,617	5,381,581	182,017	182,017

RYDON MAINTENANCE LIMITED

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

20. Deferred taxation

Group

	2022 £	<i>2021</i> £
At the beginning of the year	33,274	44,039
Credited to profit and loss	(51,336)	1,965
Charged to other comprehensive income	1,390	(12,730)
At the end of the year	(16,672)	33,274

The deferred tax (liability)/asset is made up as follows:

	Group 2022 £	<i>Group</i> <i>2021</i> £
Accelerated capital allowances	35,328	39,163
Pension surplus	(52,000)	(53,389)
Other timing differences	-	47,500
	(16,672)	33,274
Due after more than one year	(16,672)	33,274
Due within one year	-	-
	(16,672)	33,274

RYDON MAINTENANCE LIMITED

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

21. Provisions

Group and Company

	Provisions £
Provided in the year	26,730,000
At 30 September 2022	26,730,000

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 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 27.

RYDON MAINTENANCE LIMITED

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

22. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
599 (2021 - 599) Ordinary shares of £1 each	599	599
	<u>599</u>	<u>599</u>

23. Reserves**Share premium account**

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

Profit and loss account

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

24. Contingent liabilities

Rydon Maintenance Limited has 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 of £10.0m made available to Rydon Holdings Limited. 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 MAINTENANCE LIMITED

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

25. Pension commitments

The company operates a Defined benefit pension scheme.

The company 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 and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

Reconciliation of present value of plan liabilities:

	2022	2021
	£	£
At the beginning of the year	1,176,000	1,123,000
Current service cost	50,000	58,000
Interest cost	24,000	17,000
Actuarial loss	(447,000)	(8,000)
Benefits paid	(26,000)	(27,000)
Contributions by scheme participants	11,000	13,000
At the end of the year	788,000	1,176,000

RYDON MAINTENANCE LIMITED

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

25. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2022 £	2021 £
At the beginning of the year	1,457,000	1,337,000
Administration expenses	(21,000)	(44,000)
Interest income	30,000	21,000
Actuarial (loss)/gain	(529,000)	34,000
Contributions from the employer	74,000	123,000
Contributions from scheme participants	11,000	13,000
Benefits paid	(26,000)	(27,000)
At the end of the year	996,000	1,457,000

Composition of plan assets:

	2022 £	2021 £
Equity instruments	-	3,000
Debt instruments	969,000	1,413,000
Other assets	27,000	41,000
Total plan assets	996,000	1,457,000

	2022 £	2021 £
Fair value of plan assets	996,000	1,457,000
Present value of plan liabilities	(788,000)	(1,176,000)
Net pension scheme asset	208,000	281,000

RYDON MAINTENANCE LIMITED

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

25. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2022 £	2021 £
Current service cost	(50,000)	(58,000)
Administration expenses	(21,000)	(44,000)
Interest on obligation	(24,000)	(17,000)
Interest income on plan assets	30,000	21,000
Total	(65,000)	(98,000)

The company expects to contribute £75,000 to its Defined benefit pension scheme in 2023.

	2022 £	2021 £
Analysis of actuarial (loss)/ gain recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	(529,000)	34,000
Experience gains and losses arising on the scheme liabilities	447,000	8,000
	(82,000)	42,000

RYDON MAINTENANCE LIMITED

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

25. Pension commitments (continued)

Principal actuarial assumptions at the balance sheet date:

	2022	2021
	%	%
Discount rate	5.2	2.05
Inflation assumption - RPI	3.5	3.3
Inflation assumption - CPI (pre 2030/ post 2030)	2.5/3.3	2.3
Future salary increases - 2022, 2023/24, thereafter	5.0/3.0/2.0	2.0
Future pension increases RPI max 6%	3.5	3.3
Future pension increases consumer price index (pre 2030/ post 2030)	2.5/3.3	2.3
Mortality rates		
- for a male aged 65 now	20.9	22.2
- at 65 for a male aged 45 now	22.1	23.5
- for a female aged 65 now	23.8	24.5
- at 65 for a female member aged 45 now	25.3	25.9

26. 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 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	14,580	15,147	14,580	15,147
Later than 1 year and not later than 5 years	16,402	33,323	16,402	33,323
	30,982	48,470	30,982	48,470

RYDON MAINTENANCE LIMITED

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

27. 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 21 and the associated insurance proceeds are included in other debtors in note 17.

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 21 and the associated insurance proceeds are included in other debtors in note 17.

28. Related party transactions

The company has taken advantage of the exemption available in FRS 102 section 33 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

RYDON MAINTENANCE LIMITED

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

29. Controlling party

The immediate parent company is Rydon Group Limited and the ultimate parent company is Rydon Group Holdings Limited. Both companies are registered in England and Wales and a copy of their consolidated financial statements can be obtained from the trading address of the ultimate company; 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.