

Registered number: 01651097

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**RYDON MAINTENANCE LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**



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**RYDON MAINTENANCE LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	B C Beckett S W Blake R Bond M Day J D Henton R B Irvine
<b>Registered number</b>	01651097
<b>Registered office</b>	Rydon House Station Road Forest Row East Sussex RH18 5DW
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2nd Floor St John's House Haslett Avenue West Crawley West Sussex RH10 1HS

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**RYDON MAINTENANCE LIMITED**

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## RYDON MAINTENANCE LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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The directors present their report and the financial statements for the year ended 30 September 2020.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including 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 judgments 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 and refurbishment services.

#### Results and dividends

The profit for the year, after taxation, amounted to £101,510 (2019 profit: £1,414,001).

During the year, the company paid a dividend of £25,000,000 to its parent company, Rydon Group Limited (2019: £nil). In common with other subsidiaries of Rydon Group Limited, the company paid reserves up to Rydon Group Limited to allow Rydon Group Limited to provide cross guarantees within the group as a whole during the Covid-19 pandemic. No dividends were made from Rydon Group Limited to shareholders during the year. The directors do not recommend the payment of further dividends.

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## RYDON MAINTENANCE LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### Directors

The directors who served during the year and up to the date of this report unless otherwise stated were:

B C Beckett  
S W Blake  
R Bond  
I Briggs (appointed 19 February 2020, resigned 31 December 2020)  
M Day  
J D Henton  
R B Irvine  
A Penrhyn-Lowe (resigned 19 February 2020)

#### Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred political expenditure during the year (2019: £nil).

#### Future developments

Future developments are deemed to be of strategic importance to the Group and accordingly have been outlined within the Strategic Report. Future developments are discussed in the Strategic Report on page 5 of these financial statements.

#### 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 interest rate cash flow 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.

##### Interest rate risk

The Group's cash and that of all other companies in the Rydon Group Holdings Limited group are managed by the directors of Rydon Holdings Limited. The Group has entered into RCF and overdraft borrowing facilities with Lloyds Bank PLC bank. The interest rate is based on a fixed margin on top of the Bank of England base rate. Given the nature of our business and size of the facilities the directors do not think it is appropriate to use financial instruments to manage interest rate risk.

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**RYDON MAINTENANCE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

**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.

**Auditor**

Given that KPMG LLP have audited the Group for over 12 years, good governance considerations have led the directors to appoint Grant Thornton UK LLP as auditors in place of KPMG LLP.

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 31 December 2020 and signed on its behalf.

*R. Bond*

R Bond  
Director

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## RYDON MAINTENANCE LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### Introduction

The directors present their strategic report on the Group for the year ended 30 September 2020.

#### Review of the business

Rydon Maintenance is part of Rydon Group, the strategic focus of which is to derive a fair return from its delivery of built environment solutions for education, housing, healthcare and commercial that address social challenges and advance society.

This is underpinned by our commitment to improved communities – through Housing, Healthcare, Education and Commercial solutions - for the benefit of current and future generations, enabling Rydon to deliver sustainable, profitable growth.

Rydon Maintenance works with like-minded business partners to deliver improved community environments for the benefit of current and future generations. We do so in a manner which enables business growth and allows us to make a reasonable return on our investment whilst always carrying out our business activities safely and professionally.

Rydon Maintenance consists of two divisions, Housing and Healthcare complemented by some legacy refurbishment work which is no longer a strategic area of focus.

#### Housing

The Housing division provides hard facilities management services including responsive repairs, cyclical decorations, life cycle works and preventative maintenance to around 10,000 homes. In total 6 contracts were in operation during the year with contract end dates extending as far as 2037 and providing a forward contracted income stream of £198m plus additional variation works. This provides a strong base and cash flow upon which the Group can grow. These contract values increase with inflation.

#### Healthcare

The Healthcare division provides property maintenance services to mental health, acute, community, social care facilities and 'blue-light' emergency services 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 25 contracts of varying sizes with contract end dates extending as far as 2040. These provide a total forward contracted income stream of £112m (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 FM work such as for Epsom & Ewell where we are providing services for public building maintenance and street repairs as well as other types of reactive and preventative maintenance.

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## RYDON MAINTENANCE LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### Results and performance

The results of Rydon Maintenance Limited for the year show a profit before tax of £0.2m (2019: £1.8m). The shareholders' funds of the Group total £5.3m (2019: £30.2m).

The results for the year were impacted by Covid-19 which reduced client activity during the lockdown period.

The performance of the Group during the year to 30 September 2020 is detailed below.

#### Key performance indicators ('KPIs')

We have made progress throughout the year in relation to key elements of our strategy but unfortunately this has been impacted by Covid-19. The Board monitors the progress of the Group by reference to the following KPIs:

<b>Rydon Maintenance Financial KPIs</b>	<b>2020</b>	<b>2019</b>
Group turnover	£49.5m	£55.7m
Gross profit	£9.4m	£12.6m
Operating profit before interest and tax	£0.3m	£1.9m
Return on capital*	3.5%	5.8%
Current ratio	1.1	2.9
Total assets less current liabilities	£9.5m	£32.9m

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

<b>Operational KPIs</b>	<b>2020</b>	<b>2019</b>
Forward order book value	£310m	£321m

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

The Group's objectives are aligned with its strategy and those of the Rydon Group to capitalise on the economic and sector opportunities and to add shareholder value whilst retaining, growing and motivating our workforce.

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, healthcare and refurbishment 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.

With the backdrop of government funding constraints the Group will continue to focus on meeting the ever increasing service delivery and customer satisfaction demands of existing and new clients.



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## **RYDON MAINTENANCE LIMITED**

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### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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#### **Business environment**

2020 has been a highly unpredictable year for all industry sectors due to the impact of Covid-19. Government intervention during lockdown resulted in some construction and maintenance work being deemed as essential, especially in relation to healthcare service delivery and construction site delivery where safe social distancing could be maintained.

As a result of its contracts to maintain the hard facility management of several NHS Trust hospitals, Rydon Maintenance has remained consistently busy throughout the year.

Consequently, Rydon Group has sustained business momentum during the pandemic through a combination of returns from its work in housing and healthcare and by taking prudent measures such as the use of the furlough scheme. Having emerged from the first lockdown, the Group has seen a strong interest in its Homes' rural developments, due to growing purchaser preference for non-urban living combined with the current stamp duty concession.

Health and safety remains paramount and Rydon has used its recent investments in cloud based telephony, communications and software solutions to enable remote working while maintaining levels of productivity. This has been particularly important for the company's Dartford-based call centre that has been able to coordinate incoming reactive maintenance work and schedule repairs with call centre operatives working safely from home. Rydon has all necessary social distancing and hygiene measures in place. This is also the case at its Construction sites and client based satellite Maintenance sites across the country.

Rydon Maintenance has set up call centre and operative scripts to interrogate all callouts prior to entering a property to ensure both occupier and operative safety, conducts specific Risk Assessments and Method Statements (RAMS) and has provided all relevant PPE to the operatives. We understand that our works are allowed to continue both under the Tier system and in Lockdown as key workers/workers under current guidance and as detailed above we can quickly react to changes, such as a nationwide Lockdown whereby more of our office/call centre staff can readily work from home and facilitate an uninterrupted workflow.

The government's positive stance towards housing as a key industry sector remains a big opportunity. Covid-19 measures have meant that Rydon has been able to adapt to deal with the changes presented by the pandemic and continue with much needed housing and maintenance programmes.

The Affordable Homes Programme provides grant funding to support the capital costs of developing affordable housing for rent or sale. As the Government's housing accelerator, Homes England will be making available £7.39 billion from April 2021 to deliver up to 130,000 affordable homes by March 2026 outside of London.

In relation to the Grenfell Tower tragedy, our assessment remains as stated in our previous annual reports. We welcome the rigorous Public Inquiry as well as other ongoing investigations. Whilst the report from Phase 1 has now been published there is still significant ongoing investigation in Phase 2 which started in January 2020. In particular we note the evidence given by a number of multinational suppliers of building products used in Grenfell Tower. Unfortunately, as a result of Covid-19, the Inquiry's provisional timetable has been further delayed and the conclusion of the current Modules are now listed as approximately December 2021. There is no timetable as yet beyond this for Module 8 (the Inquiry's role under the Coroners & Justice Act 2009). The final outcomes of the Inquiry therefore still remain some time away, although there are likely to be recommendations across the building product manufacture and construction sector in relation to building regulations, fire regulations and product certification. Rydon has reviewed the specific work carried out by Rydon Maintenance Limited and given the above and the limited nature of the work commissioned, the approvals received in relation to it and the interrelationship with work undertaken by other parties, no provision has been made in the accounts for any matters arising from these tragic events.

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## **RYDON MAINTENANCE LIMITED**

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### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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#### **Principal risks and uncertainties**

As cited above, Covid-19 is a continuing cause of uncertainty which we have mitigated against through a combination of hygiene and social distancing measures as well as various technologies to enable remote working.

The full implications of Brexit on the economy remain uncertain. However the Group has sought to reduce risk through contract clause changes and closer engagement with our supply chain.

In our normal course of business the Group 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 Rydon Maintenance and the compliance team, safety team and legal department take on an important oversight role in this regard.

The Group 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, availability of funding and spending pressures within the NHS, current and future funding, changes to laws and regulations in relation to Right-to-Buy and the overall criticality of protecting the supply chain.

To help counter the current demand in the market place for skilled resources the Board has invested in training, recruitment and succession planning.

Funding throughout the Rydon Group is reviewed continuously and best usage of funds remains a key focus to ensure that funds are allocated to projects at the right time.

Within the Healthcare division, we are working with our NHS customers closely to provide lower cost solutions where possible.

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, communities and other stakeholders. As such the Group's focus on its social, environmental and economic responsibilities is embedded into our Sustainable Development Policy.

Rydon is also a member of the 5% club, committing at least 5% of its staff to 'earn and learn' opportunities. We are members of Women Into Construction, promoting gender equality in the workforce and we have Fundraising Champion status with construction industry charity CRASH. Over the past four years we have raised nearly £20,000 to support their homelessness and hospice projects.

The Board will continue their vigilant management of the principal risks identified above during the forthcoming year.

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## RYDON MAINTENANCE LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### **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 area 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. Whether we're building schools to provide inspiring spaces for learning, or looking after hospitals to maintain a safe environment for service users, we are committed to delivering quality solutions that leave a positive legacy for the communities in which we live and work. We source our materials responsibly and continually aim to minimise waste and carbon outputs. We create buildings that use energy efficiently, suit their surroundings and make a positive impact on the urban landscape. Our work with WRAP and Envirowise has helped to reduce our consumption of energy and water and significantly improve recycling - up to 100% on some sites.

#### **Quality and Business Standards**

As a company, our aim is to improve local communities – through Housing, Healthcare, Education and Commercial solutions - for the benefit of current and future generations. We build and maintain homes, schools and hospitals as well as Extra Care facilities, student accommodation, community leisure centres and more. And by doing so we are delivering award-winning, quality facilities built for local communities with a commitment from people who are passionate about what they do. 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.

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**RYDON MAINTENANCE LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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This report was approved by the board on *31 December 2020* and signed on its behalf.

*R. Bond*

R Bond  
Director

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## RYDON MAINTENANCE LIMITED

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

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#### **Opinion**

We have audited the financial statements of Rydon Maintenance Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2020, 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, the consolidated analysis of net debt 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 2020 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.

#### **The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

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## RYDON MAINTENANCE LIMITED

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

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the group's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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.

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## RYDON MAINTENANCE LIMITED

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

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#### **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 for the financial statements**

As explained more fully in the directors' responsibilities statement as set out on page 1, 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.

#### **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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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RYDON MAINTENANCE LIMITED

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

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**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*

Nick Jones BA ACA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Crawley

*31 December 2020*



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**RYDON MAINTENANCE LIMITED**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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	Note	2020 £	2019 £
<b>Turnover</b>			
Group and share of joint ventures' turnover		49,502,761	56,487,020
Less: share of joint ventures' turnover		-	(771,000)
<b>Group turnover</b>	4	49,502,761	55,716,020
Cost of sales		(40,069,846)	(43,120,582)
<b>Gross profit</b>		9,432,915	12,595,438
Administrative expenses		(9,098,527)	(10,674,201)
<b>Operating profit</b>	5	334,388	1,921,237
Interest payable and similar expenses	9	(119,238)	(117,767)
Other finance income	10	4,000	6,000
<b>Profit before tax</b>		219,150	1,809,470
Tax on profit	11	(117,640)	(395,469)
<b>Profit for the financial year</b>		101,510	1,414,001
<b>Profit for the year attributable to:</b>			
Owners of the parent		101,510	1,414,001
		101,510	1,414,001

The notes on pages 22 to 42 form part of these financial statements.

**RYDON MAINTENANCE LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
Profit for the financial year		<b>101,510</b>	<b>1,414,001</b>
<b>Other comprehensive income</b>			
Return on defined benefit plan assets	25	<b>1,000</b>	<i>109,000</i>
Actuarial loss on defined benefit obligation	25	<b>(37,000)</b>	<i>(137,000)</i>
Pension scheme surplus not recognised in prior year	25	<b>-</b>	<i>200,000</i>
Movement on deferred tax relating to pension scheme	21	<b>(1,780)</b>	<i>(38,880)</i>
<b>Other comprehensive income for the year</b>		<b>(37,780)</b>	<i>133,120</i>
<b>Total comprehensive income for the year</b>		<b>63,730</b>	<i>1,547,121</i>
<b>Profit for the year attributable to:</b>			
Owners of the parent company		<b>101,510</b>	<i>1,414,001</i>
		<b>101,510</b>	<i>1,414,001</i>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent company		<b>63,730</b>	<i>1,547,121</i>
		<b>63,730</b>	<i>1,547,121</i>

The notes on pages 22 to 42 form part of these financial statements.

**RYDON MAINTENANCE LIMITED**  
**REGISTERED NUMBER: 01651097**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	14	3,805,252	4,277,031
		<u>3,805,252</u>	<u>4,277,031</u>
<b>Current assets</b>			
Stocks	17	-	54,067
Debtors	18	39,499,265	38,110,416
Bank and cash balances		4,580,491	5,487,766
		<u>44,079,756</u>	<u>43,652,249</u>
Creditors: amounts falling due within one year	19	(38,407,568)	(15,058,347)
<b>Net current assets</b>		<u>5,672,188</u>	<u>28,593,902</u>
<b>Total assets less current liabilities</b>		<u>9,477,440</u>	<u>32,870,933</u>
Creditors: amounts falling due after more than one year	20	(4,398,591)	(2,857,814)
Pension asset	25	214,000	216,000
<b>Net assets</b>		<u><u>5,292,849</u></u>	<u><u>30,229,119</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	599	599
Share premium account	23	999,500	999,500
Profit and loss account	23	4,292,750	29,229,020
<b>Equity attributable to owners of the parent company</b>		<u><u>5,292,849</u></u>	<u><u>30,229,119</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
31 December 2020

R. Bond

R Bond  
Director

**RYDON MAINTENANCE LIMITED**  
**REGISTERED NUMBER: 01651097**

**COMPANY BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	16	8,970,393	8,970,393
		<u>8,970,393</u>	<u>8,970,393</u>
<b>Current assets</b>			
Stocks	17	-	54,067
Debtors	18	33,736,809	34,676,109
Bank and cash balances		4,528,055	5,471,638
		<u>38,264,864</u>	<u>40,201,814</u>
Creditors: amounts falling due within one year	19	(38,519,974)	(22,849,834)
<b>Net current (liabilities)/assets</b>		<u>(255,110)</u>	<u>17,351,980</u>
<b>Total assets less current liabilities</b>		<u>8,715,283</u>	<u>26,322,373</u>
Creditors: amounts falling due after more than one year	20	(182,018)	(294,326)
<b>Net assets excluding pension asset</b>		<u>8,533,265</u>	<u>26,028,047</u>
Pension asset	25	214,000	216,000
<b>Net assets</b>		<u><u>8,747,265</u></u>	<u><u>26,244,047</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	599	599
Share premium account	23	999,500	999,500
Profit and loss account brought forward		25,243,948	25,455,209
Profit/(loss) for the year		7,540,998	(344,381)
Other changes in the profit and loss account		(25,037,780)	133,120
Profit and loss account carried forward		<u>7,747,166</u>	<u>25,243,948</u>
		<u><u>8,747,265</u></u>	<u><u>26,244,047</u></u>

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**RYDON MAINTENANCE LIMITED**  
**REGISTERED NUMBER: 01651097**

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**COMPANY BALANCE SHEET (CONTINUED)**  
**AS AT 30 SEPTEMBER 2020**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
31 December 2020

R. BOND

R Bond  
Director

**RYDON MAINTENANCE LIMITED**  
**REGISTERED NUMBER: 01651097**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 October 2018	599	999,500	27,681,899	28,681,998
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	1,414,001	1,414,001
Other comprehensive income for the year	-	-	133,120	133,120
<b>Total comprehensive income for the year</b>	-	-	1,547,121	1,547,121
At 1 October 2019	599	999,500	29,229,020	30,229,119
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	101,510	101,510
Other comprehensive loss for the year	-	-	(37,780)	(37,780)
<b>Total comprehensive income for the year</b>	-	-	63,730	63,730
<b>Transactions with shareholders</b>				
Dividends: Equity capital	-	-	(25,000,000)	(25,000,000)
<b>Total transactions with shareholders</b>	-	-	(25,000,000)	(25,000,000)
<b>At 30 September 2020</b>	<b>599</b>	<b>999,500</b>	<b>4,292,750</b>	<b>5,292,849</b>

The notes on pages 22 to 42 form part of these financial statements.

**RYDON MAINTENANCE LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 October 2018	599	999,500	25,455,209	26,455,308
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(344,381)	(344,381)
Other comprehensive income for the year	-	-	133,120	133,120
<b>Total comprehensive income for the year</b>	-	-	(211,261)	(211,261)
At 1 October 2019	599	999,500	25,243,948	26,244,047
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	7,540,998	7,540,998
Other comprehensive loss for the year	-	-	(37,780)	(37,780)
<b>Total comprehensive income for the year</b>	-	-	7,503,218	7,503,218
<b>Transactions with shareholders</b>				
Dividends: Equity capital	-	-	(25,000,000)	(25,000,000)
<b>Total transactions with shareholders</b>	-	-	(25,000,000)	(25,000,000)
<b>At 30 September 2020</b>	<b>599</b>	<b>999,500</b>	<b>7,747,166</b>	<b>8,747,265</b>

The notes on pages 22 to 42 form part of these financial statements.

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**RYDON MAINTENANCE LIMITED**

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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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	At 1 October 2019 £	Cash flows £	At 30 September 2020 £
Cash at bank and in hand	5,487,766	(907,275)	4,580,491
	<u>5,487,766</u>	<u>(907,275)</u>	<u>4,580,491</u>

The notes on pages 22 to 42 form part of these financial statements.



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## **RYDON MAINTENANCE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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#### **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 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 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.

##### **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 2020 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.

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## RYDON MAINTENANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 2. Accounting policies (continued)

##### 2.4 Joint ventures

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

In the consolidated accounts, joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the joint venture. The consolidated profit and loss account includes the Group's share of the results of such undertakings applying accounting policies consistent with those of the Group.

In the consolidated balance sheet, the interests in joint venture are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition. Share of losses in the joint venture are recognised to the point where investment is reduced to nil, any subsequent losses are only recognised if a legal or constructive obligation to make good such losses exists.

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

##### 2.5 Going concern

At the date of this report, the directors have carried out a detailed and comprehensive review of the business and its future prospects. In particular, they have considered the forecast future performance and anticipated cash flows. In the opinion of the directors, the company has adequate resources including access to group funding to be able to continue to trade and consequently the financial statements are presented on a going concern basis.

##### **Covid-19**

The initial lockdown did lead to some site closures, however subsequently all sites have reopened following government guidance to do so. Our forecasts take into account extended build programs as a consequence of following social distances measures. Our Maintenance division provides property maintenance predominately to NHS trusts and Social Housing properties with much of the work deemed as key worker related. Our Homes division rebounded strongly from the initial lock down with our current and future pipeline of sites predominantly located in rural/village settings.

Despite the above we have undertaken severe down side stress tests including: no new currently unidentified construction sites starting for 12 months, the movement of land sales six to eight months back and plot sales on new sites in the period moving back 4 months. This scenario still saw us with a positive cash balance with nil borrowing.

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## RYDON MAINTENANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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## 2. Accounting policies (continued)

### 2.6 Revenue

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

### 2.7 Intangible assets

#### Goodwill

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

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

### 2.8 Tangible fixed assets

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

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

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

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.

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## **RYDON MAINTENANCE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.9 Investments**

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

##### **2.10 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes materials and direct labour. At each balance sheet date stock is assessed for impairment, and where appropriate a provision is made to reduce the value to net realisable value.

Construction work in progress is included within stock at cost, plus profit less any losses recognised to date, less progress invoiced. If payments received from customers exceed the revenue recognised, the difference is included within creditors, in the balance sheet.

##### **2.11 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.

##### **2.12 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.

##### **2.13 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.

##### **2.14 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.

##### **2.15 Dividends**

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

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## RYDON MAINTENANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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## 2. Accounting policies (continued)

### 2.16 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.

### 2.17 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 end of the balance sheet date less the fair value of plan assets at the balance sheet date out of which the obligations are to be settled.

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

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

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

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

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

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

### 2.18 Holiday pay accrual

Unused holiday pay entitlement which is accrued at the balance sheet date is recognised as a liability in Rydon Group Limited. 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.

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## **RYDON MAINTENANCE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.19 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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.

#### **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the group financial statements where these judgments 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 judgments 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.

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**RYDON MAINTENANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**4. Turnover**

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

	2020 £	2019 £
Provision of services	47,205,294	50,488,154
Construction contracts	2,297,467	5,227,866
	<u>49,502,761</u>	<u>55,716,020</u>

All turnover arose within the United Kingdom.

**5. Operating profit**

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	-	38,581
Amortisation of intangible assets, including goodwill	471,779	471,779
Other operating lease rentals	22,434	28,707
	<u>494,213</u>	<u>529,067</u>

**6. Auditor's remuneration**

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	50,000	46,350
	<u>50,000</u>	<u>46,350</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.

**7. Employees**

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

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**RYDON MAINTENANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**8. 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 £1,022,459 (2019 - £1,122,764). Details of remuneration in respect of the highest paid director are disclosed in Rydon Group Limited's financial statements.

**9. Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Intercompany charge for bank interest, facility fees and non-utilisation charges	<b>119,238</b>	<b>101,365</b>
Other interest payable	<b>-</b>	<b>16,402</b>
	<b>119,238</b>	<b>117,767</b>

**10. Other finance costs**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest income on pension scheme assets	<b>24,000</b>	<b>30,000</b>
Net interest on net defined benefit liability	<b>(20,000)</b>	<b>(24,000)</b>
	<b>4,000</b>	<b>6,000</b>



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**RYDON MAINTENANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**11. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	118,149	395,014
Adjustments in respect of previous periods	(307)	47,398
<b>Total current tax</b>	<u>117,842</u>	<u>442,412</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(202)	(46,943)
<b>Total deferred tax</b>	<u>(202)</u>	<u>(46,943)</u>
<b>Taxation on profit</b>	<u>117,640</u>	<u>395,469</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit before tax	<u>219,150</u>	<u>1,809,470</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	41,639	343,799
<b>Effects of:</b>		
Expenses not deductible for tax purposes	89,638	90,782
Adjustments to tax charge in respect of prior periods	(307)	47,398
Decrease in pension fund prepayment leading to a decrease in tax	(8,620)	(8,360)
Deferred tax not recognised in prior year	(6,748)	(45,000)
Non-taxable income	-	(30,400)
Other differences leading to an increase/ (decrease) in the tax charge	2,038	(2,750)
<b>Total tax charge for the year</b>	<u>117,640</u>	<u>395,469</u>

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**RYDON MAINTENANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**11. Taxation (continued)**

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**12. Dividends**

	2020 £	2019 £
Dividends Ordinary	25,000,000	-
	<u>25,000,000</u>	<u>-</u>

The dividend was paid to the immediate parent company, Rydon Group Limited. No dividend was paid from Rydon Group Limited to external shareholders.

**13. Parent company profit/(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 profit after tax of the parent company for the year was £7,540,998 (2019 - loss £344,381).

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RYDON MAINTENANCE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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14. Intangible assets

Group

	Goodwill £
<b>Cost</b>	
At 1 October 2019	8,653,926
At 30 September 2020	<u>8,653,926</u>
<b>Amortisation</b>	
At 1 October 2019	4,376,895
Charge for the year	471,779
At 30 September 2020	<u>4,848,674</u>
<b>Net book value</b>	
At 30 September 2020	<u>3,805,252</u>
At 30 September 2019	<u>4,277,031</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.

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RYDON MAINTENANCE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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15. Tangible fixed assets

Group and Company

	Short-term leasehold property £
<b>Cost</b>	
At 1 October 2019	410,619
At 30 September 2020	410,619
<b>Depreciation</b>	
At 1 October 2019	410,619
At 30 September 2020	410,619
<b>Net book value</b>	
At 30 September 2020	-
At 30 September 2019	-

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**RYDON MAINTENANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**16. Fixed asset investments**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 October 2019	8,970,393
At 30 September 2020	<u>8,970,393</u>

**Subsidiary undertaking**

For the year ending 30 September 2020, the following subsidiary entity 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:

Equipe Regeneration Limited (registered number 06143773)

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

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Equipe Regeneration Limited	Rydon House, Station Road, Forest Row, RH18 5DW	Ordinary	100%

The aggregate of the share capital and reserves as at 30 September 2020 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves</b>	<b>Profit/(Loss)</b>
Equipe Regeneration Limited	1,710,475	(1,467,709)

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**RYDON MAINTENANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**17. Stocks**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Work in progress	-	54,067	-	54,067
	<u>-</u>	<u>54,067</u>	<u>-</u>	<u>54,067</u>

Stock recognised in cost of sales during the year as an expense was £2,162,036 (2019 - £2,620,347).

**18. Debtors**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
<b>Due after more than one year</b>				
Deferred tax asset 21	<b>31,377</b>	33,084	<b>31,377</b>	33,084
<b>Due within one year</b>				
Trade debtors	<b>9,253,170</b>	7,239,401	<b>3,835,073</b>	5,354,685
Amounts owed by parent company	-	3,462,194	-	3,462,194
Amounts owed by joint ventures and associated undertakings	-	7,493	-	7,493
Prepayments and accrued income	<b>19,494</b>	55,818	<b>19,494</b>	55,818
Amounts recoverable on long term contracts	<b>29,838,203</b>	26,902,118	<b>29,838,203</b>	25,352,527
Tax recoverable	<b>344,359</b>	397,775	-	397,775
Deferred taxation 21	<b>12,662</b>	12,533	<b>12,662</b>	12,533
	<u><b>39,499,265</b></u>	<u>38,110,416</u>	<u><b>33,736,809</b></u>	<u>34,676,109</u>

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

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**RYDON MAINTENANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Creditors: Amounts falling due within one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Trade creditors	2,236,723	2,790,255	2,236,723	2,790,255
Amounts owed to parent company	27,513,338	2,934,700	27,513,338	2,934,700
Amounts owed to group companies	3,664,153	4,713,342	3,776,307	12,993,368
Corporation tax	462,508	485,790	462,508	-
Other taxation and social security	829,539	709,557	829,539	709,557
Accruals and deferred income	3,701,307	3,424,703	3,701,559	3,421,954
	<u>38,407,568</u>	<u>15,058,347</u>	<u>38,519,974</u>	<u>22,849,834</u>

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

**20. Creditors: Amounts falling due after more than one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Accruals and deferred income	4,398,591	2,857,814	182,018	294,326
	<u>4,398,591</u>	<u>2,857,814</u>	<u>182,018</u>	<u>294,326</u>

**21. Deferred taxation**

**Group**

	<b>2020 £</b>	<b>2019 £</b>
At the beginning of the year	45,617	37,554
Credited to profit and loss	202	46,943
Charged to other comprehensive income	(1,780)	(38,880)
<b>At the end of the year</b>	<u>44,039</u>	<u>45,617</u>

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**RYDON MAINTENANCE LIMITED**

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FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**21. Deferred taxation (continued)**

The deferred tax asset is made up as follows:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
Accelerated capital allowances	<b>37,198</b>	<b>39,497</b>
Pension surplus	<b>(40,659)</b>	<b>(38,880)</b>
Other timing differences	<b>47,500</b>	<b>45,000</b>
	<hr/> <b>44,039</b> <hr/>	<hr/> <b>45,617</b> <hr/>
Due after more than one year	<b>31,377</b>	<b>33,084</b>
Due within one year	<b>12,662</b>	<b>12,533</b>
	<hr/> <b>44,039</b> <hr/>	<hr/> <b>45,617</b> <hr/>

**22. Share capital**

	<b>2020 £</b>	<b>2019 £</b>
<b>Allotted, called up and fully paid</b>		
599 (2019 - 599) Ordinary shares of £1 each	<b>599</b>	<b>599</b>
	<hr/> <b>599</b> <hr/>	<hr/> <b>599</b> <hr/>

**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.



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## RYDON MAINTENANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 24. Contingent liabilities

Certain companies within the group have given performance guarantees for other Group companies, the majority of which are parent company guarantees from Rydon Group Limited supporting performance. At 30 September 2020, the Group had performance guarantees provided by third parties to support its construction operations of £18.4m (2019 - £13.6m). 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 a revolving credit facility and an overdraft facility made available to Rydon Holdings Limited. The facilities guaranteed comprise a revolving credit facility of £30.0m and an overdraft facility of £10.0m, of which the drawn balances were £nil at 30 September 2020 (2019: £nil) for both facilities.

In the normal course of the group's activities disputes arise which can lead to claims, arbitration or litigation proceedings. The directors have accrued in the financial statements for all material amounts which they consider will become payable in respect of such claims.

The directors' assessment in relation to the Grenfell Tower tragedy has been set out in note 27.

#### 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 which is a multi-employer scheme. The Sub-Scheme has been accounted for as a defined benefit scheme from 1 October 2018, previous to that it was accounted for as a defined contribution scheme. The net pension asset of the Sub-Scheme at the date of change was £200,000. In accordance with FRS 102.28.11B this asset has been recognised as a separate item in other comprehensive income in the prior year.

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 is being carried out as at 31 December 2019. The provisional results of that valuation have been projected to 30 September 2020 with allowance for subsequent member movements using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

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**RYDON MAINTENANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**25. Pension commitments (continued)**

The Sub-Scheme was in deficit at the last completed valuation as at 31 December 2016 and recovery plan contributions of £16,700 per annum are being paid until 30 June 2021.

Reconciliation of present value of plan liabilities:

	2020 £	2019 £
At the beginning of the year	1,003,000	-
Previously unrecognised defined benefit obligation	-	813,000
Current service cost	61,000	55,000
Interest cost	20,000	24,000
Actuarial loss	37,000	137,000
Benefits paid	(12,000)	(38,000)
Contributions by scheme participants	14,000	12,000
<b>At the end of the year</b>	<b>1,123,000</b>	<b>1,003,000</b>

Reconciliation of present value of plan assets:

	2020 £	2019 £
At the beginning of the year	1,219,000	-
Previously unrecognised scheme assets	-	1,013,000
Administration expenses	(1,000)	(22,000)
Interest income	24,000	30,000
Actuarial gains	1,000	109,000
Contributions from the employer	92,000	115,000
Contributions from scheme participants	14,000	12,000
Benefits paid	(12,000)	(38,000)
<b>At the end of the year</b>	<b>1,337,000</b>	<b>1,219,000</b>

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**RYDON MAINTENANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**25. Pension commitments (continued)**

Composition of plan assets:

	2020 £	2019 £
Equity instruments	231,000	227,000
Debt instruments	949,000	844,000
Other assets	157,000	148,000
<b>Total plan assets</b>	<b>1,337,000</b>	<b>1,219,000</b>
	2020 £	2019 £
Fair value of plan assets	1,337,000	1,219,000
Present value of plan liabilities	(1,123,000)	(1,003,000)
<b>Net pension scheme asset</b>	<b>214,000</b>	<b>216,000</b>

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Current service cost	(61,000)	(55,000)
Administration expenses	(1,000)	(22,000)
Interest on obligation	(20,000)	(24,000)
Interest income on plan assets	24,000	30,000
<b>Total</b>	<b>(58,000)</b>	<b>(71,000)</b>

The company expects to contribute £107,000 to its Defined benefit pension scheme in 2021.

	2020 £	2019 £
<b>Analysis of actuarial (loss)/gain recognised in Other Comprehensive Income</b>		
Actual return less interest income included in net interest income	1,000	109,000
Experience gains and losses arising on the scheme liabilities	(37,000)	(137,000)
Pension scheme surplus not recognised in prior year	-	200,000
	<b>(36,000)</b>	<b>172,000</b>

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**RYDON MAINTENANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**25. Pension commitments (continued)**

Principal actuarial assumptions at the Balance sheet date:

	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Discount rate	<b>1.5</b>	<b>1.9</b>
Inflation assumption - RPI	<b>2.8</b>	<b>3.0</b>
Inflation assumption - CPI	<b>2.0</b>	<b>2.0</b>
Future salary increases	<b>2.5</b>	<b>2.5</b>
Future pension increases RPI max 6%	<b>2.8</b>	<b>3.0</b>
Future pension increases consumer price index	<b>2.0</b>	<b>2.0</b>
Mortality rates		
- for a male aged 65 now	<b>22.0</b>	<b>21.9</b>
- at 65 for a male aged 45 now	<b>23.7</b>	<b>23.6</b>
- for a female aged 65 now	<b>24.3</b>	<b>24.2</b>
- at 65 for a female member aged 45 now	<b>26.0</b>	<b>25.9</b>

**26. Commitments under operating leases**

At 30 September 2020 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Not later than 1 year	<b>14,580</b>	-	<b>14,580</b>	-
Later than 1 year and not later than 5 years	<b>41,918</b>	-	<b>41,918</b>	-
	<b>56,498</b>	-	<b>56,498</b>	-

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## RYDON MAINTENANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 27. Grenfell Tower

In relation to the Grenfell Tower tragedy, our assessment remains as stated in our previous annual reports. We welcome the rigorous Public Inquiry as well as other ongoing investigations. Whilst the report from Phase 1 has now been published there is still significant ongoing investigation in Phase 2 which started in January 2020. In particular we note the evidence given by a number of multinational suppliers of building products used in Grenfell Tower. Unfortunately, as a result of Covid-19, the Inquiry's provisional timetable has been further delayed and the conclusion of the current Modules are now listed as approximately December 2021. There is no timetable as yet beyond this for Module 8 (the Inquiry's role under the Coroners & Justice Act 2009). The final outcomes of the Inquiry therefore still remain some time away, although there are likely to be recommendations across the building product manufacture and construction sector in relation to building regulations, fire regulations and product certification. Rydon has reviewed the specific work carried out by Rydon Maintenance Limited and given the above and the limited nature of the work commissioned, the approvals received in relation to it and the interrelationship with work undertaken by other parties, no provision has been made in the accounts for any matters arising from these tragic events.

#### 28. Related party transactions

During the period, the company invoiced the following amounts to a joint venture of a parent company for work carried out in the course of business:

Insite Energy Limited £19,169 (2019 - £37,572). The amount outstanding at the year end was £nil (2019 - £7,493).

#### 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, Rydon House, Forest Row, East Sussex, RH18 5DW.

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