

Registration number: 03923995

Rudridge Limited

Annual report and financial statements

for the year ended 31 December 2019



Rudridge Limited

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Rudridge Limited

Company information

Directors

F.M. Elkins
S. Harris
TP Directors Ltd
A.R. Williams

Company secretary

TPG Management Services Limited

Registered office

Lodge Way House
Lodge Way
Harlestone Road
Northampton
NN5 7UG

Auditors

KPMG LLP
Statutory Auditor
15 Canada Square
Canary Wharf
London
E14 5GL

Rudridge Limited

Directors' report for the year ended 31 December 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Future developments

An indication of future developments of the business is included in the Strategic report on page 4.

Directors of the Company

The Directors who held office during the year were as follows:

F.M. Elkins

S. Harris

TP Directors Ltd

A.R. Williams

Directors' liabilities

The Company made qualifying third party indemnity provisions for the benefits of its Directors during the year, which remain in force at the date of this report. This is a qualifying provision for the purposes of the Companies Act 2006.

Going concern

Subsequent to the balance sheet date, the UK's economic outlook has deteriorated as a consequence of the COVID-19 pandemic and the measures taken by the government to control the spread of the virus. In these circumstances, neither the Company nor its customers have been able to trade in a normal manner.

In late March and early April 2020, the Group's Merchant business operated a "service-light" operating model, focussing on servicing customers through remote, non-contact channels with sites primarily running call/click and collect or direct delivery services to support essential construction programmes. Since 20 April 2020 the Group has been carefully opening more of its Merchant branch network, with branches continuing to operating the service-light, non-contact operating model.

The impact of this pandemic on the Company and the going concern basis of preparation is discussed in note 2.

The Directors have adopted the going concern principle in preparing these financial statements on the basis of support arrangements made available by the ultimate parent undertaking, Travis Perkins plc.

Dividends

The Directors do not recommend the payment of a dividend (2018: £1.5m). Interim dividends of £nil (£nil per ordinary share) (2018: £1.5m; £29 per ordinary share) was paid during the year. The Directors do not recommend payment of a final dividend (2018: £nil).

Political donations

During the year the Company made no political donations nor incurred any political expenditure.

Employees

Details of the Company's policies on disabled employees and employee consultation are given in the Strategic report on page 7.

Modern slavery

The Company will not accept slavery or human trafficking and works with suppliers and colleagues to ensure positive steps are taken to ensure that slavery has no place in the business or supply chain. If issues are identified, investigations and remedial actions will be taken. No instances of slavery or human trafficking have been identified.

The Company's approach to this issue is set out in greater detail in the Travis Perkins plc Annual Report, which does not form part of this report.

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Directors' report for the year ended 31 December 2019 (continued)

Disclosure of information to the auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment was proposed at the Annual General Meeting.

Approved by the Board on 30 September 2020 and signed on its behalf by:



A.R. Williams
Director

Rudridge Limited

Strategic report for the year ended 31 December 2019

The Directors present their Strategic report for the year ended 31 December 2019.

Principal activities

The Company is a wholly owned subsidiary of Travis Perkins plc, the ultimate parent company.

The principal activity of the Company is that of a dormant shell entity.

The principal activity of the Company until 28 June 2019 was the marketing and distribution of civils and drainage solutions to the building trade and construction industry.

Review of the business

On 28 June 2019 Keyline Civils Specialist Limited acquired the trade and assets of Rudridge Limited, subsequently the Company ceased trading and became a dormant entity.

Turnover for the period was £27.6m (2018: £52.0m). The Company made an operating profit of £1.0m (2018: £2.2m) and profit after tax was £0.8m (2018: £1.8m).

The balance sheet on page 12 of the financial statements shows that the Company's net assets increased by £0.8m to £8.7m (2018: £7.9m).

Subsequent to the balance sheet date, the UK's economic outlook has deteriorated as a consequence of the COVID-19 pandemic and the measures taken by the government to control the spread of the virus. In these circumstances, neither the Company nor its customers have been able to trade in a normal manner.

The impact of this pandemic on the Company and the going concern basis of preparation is discussed in note 2.

Key performance indicators ('KPIs')

The Company is a dormant entity. The Company's Directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

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Strategic report for the year ended 31 December 2019 (continued)

Principal risks and uncertainties

The Company operates in markets and an industry which by their nature are subject to a number of inherent risks. The Company is able to mitigate those risks by adopting different strategies and by maintaining a strong system of internal control which is routinely tested and assured. However, regardless of the approach that is taken, the Company must accept a certain level of risk in order to generate suitable returns for shareholders, and for that reason the risk management process is closely aligned to the Company's strategy.

The Group has a risk reporting framework that ensures it has visibility of the Company's key risks, the potential impacts on the Company and how and to what extent those risks are mitigated. As part of its risk management process, the principal risks stated in the risk register are reviewed, challenged and updated by the Group Board and monitored throughout the year. The Company maintains a separate risk register. The Group's risk register is used to determine strategies adopted by the Group's various businesses to mitigate the identified risks and are embedded in their operating plans.

In common with most large organisations the Company is subject to general commercial risks; for example, political and economic developments, changes in the cost of goods for resale, increased competition in its markets and the threat of emerging and disruptive competitors, material failures in the supply chain, failure to secure supply of goods for resale on competitive terms, cyber-security breaches and failure of the IT infrastructure.

The risk environment in which the Company operates does not remain static. As part of the ongoing risk review process, the Directors identify new risks, assess the inherent risk associated with each risk, and determine whether the risk trend facing the Company is increasing, decreasing or unchanged. Whilst the risk profile remains relatively stable to 2018, key changes have been identified as follows:

- One additional principal risk has been identified in relation to IT systems and infrastructure
- The inherent risk associated with business transformation has been reassessed to 'high'
- The inherent risk associated with cyber threats and data security has been reassessed to 'high'.

The nature of risk is that its scope and potential impact will change over time. As such the list below should not be regarded as a comprehensive statement of all potential risks and uncertainties that may manifest themselves in the future. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, could also have an adverse effect on the Company's future operating results, financial condition or prospects.

The Directors are required to undertake a robust assessment of the emerging risks that may impact the Company. The Directors regularly consider the latest risk research alongside views on emerging risks collated from assessments made by the business unit and functional leadership teams.

Set out below, in no particular order, are the current principal risks that are considered by the Board to be material. Their potential impacts and the factors that mitigate them are detailed in the Travis Perkins plc Annual Report & Accounts. These key risks have been determined for the Group and are considered applicable to the Company:

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Strategic report for the year ended 31 December 2019 (continued)

- Changing customer and competitor landscape
- Talent management, the ability to recruit, develop, retain and motivate suitably qualified and experienced staff is an important driver of overall performance
- Supplier dependency, relationship, overseas sourcing and disintermediation leading to adverse impacts on ranging and price
- Unsafe practices result in harm to colleagues, customers, suppliers or the public
- Business transformation and improvement projects fail to deliver the expected benefits, cost more or take longer to implement than anticipated
- Uncertainty caused by the UK's decision to leave the European Union
- Market conditions leading to demand uncertainty
- Execution of planned disposals and potential acquisitions fails to deliver the expected benefits to the expected cost and timescale
- System failures or outages could disrupt the day-to-day operations and, in turn, impact customer service and financial performance
- Data security
- The changing regulatory framework increases the risk of non-compliance and fines

The Group disclosed in its 2019 Annual Report that it was monitoring the potential impact of coronavirus carefully. This has subsequently become a principal risk and its potential impact and the factors that mitigate it are detailed in the Travis Perkins plc June 2020 interim results announcement. Its ongoing impact and the Company's response is discussed in note 2.

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Strategic report for the year ended 31 December 2019 (continued)

Corporate responsibility

Environmental matters

The Travis Perkins plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

The Company operates in accordance with group policies, which are described in the Group's Annual Report, which does not form part of this report. Initiatives designed to minimise the Company's impact on the environment include improving energy use efficiency, reducing the amount of CO2 emissions and minimising the consumption of water and the production of waste (both hazardous and non-hazardous).

Company employees

Details of the number of employees and related costs can be found in note 8 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company's employment policies have been designed to meet the needs of its business, and follow best practice whilst complying with both current and anticipated legislation. Applied consistently throughout the Company they provide a fair framework within which employees work.

The Company is firmly committed to ensuring that the manner in which it employs staff is fair and equitable. Its equal opportunities policy is designed to ensure that no person or group of individuals will be treated less favourably because of their race, colour, ethnic origin, gender or sexual orientation, age or disability.

The Company maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interests and ensure that all employees are aware of the financial and economic performance of their business units and of the Company as a whole.

With branches throughout the United Kingdom, the Company recognises its role in and responsibilities towards local communities. Branches are encouraged to support their local communities through involvement in local affairs, such as by sponsoring organisations or donating materials to projects.

Approved by the Board on 30 September 2020 and signed on its behalf by:



.....
A.R. Williams
Director

Rudridge Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors report and the 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Rudridge Limited

Opinion

We have audited the financial statements of Rudridge Limited ('the Company') for the year ended 31 December 2019, which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. 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 company will continue in operation.

Independent Auditor's Report to the Members of Rudridge Limited (continued)

Strategic report and directors' report

The Directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover these reports, and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view, such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

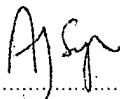
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Rudridge Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.



.....
Anthony Sykes (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

30 September 2020

Rudridge Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	4	27,597	52,046
Cost of sales		<u>(23,177)</u>	<u>(45,718)</u>
Gross profit		4,420	6,328
Selling and distribution costs		(1,309)	(169)
Administrative expenses		<u>(2,068)</u>	<u>(3,934)</u>
Operating profit	5	1,043	2,225
Net interest income	10	<u>2</u>	<u>7</u>
Profit before taxation		1,045	2,232
Tax charge on profit	11	<u>(234)</u>	<u>(409)</u>
Profit and total comprehensive income for the financial year		<u>811</u>	<u>1,823</u>
Total comprehensive income for the year		<u>811</u>	<u>1,823</u>

The above results were derived from discontinuing operations.

The notes on pages 15 to 27 form an integral part of these financial statements.


Rudridge Limited

Balance sheet as at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible fixed assets	12	-	208
Intangible assets	13	-	7
		<u>-</u>	<u>215</u>
Current assets			
Stocks	14	-	1,965
Debtors	15	8,685	14,507
Cash at bank and in hand		-	429
		<u>8,685</u>	<u>16,901</u>
Creditors: amounts falling due within one year	16	-	(9,242)
Net current assets		<u>8,685</u>	<u>7,659</u>
Net assets		<u>8,685</u>	<u>7,874</u>
Capital and reserves			
Called up share capital	17	52	52
Share premium account	18	87	87
Capital contribution reserve	18	13	13
Profit and loss account	18	8,533	7,722
Total equity		<u>8,685</u>	<u>7,874</u>

The notes on pages 15 to 27 form an integral part of these financial statements.

The financial statements of Rudridge Limited, registered number 03923995, were approved and authorised by the Board on 30 September 2020 and signed on its behalf by:



A.R. Williams
Director

Rudridge Limited

Statement of changes in equity for the year ended 31 December 2019

	Share capital	Share premium	Capital redemption reserve	Profit and loss account	Total
	£000	£000	£000	£000	£000
At 1 January 2018	52	87	13	7,363	7,515
Total comprehensive income	-	-	-	1,823	1,823
Dividends paid on equity shares	-	-	-	(1,500)	(1,500)
Share-based payment transactions	-	-	-	36	36
At 31 December 2018	52	87	13	7,722	7,874
Total comprehensive income	-	-	-	811	811
At 31 December 2019	52	87	13	8,533	8,685

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Notes to the financial statements for the year ended 31 December 2019

1 General information

The Company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006.

The address of its registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 4 to 7.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (as amended following its Triennial review in 2017).

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Going concern assessment by the Directors of the Company

The Company is part of the Travis Perkins plc Group (the "Group"). The Company's ability to operate as a going concern is directly linked to the Group's position.

The Board of Travis Perkins plc undertook an assessment on 4 September 2020 of the ability of the Group to continue in operation and meet its liabilities as they fall due over the period to 31 December 2021. The Group's assessment was made available to the Directors of the Company. The Directors did not consider that this assessment indicated the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Directors have made appropriate inquiries of the Group subsequent to the date of this assessment and up to the date of signing these financial statements and have not identified any matters which impact their conclusion regarding the ability of the Group to continue as a going concern.

Travis Perkins plc has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the 12 months from the date of signing these financial statements by meeting its liabilities as they fall due for payment.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Going concern assessment by the Board of Travis Perkins plc

In the context of the current COVID-19 outbreak, the Board of Travis Perkins plc undertook an assessment on 4 September 2020 of the ability of the Group to continue in operation and meet its liabilities as they fall due over the period to 31 December 2021. In doing so, the Board considered events throughout the period of their assessment, including the availability and maturity profile of the Group's financing facilities, and concluded that it remained appropriate to prepare the interim financial statements on a going concern basis on the following basis.

In late March and early April 2020, the Group operated a "service-light" operating model, focusing on serving customers through remote, non-contact channels with sites primarily running call/click and collect or direct delivery services to support essential construction programmes. After 20 April 2020, the Group carefully re-opened more of its Merchant branch network and Wickes and Toolstation responded at pace to cope with the high levels of consumer demand.

In June 2020, the Group initiated a restructuring programme involving branch closures and reductions in above-branch roles. The purpose of this restructuring was to align the cost base of the Group to reduced sales volumes, particularly in the Merchanting and Plumbing & Heating businesses. As a result, the Group is well positioned to trade through even a significant and long-term decline in volume, has the flexibility to react to changing market conditions and is adequately placed to manage its business risks successfully. Furthermore, the Group's experience of trading over the initial lockdown period gives confidence in its ability to operate through subsequent lockdowns if there are further peaks in infections.

In the analysis performed, the Travis Perkins plc Board considered the impact of the COVID-19 outbreak on the Group's results and financial position in a range of possible scenarios. The following key assumptions were used in the central scenario:

- Trading over the remainder of 2020 broadly continues at current levels, with no material improvement over the Group's experience through July and August
- Business rates relief of circa £80m for the 2020-2021 tax year and no further furlough claims
- No further overhead reductions beyond those identified as part of the recent restructuring programme
- Capital expenditure of circa £70m, net of disposals
- Working capital metrics return to normal, with a cash benefit from stock reduction related to closed branches

A second two-month lockdown scenario was also considered, with trading and cash collection reduced to the levels experienced by the Group in May 2020, and recovering to a lower level than in the central scenario. In this scenario it was assumed that the Group would take mitigating measures, including reduced dividend payments, although no further structural cost savings are included.

Under all scenarios considered, the Group was able to operate for the period ended 31 December 2021 within its existing borrowing facilities and its financial covenants.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Further reverse stress testing examined the scale of prolonged sales decline required to cause the Group to become insolvent or to breach its financial covenants and concluded that the magnitude of the sales decline required was not plausible.

After reviewing these forecasts and risk assessments and making other enquiries, the Board of Travis Perkins plc on 4 September 2020 formed the judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the period ended 31 December 2021 and meet its liabilities as they fall due.

Tangible fixed assets

Tangible fixed assets are stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged on a straight-line basis so as to write off the cost of assets, other than land and tangible fixed assets under construction, over their estimated useful lives, as follows:

Asset class	Depreciation rate
Short leasehold property	Over the term of the lease
Plant and equipment	20% per annum
Fixtures and fittings	20% - 33.33% per annum

Intangible fixed assets - other

Intangible fixed assets are shown at historical cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible fixed assets on a straight-line basis so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	10%-40% per annum

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the weighted average method.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired the carrying amount is reduced to its selling price less costs to sell; the impairment loss is recognised immediately in the profit and loss account.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in operating profit in the profit and loss account as a charge to administrative expenses.

a) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from the measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in a previously recognised impairment loss, the prior impairment loss is tested to determine whether a reversal is required. An impairment loss is reversed on an individual impaired asset (other than goodwill) to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

b) Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in the profit or loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge, including UK corporation tax and foreign tax, is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Rudridge Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference. Deferred tax relating to tangible fixed assets measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined benefit schemes, operating profit is charged with the cost of providing pension benefits earned by the employees in the period. The Group accounts for pensions using IAS 19 - Employee Benefits. The Company accounts for pensions using FRS 102, thus in accordance with the rules set out in FRS 102, contributions to the Group's defined benefit scheme are charged to the profit and loss account as they become payable.

Rudridge Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Supplier income

Supplier income comprises fixed price discounts, volume rebates and customer sales support.

Fixed price discounts and volume rebates received and receivable in respect of goods which have been sold are initially deducted from the cost of inventory and therefore reduce cost of sales in the profit and loss account when the goods are sold. Where goods on which the fixed price discount or volume rebate has been earned remain in inventory at the year-end, the cost of that inventory reflects those discounts and rebates (see stock accounting policy).

The Company receives customer sales support payments that are made entirely at the supplier's option, that are requested by the Company when a specific product is about to be sold to a specific customer and for which payment is only received after the sale has been completed. All customer sales support receipts received and receivable are deducted from cost of sales when the sale to the third party has been completed, i.e. when the customer sales support payment has been earned.

Supplier income receivable is netted off against trade creditors when there is a legally binding arrangement in place and it is management's intention to do so, otherwise amounts are included in other debtors in the balance sheet.

Other promotional arrangements are not significant.

Customer rebates

Where the Company has rebate agreements with its customers, the value of customer rebates paid or payable, calculated in accordance with the agreements in place, is deducted from turnover in the year in which the rebate is earned.

Revenue recognition

Turnover is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of customer rebates, discounts and value added tax. The Company supplies all goods within the United Kingdom.

Share capital

Equity instruments represent the ordinary share capital of the Company and are recorded at the proceeds received, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Critical accounting judgments and key sources of estimation uncertainty

These financial statements have been prepared in accordance with the Company's accounting policies, which are described in note 2. The preparation of financial statements requires the Directors to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Future events and their effects cannot be determined with certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. The Directors frequently re-evaluate these significant factors and make adjustments where facts and circumstances dictate. The Directors have determined there are no critical accounting judgments or key sources of estimation uncertainty.

Rudridge Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

4 Revenue

Turnover is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of customer rebates, discounts and value added tax. The Company supplies all goods within the United Kingdom.

All turnover (2018: all turnover) is generated from the sale of goods.

5 Operating profit

Operating profit is stated after charging:

	2019	2018
	£000	£000
Depreciation of tangible fixed assets	35	74
Amortisation of intangible fixed assets	3	5
Operating lease expense - property	296	432

6 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2019	2018
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	15,000	17,000

These fees were borne by another group company. Auditor's remuneration for non-audit services is disclosed within the Travis Perkins plc Annual Report. No non-audit services were provided by the auditor directly to the Company in either the current or prior year.

7 Directors' remuneration

Three (2018: three) of the Directors are paid by other group companies and received total emoluments (including non-performance related bonuses) of £976,000 (2018: £1,747,000) and performance-related bonus of £nil (2018: £nil) during the year, but it is not practicable to allocate their remuneration from other group companies for services rendered. In addition, of these Directors, none (2018: one) is accruing benefits under the Travis Perkins Pensions and Dependents' Benefit Scheme, which is a defined benefit pension scheme, and three (2018: one) are contributing towards the Travis Perkins Pension Plan, which is a defined contribution scheme, in respect of their service to other group companies.

There were no Directors paid directly by the Company for the current year and previous year.

Three Directors paid by another group company exercised share options during the year (2018: three).

Rudridge Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

8 Staff costs

The average number of persons employed by the company (including Directors) during the year, analysed by category, was as follows:

	2019 No.	2018 No.
Administration and support	3	4
Sales	57	63
	60	67

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2019 £000	2018 £000
Wages and salaries	1,042	2,073
Social security costs	109	206
Pension costs	26	49
Share-based payment expenses	-	36
	1,177	2,364

9 Share-based payments

The total expense recognised in profit and loss account for the year was £nil (2018: £36,000).

a) SAYE

The employee Save-As-You-Earn (SAYE) share purchase plan is open to all employees with at least three months' service and provides for the purchase of shares at a price equal to the three day average market price before the date of invitation to the plan, less 20%. Employees may participate in the Employee Share Savings Plan for a three or five year period.

b) Nil price options

The Group operates a share matching scheme, a performance share plan and a deferred share bonus plan for senior employees. Options are granted at a price equal to the average quoted market price of Travis Perkins plc shares on the date of grant and there is no exercise price. The vesting period is three years and is subject to performance conditions. Options are forfeited if the employee leaves the Group before the options vest.

10 Net interest income

	2019 £000	2018 £000
Interest receivable and similar income		
Interest income on financial assets	2	7
Net interest income	2	7

Rudridge Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

11 Tax

Tax charged/(credited) in the profit and loss account

	2019 £000	2018 £000
Current taxation		
UK corporation tax	201	452
UK corporation tax adjustment to prior periods	33	(33)
	<u>234</u>	<u>419</u>
Deferred taxation		
Origination and reversal of timing differences	-	(2)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	(8)
Total deferred taxation	<u>-</u>	<u>(10)</u>
Tax expense in the income statement	<u>234</u>	<u>409</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018: lower than the standard rate of corporation tax in the UK) of 19% (2018: 19%).

The differences are reconciled below:

	2019 £000	2018 £000
Profit before tax	<u>1,045</u>	<u>2,232</u>
Corporation tax at standard rate	199	424
Effect of expenses not deductible for tax purposes	-	16
Increase/(decrease) in UK current tax from adjustment for prior periods	33	(41)
Effect of capital allowances and depreciation	2	5
Effect of exercise of employee share options	-	5
Total tax charge	<u>234</u>	<u>409</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

Rudridge Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

12 Tangible fixed assets

	Short leasehold property £000	Plant and equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 1 January 2019	365	252	210	827
Disposals	(365)	(252)	(210)	(827)
At 31 December 2019	-	-	-	-
Depreciation				
At 1 January 2019	277	171	171	619
Charge for the year	11	23	1	35
Eliminated on Disposals	(288)	(194)	(172)	(654)
At 31 December 2019	-	-	-	-
Net book value				
At 31 December 2019	-	-	-	-
At 31 December 2018	88	81	39	208

Tangible fixed assets are included at full historical cost to the Company.

Rudridge Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

13 Intangible fixed assets

	Software £000	Total £000
Cost		
At 1 January 2019	15	15
Disposals	(15)	(15)
At 31 December 2019	-	-
Amortisation and impairment		
At 1 January 2019	12	12
Amortisation charge	3	3
Amortisation eliminated on Disposals	(15)	(15)
At 31 December 2019	-	-
Net book value		
At 31 December 2019	-	-
At 31 December 2018	7	7

14 Stocks

Stocks consist of goods for resale. There is no material difference between the balance sheet valuation of stocks and their replacement cost.

Stocks are stated after provisions for impairment of £nil (2018: £120,000).

	2019 £000	2018 £000
Goods for resale	-	1,965

15 Debtors

	2019 £000	2018 £000
Trade debtors	-	10,778
Other debtors	-	172
Prepayments and accrued income	-	3,373
Amounts owed by group undertakings	8,685	184
	8,685	14,507

Amounts owed by group undertakings are loans. The loans are interest free and have no fixed date for repayment.

Rudridge Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

16 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Due within one year		
Trade creditors	-	7,346
Amounts due to group undertakings	-	1,111
Corporation tax liability	-	276
Accruals and deferred income	-	509
	<u>-</u>	<u>9,242</u>

17 Share capital

Allotted, called up and fully paid shares

	No.	2019 £000	No.	2018 £000
Ordinary shares of £1 each	51,613	52	51,613	52

Rights, preferences and restrictions

There were no changes to share capital during the year.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

18 Reserves

The share premium reserve records the amount above the nominal value received for shares sold. The share premium account cannot be distributed under the Companies Act 2006.

The capital contribution reserve represents contributions received from the Company's parent undertaking.

The profit and loss account represents cumulative profits or losses.

19 Dividends

	2019 £000	2018 £000
Interim dividend of £nil (2018: £29) per each ordinary share	-	1,500

Rudridge Limited

Notes to the financial statements for the year ended 31 December 2019 (continued)

20 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2018: £nil) relating to property, plant and equipment.

Operating leases

The Company had the following future minimum lease payments under non-cancellable operating leases:

	2019	2018
	£000	£000
Not later than one year	296	1,379
Later than one year and not later than five years	1,060	2,451
Later than five years	-	240
	<u>1,356</u>	<u>4,070</u>

Leases were transferred to Keyline Civils Specialists Limited on the 28 June 2019.

21 Related party transactions

The Company has taken advantage of the exemption contained within FRS 102 and not disclosed transactions or balances with companies that are fellow wholly-owned subsidiaries of Travis Perkins plc.

22 Non adjusting events after the financial period

Subsequent to the balance sheet date, the UK's economic outlook has deteriorated as a consequence of the COVID-19 pandemic and the measures taken by the government to control the spread of the virus. A significant recession is expected, with increases in unemployment resulting in reduced sales and increased expected credit losses. The impact of this will be partially mitigated by UK government actions such as subsidies to businesses for furloughed employees and the self-employed. At this point it is not possible to estimate the financial effect of this event.

23 Parent and ultimate parent undertaking

The immediate and ultimate parent undertaking, controlling party and smallest and largest group to consolidate these financial statements is Travis Perkins plc, a company registered in England and Wales.

Copies of the Travis Perkins plc group financial statements are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.