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**RYDON GROUP HOLDINGS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**



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**RYDON GROUP HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	R Bond N Standen
<b>Company secretary</b>	M Day
<b>Registered number</b>	10966583
<b>Registered office</b>	Rydon House Station Road Forest Row East Sussex RH18 5DW
<b>Independent auditor</b>	KPMG LLP Chartered Accountants 1 Forest Gate Brighton Road Crawley West Sussex RH11 9PT

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**RYDON GROUP HOLDINGS LIMITED**

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**CONTENTS**

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	Page
<b>Directors' report</b>	<b>1 - 2</b>
<b>Group strategic report</b>	<b>3 - 7</b>
<b>Statement of directors' responsibilities</b>	<b>8</b>
<b>Independent auditor's report to the members of Rydon Group Holdings Limited</b>	<b>9 - 11</b>
<b>Consolidated profit and loss account</b>	<b>12</b>
<b>Consolidated statement of comprehensive income</b>	<b>13</b>
<b>Consolidated balance sheet</b>	<b>14 - 15</b>
<b>Company balance sheet</b>	<b>16</b>
<b>Consolidated statement of changes in equity</b>	<b>17 - 18</b>
<b>Company statement of changes in equity</b>	<b>19 - 20</b>
<b>Consolidated Statement of cash flows</b>	<b>21 - 22</b>
<b>Notes to the financial statements</b>	<b>23 - 54</b>

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## RYDON GROUP HOLDINGS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

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The directors present their report and the financial statements for the year ended 30 September 2019.

#### Principal activity

The principal activities of the company and its subsidiaries continued to be that of building contractors, developers, maintenance contractors and the procurement and management of community health and care projects.

#### Results and dividends

The profit for the year after taxation and minority interests, amounted to £12.4m (2018: £15.6m).

During the year ordinary dividends of £5.0m were paid (2018: £nil). The current year dividend was sourced from the profits generated by Rydon Homes Limited during the previous financial year. The directors do not recommend the payment of further ordinary dividends.

Preference share dividends paid during the year amounted to £0.19m (2018: £nil).

#### Directors

The directors who served during the year were:

R Bond  
N Standen

#### Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred political expenditure during the year (2018: £nil).

#### Employee involvement

Regular meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well informed about the progress and position of the Group by means of regular department meetings, the company intranet and newsletter.

#### Disabled employees

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

#### 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 the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the 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.

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**RYDON GROUP HOLDINGS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**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**

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

This report was approved by the board on 11 December 2019 and signed on its behalf.

R Bond  
Director

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## RYDON GROUP HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### Introduction

The directors present their strategic report on the Group for the year ended 30 September 2019.

#### The Rydon Group Strategic Focus

- The strategic focus of Rydon Group is to derive a fair return from its secured base in construction, maintenance and house building, as well as optimising estate management returns and opportunities from health care joint ventures under the Ryhurst brand.
- This is underpinned by our commitment to improved communities – through Housing, Healthcare and Education solutions - for the benefit of current and future generations, enabling Rydon to deliver sustainable, profitable growth.
- The Rydon Group is privately owned and committed to working as a co-ordinated team with like-minded business partners and clients to deliver quality solutions. Equally, each operating company within the Rydon Group has its own specialist skills and can operate independently or through integrated, cross-disciplined programmes involving various components of the Group.

#### Results and performance

The results of the Group for the year show a profit before tax of £16.1m (2018: £20.0m). The shareholders' funds of the Group total £40.1m (2018: £33.3m).

The performance of the Group during the year to 30 September 2019 has produced the following results.

#### Rydon Homes

Rydon Homes transforms carefully sourced land into opportunities to deliver high quality new housing that will satisfy market demand and support community need. This is achieved through either the development or sale of the consented land. We do so in a manner which enables business growth, and allows us to make a reasonable return on our investment.

Our strength is in our ability to identify and contractually secure future development land opportunities and then add value by using our planning and commercial expertise to successfully promote these opportunities through the complexities of the planning system.

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## RYDON GROUP HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### Rydon Construction

Rydon Construction has been successful with its strategic focus on mixed use development opportunities in London and the South East. These are typically residential-led public sector partnerships where Rydon delivers a combination of private sales, affordable and private rented homes together with new facilities such as schools, health centres and community centres. Rydon has worked on a number of flagship inner London regeneration projects such as Packington Estate in Islington which was completed in 2019. Green Man Lane in Ealing is a nine year four phase scheme which has already delivered a new school to the local community and will comprise mixed tenure housing and retail space with an estimated completion date of 2023. With both Packington and Green Man Lane, residents have been fully involved in the design development and a number of key changes have been made to the schemes on their advice.

Rydon Construction is broadening its development risk on private sale housing to generate cross subsidy on certain projects it undertakes to areas outside of London. Rydon is also focused on the provision of a variety of housing needs for the UK's ageing population. This includes the South West of the UK where we have been established since 2008 and have delivered a number of successful projects including community hubs, schools and military facilities as part of the Aspire Defence Framework. In the South West in particular, Rydon has continued to increase the diversity of its client base with projects such as its recent win to deliver an automotive research propulsion facility (IAAPS) for the University of Bath.

#### Rydon Maintenance

Our Maintenance business is primarily focused on Hard Facilities Management such as reactive and planned preventative maintenance, lifecycle works, alterations and small works, including void maintenance, delivered through a number of long-term PFI contracts. We have established a strong reputation as a provider of high quality maintenance services to social housing landlords throughout London and the South East of England, where we maintain around 10,000 properties.

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

We have recently expanded our focus towards 'blue light' emergency services such as the South East Coast Ambulance Service (SECAM) where we are managing the Trust's properties via a help desk in relation to mechanical and electrical, public health system and fabric maintenance repairs. Maintenance has also started working with local authorities, such as Epsom & Ewell to maintain its building and other assets such as the public library and street lighting.

#### Ryhurst

Originally a specialist healthcare investment arm of the Rydon Group, Ryhurst has successfully delivered more than 60 NHS Facilities via the Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) across more than 50 sites throughout England, ranging from community hospitals to mental health care facilities, healthy living centres and GP surgeries. Ryhurst evolved from its focus on PFI to providing a full breadth of property management and development services through an innovative Strategic Estates Partnership (SEP) model as well as providing consultancy through an Estates Advisory Service.

While Ryhurst was a leader in the delivery of SEPS, the market has slowed as the NHS is increasingly looking to in house solutions for estate efficiencies. In the meantime, the Ryhurst brand has been used to contribute to Rydon Maintenance's relationships with the non-housing and NHS sectors while also exploring support through other contractor solutions.

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## RYDON GROUP HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### **Rydon Group Holdings**

We have made progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the Group by reference to the following KPIs:

Group Financial KPIs	2019	2018
Group turnover including share of joint ventures	£227.1m	£233.1m
Group turnover	£203.7m	£219.8m
Gross Profit	£43.3m	£51.5m
Earnings before interest and tax	£16.1m	£20.4m
Return on capital	30.5%	41.5%
Current Ratio	1.6	1.6
Total assets less current liabilities	£52.6m	£49.2m
Operational KPIs	2019	2018
Housing – Successful planning decisions	7	5
Housing – Awaiting planning decisions	6	7
Housing – Failed planning decisions	3	1
Rydon Maintenance – Forward order book	£321m	£376m

#### **Strategy and future developments**

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

Additionally, Rydon Construction continues to target strategic expansion further into the South West of England where it is well placed to deliver developments and take advantage of the continued sector opportunities. The Group's success is dependent on the proper selection, pricing and ongoing management of the risks it accepts.

Within our development company, Rydon Homes, we will continue to maintain and increase our portfolio of contractually controlled land at a level that will support our business model.

Rydon is always committed to leaving a positive legacy; delivering wider benefits to the communities where we work; minimising our impact on the environment; and bringing new employment opportunities for local people. We bring together an immense wealth of experience, expertise and talent, united by common values and principles. Rydon has teamed up with The Prince's Trust to help young people in the local area find new careers in the construction industry. Through the Get into Construction programme, aimed at unemployed 18 - 25 year olds, a group were able to get work experience on a live construction site, improve their interview and CV writing skills as well as boosting their confidence. 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 4 years we have raised nearly £20k to support their homelessness and hospice projects.

The Group's strategy of maintaining a balanced portfolio of activities in its depth and variety of projects places the Group in a strong position.

#### **Business Environment**

The as yet unknown impact of Brexit is a continuing cause of uncertainty, particularly in relation to the availability of labour and supply of materials. Rydon's workforce, while diversified, has some representation from the EU but this is proportionately low in the South West.

In anticipation of a possible EU departure, as a result of long-standing relationships with several supply chain partners, we have received assurances as to an uninterrupted supply of materials. This is due to stockpiling contingencies in the event of a no deal Brexit at the end of March 2020, should such an outcome arise. If the UK does leave the EU without a deal, we expect possible price fluctuations due to tariff issues rather than material



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## RYDON GROUP HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

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shortages. Our business is financially robust which means we have the ability to address unpredictable costs, but we may have to enter into discussions with our clients on a case by case basis to see how tariff related costs can be reasonably mitigated.

That said, in terms of the partners we work with at the design and specification stage, we are placing a strong emphasis on planning concepts that limit requirements on materials from overseas. Where possible, we look to source materials from UK suppliers.

Low mortgage rates mean that there continues to be a high level of mortgage approval which is having a positive effect on the national housing market.

The Department for Communities and Local Government (DCLG) was renamed the Ministry for Housing, Communities and Local Government (MHCLG) in January 2018 and the Homes and Communities Agency was relaunched as Homes England. The Single Departmental Plan was updated on 23 May 2018 – the plan sets out how the Government intends to achieve an increase in housing supply via the following initiatives:

- Deliver the reforms proposed in its Housing White Paper and at Autumn Budget to ensure the planning system supports Government housing supply objectives
- Support local authorities and housing associations to increase the supply of affordable homes and provide grant funding in the Affordable Homes Programme as well as lift Housing Revenue Account borrowing caps for councils in areas of high affordability pressure
- Boost availability of land in the right places for homes and ensure that better use is made of underused land
- Make the most of surplus land already in public ownership: release surplus central government land and support local authorities to release their land
- Support ambitious local authorities to bring forward land to create new settlements
- Provide funding to enable Homes England to acquire, assemble and de-risk sites and accelerate building of homes on small, stalled sites
- Increase home ownership and housing supply through the Help to Buy Equity Loan scheme.

The recently appointed Prime Minister, Boris Johnson, has announced a one-off cash boost of £1.8bn for NHS hospitals in England. Of this, almost £1bn will be available immediately to go towards new equipment and upgrades to 20 hospitals. The funding comes on top of an extra £20bn a year by 2023 announced by former Prime Minister Theresa May last year. Around £850m - spread over five years - will go towards funding the 20 hospital upgrades and the remaining money is expected to help clear a backlog of existing upgrade work and infrastructure projects. The majority of party manifestos in the December 2019 General Election promise extensive funding for the NHS, house-building and various infrastructure projects which have the potential to commit the build environment sector to a number of projects in the years to come.

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 investigation due during Phase 2 which is scheduled to commence in January 2020. 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 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 GROUP HOLDINGS LIMITED**

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### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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

As cited above, Brexit is a continuing cause of uncertainty which we are aiming to mitigate using the described measures.

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 the Group and the compliance, health and safety and legal teams.

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

To help counter these identified risks the Board has invested in training, recruitment and succession planning as well as continuing to review and improve internal governance systems, putting into place indicators that support stress-testing areas of sensitivity for the Group.

Effective cost management and tendering processes are critical to the ongoing delivery of existing margins. Recognising the criticality of protecting the supply chain, carefully selected and approved preferred subcontractors and suppliers have been identified and their own financial standing is continually reviewed to ensure project delivery performance and minimisation of financial risk.

Funding throughout the Group is reviewed continuously and best use of funds remains a key focus to ensure that funds are allocated to projects at the right time, with land purchases being carefully planned to ensure that cash lockup is kept to a minimum. New sites and investment opportunities are carefully selected, planned and phased. Long term finance was secured from existing bankers in 2018 and covenants are monitored to ensure compliance.

The depth and variety of contracts held within the Rydon portfolio provides a balanced risk portfolio of activities to help mitigate current economic uncertainty and fluctuations.

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

This report was approved by the board on 11 December 2019 and signed on its behalf.

R Bond  
Director

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## **RYDON GROUP HOLDINGS LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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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 group and parent company 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 the Group and of the profit or loss of the Group for that period. In preparing each of the Group and Parent company financial statements, the directors are required to:

- select suitable accounting policies for the financial statements 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;
- assess the group and parent 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 group or the parent 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 the Group and to 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 group and to prevent and detect fraud and other irregularities.

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

### Opinion

We have audited the financial statements of Rydon Group Holdings Limited ("the company") for the year ended 30<sup>th</sup> September 2019, 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 Statement of Cashflows 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 group's and of the parent company's affairs as at 30<sup>th</sup> September 2019 and of the group's 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.

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors such as those described in note 3, and 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 group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and 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 their 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 group's business model, including the impact of Brexit, and analysed how those risks might affect the group and 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 group or the company will continue in operation.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYDON GROUP HOLDINGS 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 those 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 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](http://www.frc.org.uk/auditorsresponsibilities).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYDON GROUP HOLDINGS 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.



*11 December 2019*

Mark Sheppard (Senior statutory auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

1 Forest Gate  
Brighton Road  
Crawley  
West Sussex  
RH11 9PT

**RYDON GROUP HOLDINGS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £000	2018 £000
<b>Turnover</b>			
Group and share of joint ventures' turnover		227,111	233,077
Less: share of joint ventures' turnover		(23,452)	(13,251)
<b>Group turnover</b>	4	203,659	219,826
Cost of sales		(160,314)	(168,324)
<b>Gross profit</b>		43,345	51,502
Administrative expenses		(31,408)	(32,961)
<b>Operating profit</b>	5	11,937	18,541
Share of profit of joint ventures		4,135	1,859
<b>Total operating profit</b>		16,072	20,400
Interest receivable and similar income	9	650	216
Interest payable and similar expenses	10	(676)	(567)
Other finance income	11	24	(5)
<b>Profit before tax</b>		16,070	20,044
Tax on profit	12	(3,647)	(4,460)
<b>Profit for the financial year</b>		12,423	15,584
<b>Profit for the year attributable to:</b>			
Non-controlling interests		(10)	(25)
Owners of the parent		12,433	15,609
		12,423	15,584

The notes on pages 23 to 54 form part of these financial statements.

**RYDON GROUP HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £000	2018 £000
Profit for the financial year		12,423	15,584
<b>Other comprehensive income</b>			
Actuarial (loss)/gain on defined benefit pension schemes	29	(3,962)	695
Return on defined benefit pension scheme assets excluding amount in net interest	29	4,410	55
Unrecognised defined benefit pension scheme surplus in prior year	29	200	-
Movement on deferred tax relating to defined benefit pension scheme	24	(134)	(153)
<b>Other comprehensive income for the year</b>		514	597
<b>Total comprehensive income for the year</b>		12,937	16,181
<b>Profit for the year attributable to:</b>			
Non-controlling interest		(10)	(25)
Owners of the parent Company		12,433	15,609
		12,423	15,584
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		(10)	(25)
Owners of the parent Company		12,947	16,206
		12,937	16,181

The notes on pages 23 to 54 form part of these financial statements.



**RYDON GROUP HOLDINGS LIMITED**  
**REGISTERED NUMBER:10966583**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	15	4,277	4,749
Tangible assets	16	1,744	2,411
Investments	17	(459)	(1,268)
		<u>5,562</u>	<u>5,892</u>
<b>Current assets</b>			
Stocks	18	25,982	18,355
Debtors: amounts falling due after more than one year	19	3,218	3,950
Debtors: amounts falling due within one year	19	77,610	60,430
Cash at bank and in hand		19,049	35,928
		<u>125,859</u>	<u>118,663</u>
Creditors: amounts falling due within one year	20	(78,776)	(75,386)
<b>Net current assets</b>		<u>47,083</u>	<u>43,277</u>
<b>Total assets less current liabilities</b>		<u>52,645</u>	<u>49,169</u>
Creditors: amounts falling due after more than one year	21	(13,728)	(16,300)
<b>Net assets excluding pension asset</b>		<u>38,917</u>	<u>32,869</u>
Pension asset	29	1,430	653
<b>Net assets</b>		<u><u>40,347</u></u>	<u><u>33,522</u></u>

**RYDON GROUP HOLDINGS LIMITED**  
**REGISTERED NUMBER:10966583**

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 30 SEPTEMBER 2019**

	Note	2019 £000	2018 £000
<b>Capital and reserves</b>			
Called up share capital	25	518	547
Share premium account	26	2,184	2,109
Capital redemption reserve	26	409	344
Own share reserve	26	(178)	(165)
Merger reserve	26	(10,809)	(10,809)
Profit and loss account	26	48,009	41,272
<b>Equity attributable to owners of the parent company</b>		40,133	33,298
Non-controlling interests		214	224
		40,347	33,522

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 December 2019.



R Bond  
Director

The notes on pages 23 to 54 form part of these financial statements.

**RYDON GROUP HOLDINGS LIMITED**  
**REGISTERED NUMBER:10966583**

**COMPANY BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Investments	17	16,730	16,730
		<u>16,730</u>	<u>16,730</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	19	107	74
Cash at bank and in hand		41	18
		<u>148</u>	<u>92</u>
Creditors: amounts falling due within one year	20	(2,038)	(639)
<b>Net current liabilities</b>		<u>(1,890)</u>	<u>(547)</u>
<b>Total assets less current liabilities</b>		<u>14,840</u>	<u>16,183</u>
Creditors: amounts falling due after more than one year	21	(9,497)	(9,530)
<b>Net assets</b>		<u><u>5,343</u></u>	<u><u>6,653</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	518	547
Share premium account	26	2,184	2,109
Capital redemption reserve	26	409	344
Own share reserve	26	(101)	(86)
Profit and loss account	26	2,333	3,739
		<u><u>5,343</u></u>	<u><u>6,653</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 December 2019.



R Bond  
Director

The notes on pages 23 to 54 form part of these financial statements.

RYDON GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital	Share premium account	Capital redemption reserve	Own share reserve	Merger reserve	Profit and loss account	Equity attributable to owners of parent	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 October 2018	547	2,109	344	(165)	(10,809)	41,272	33,298	224	33,522
<b>Comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	12,433	12,433	(10)	12,423
Other comprehensive income for the year	-	-	-	-	-	514	514	-	514
<b>Total comprehensive income for the year</b>	-	-	-	-	-	12,947	12,947	(10)	12,937
<b>Transactions with shareholders</b>									
Dividends: Equity capital	-	-	-	-	-	(5,000)	(5,000)	-	(5,000)
Purchase of own shares	-	-	65	-	-	(1,210)	(1,145)	-	(1,145)
Shares issued during the year	3	75	-	-	-	-	78	-	78
Shares cancelled during the year	(32)	-	-	-	-	-	(32)	-	(32)
Movement on own share reserve	-	-	-	(13)	-	-	(13)	-	(13)
<b>Total transactions with shareholders</b>	(29)	75	65	(13)	-	(6,210)	(6,112)	-	(6,112)
<b>At 30 September 2019</b>	<b>518</b>	<b>2,184</b>	<b>409</b>	<b>(178)</b>	<b>(10,809)</b>	<b>48,009</b>	<b>40,133</b>	<b>214</b>	<b>40,347</b>

The notes on pages 23 to 54 form part of these financial statements.

RYDON GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Called up share capital	Share premium account	Capital redemption reserve	Own share reserve	Merger reserve	Profit and loss account	Equity attributable to owners of parent	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 October 2017	556	2,028	72	(54)	(10,809)	25,138	16,931	249	17,180
<b>Comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	15,609	15,609	(25)	15,584
Other comprehensive income for the year	-	-	-	-	-	597	597	-	597
<b>Total comprehensive income for the year</b>	-	-	-	-	-	16,206	16,206	(25)	16,181
<b>Transactions with shareholders</b>									
Shares issued during the year	3	81	-	-	-	-	84	-	84
Shares cancelled during the year	(12)	-	-	-	-	-	(12)	-	(12)
Shares repurchased during the year	-	-	272	-	-	(72)	200	-	200
Movement on own share reserve	-	-	-	(111)	-	-	(111)	-	(111)
<b>Total transactions with shareholders</b>	(9)	81	272	(111)	-	(72)	161	-	161
<b>At 30 September 2018</b>	<b>547</b>	<b>2,109</b>	<b>344</b>	<b>(165)</b>	<b>(10,809)</b>	<b>41,272</b>	<b>33,298</b>	<b>224</b>	<b>33,522</b>

The notes on pages 23 to 54 form part of these financial statements.

RYDON GROUP HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital	Share premium account	Capital redemption reserve	Own share reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 October 2018	547	2,109	344	(86)	3,739	6,653
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	-	4,804	4,804
<b>Total comprehensive income for the period</b>	-	-	-	-	4,804	4,804
<b>Transactions with shareholders</b>						
Dividends: Equity capital	-	-	-	-	(5,000)	(5,000)
Purchase of own shares	-	-	65	-	(1,210)	(1,145)
Shares issued during the period	3	75	-	-	-	78
Shares cancelled during the year	(32)	-	-	-	-	(32)
Movement on own share reserve	-	-	-	(15)	-	(15)
<b>Total transactions with shareholders</b>	(29)	75	65	(15)	(6,210)	(6,114)
<b>At 30 September 2019</b>	<b>518</b>	<b>2,184</b>	<b>409</b>	<b>(101)</b>	<b>2,333</b>	<b>5,343</b>

The notes on pages 23 to 54 form part of these financial statements.

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**RYDON GROUP HOLDINGS LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Own share reserve £000	Profit and loss account £000	Total equity £000
<b>Comprehensive income for the year</b>						
Profit for the period	-	-	-	-	5,859	5,859
<b>Transactions with shareholders</b>						
Shares issued during the period	632	2,109	-	-	-	2,741
Shares repurchased during the period	-	-	344	-	(2,120)	(1,776)
Shares cancelled during the year	(85)	-	-	-	-	(85)
Movement on own share reserve	-	-	-	(86)	-	(86)
<b>Total transactions with shareholders</b>	<b>547</b>	<b>2,109</b>	<b>344</b>	<b>(86)</b>	<b>(2,120)</b>	<b>794</b>
<b>At 30 September 2018</b>	<b>547</b>	<b>2,109</b>	<b>344</b>	<b>(86)</b>	<b>3,739</b>	<b>6,653</b>

**RYDON GROUP HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	<b>12,423</b>	<b>15,584</b>
<b>Adjustments for:</b>		
Amortisation of intangible assets	<b>472</b>	<b>460</b>
Depreciation of tangible assets	<b>979</b>	<b>1,582</b>
Profit on disposal of tangible assets	<b>(124)</b>	<b>(122)</b>
Interest paid	<b>677</b>	<b>567</b>
Interest received	<b>(650)</b>	<b>(216)</b>
Finance (income)/costs on defined benefit pension scheme	<b>(24)</b>	<b>5</b>
Taxation charge	<b>3,647</b>	<b>4,460</b>
(Increase)/decrease in stocks	<b>(7,627)</b>	<b>3,380</b>
Increase in debtors *	<b>(19,620)</b>	<b>(2,655)</b>
Decrease/(increase) in amounts owed by joint ventures	<b>2,718</b>	<b>(3,515)</b>
Increase/(decrease) in creditors	<b>1,037</b>	<b>(18,018)</b>
Decrease in amounts owed to joint ventures	<b>(531)</b>	<b>(108)</b>
Share of operating profit in joint ventures	<b>(4,135)</b>	<b>(1,859)</b>
Corporation tax paid	<b>(3,896)</b>	<b>(4,354)</b>
Contributions paid to defined benefit pension scheme	<b>(250)</b>	<b>(259)</b>
Administrative expenses paid to defined benefit pension schemes	<b>90</b>	<b>104</b>
Current service costs on defined benefit pension scheme	<b>55</b>	<b>-</b>
<b>Net cash generated from operating activities</b>	<b>(14,759)</b>	<b>(4,964)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	<b>(702)</b>	<b>(411)</b>
Sale of tangible fixed assets	<b>515</b>	<b>931</b>
Interest received	<b>73</b>	<b>53</b>
Joint ventures interest received	<b>577</b>	<b>163</b>
<b>Net cash from investing activities</b>	<b>463</b>	<b>736</b>



**RYDON GROUP HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	78	84
Repayment of other loans	(116)	(120)
Repayment of/new finance leases	(403)	(974)
Dividends paid	(5,000)	-
Interest paid	(664)	(538)
Distributions from joint ventures	4,757	1,527
HP interest paid	(12)	(29)
Share buy back	(1,210)	(72)
<b>Net cash used in financing activities</b>	<b>(2,570)</b>	<b>(122)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(16,866)</b>	<b>(4,350)</b>
Cash and cash equivalents at beginning of year	35,915	40,265
<b>Cash and cash equivalents at the end of year</b>	<b>19,049</b>	<b>35,915</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	19,049	35,928
Bank overdrafts	-	(13)
	<b>19,049</b>	<b>35,915</b>

The notes on pages 23 to 54 form part of these financial statements.

\* Increase in debtors includes £13.4m (2018: £1.5m) relating to a deferred land sale not due until 30 September 2020 where the company was able to leverage off its strong cash position to secure a more commercially advantageous outcome.

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## **RYDON GROUP HOLDINGS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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#### **1. General information**

Rydon Group Holdings 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 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 Basis of consolidation**

The Group has prepared its consolidated financial statements under merger accounting as is permitted under FRS 102 in the case of group reorganisations. The entities party to the combination which took effect on 18 October 2017 were Rydon Group Holdings Limited and Rydon Holdings Limited and its subsidiaries and joint ventures at that date. The results and cashflows of all the combining entities were brought into the consolidated financial statements of Rydon Group Holdings from the beginning of the financial year commencing 1 October 2017. The difference between the nominal value of the consideration received for the shares issued and the nominal value of the shares received in exchange is shown as part of equity in the merger reserve along with the balance on the share premium and capital redemption reserve in the new subsidiary, Rydon Holdings Limited.

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 GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.3 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 ventures are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition net of the adjustment to eliminate the unrealised profit on transactions between members of the group and the joint ventures.

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

##### 2.4 Going concern

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

##### 2.5 Revenue

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

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

- Sales of land and residential properties - when transactions have legally completed.
- Construction contracts – in accordance with the group's accounting policy on construction contracts. Where the outcome of a contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date and profit is that estimated to fairly reflect the profit arising up to that date.
- Provision of services – the value of work carried out over the period the services are delivered to the customer. Where a long term services contract exists, and the outcome of the contract can be estimated reliably, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date and profit is estimated to fairly reflect the profit arising up to that date.

##### 2.6 Operating leases: the Group as lessee

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

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## RYDON GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.7 Interest income

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

##### 2.8 Finance costs

Finance costs are charged to the Consolidated profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.9 Borrowing costs

All borrowing costs are recognised in the Consolidated profit and loss account in the year in which they are incurred.

##### 2.10 Current and deferred taxation

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

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

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

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

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

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## RYDON GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.11 Intangible assets

###### Goodwill

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

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

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

##### 2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

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

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

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

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## RYDON GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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## 2. Accounting policies (continued)

### 2.13 Impairment

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

### 2.14 Investments

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

### 2.15 Stocks and work in progress

Stocks, which include land held for development, construction work in progress and completed units, are valued at the lower of cost and net realisable value. Cost includes the cost of the land, materials, direct labour and development costs. 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.

Work in progress, which represents short term contract work, is stated at the lower of cost and net realisable value.

Land purchased for and in the course of development, is recorded at cost. Where such land is purchased on deferred settlement terms, the land and the related liability are discounted to their fair value. The liability is then increased to the settlement value over the period of financing, with the finance element being capitalised and included within stock.

### 2.16 Debtors

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

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

### 2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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## RYDON GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.18 Creditors

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

##### 2.19 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 non-puttable 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.

##### 2.20 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. Equity dividends are recognised in the statement of changes in equity.

Dividends on preference shares treated as debt are recognised as interest expense in the profit and loss account in the period in which the liability accrues.

##### 2.21 Share based payments

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

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

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**2. Accounting policies (continued)**

**2.22 Pensions**

**Defined benefit scheme**

The group operates defined benefit schemes in respect of certain employees and former employees. The defined benefit scheme asset is the fair value of scheme assets less the present value of the defined benefit obligation at the balance sheet date. The calculation is performed by a qualified actuary using the projected unit credit method.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of curtailments and settlements during the period are recognised in the profit and loss account. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur.

The scheme rules provide for a refund to the employer once all benefits have been secured, therefore any scheme surplus is recognised as an asset in the balance sheet.

**Defined contributions scheme**

Contributions to personal pension schemes are charged to the Consolidated profit and loss account in the period for which contributions are payable.

**2.23 Employee benefit trust**

Transactions of the group-sponsored Employee Benefit Trust are treated as being those of the sponsoring group company and are therefore reflected in the group financial statements. In particular, the trust's purchases and sales of shares in the company are debited and credited directly to equity.



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## RYDON GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 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, 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.

##### Valuation of land and work in progress

Key judgments are required to in order to determine the net realisable value of land and work in progress. These include estimates of costs to complete, estimates of remaining income and selling costs. Where these lead to a net realisable value which is lower than cost, then a write down may be required.

##### Defined benefit pension

In order to determine the valuation of the defined benefit pension scheme liabilities, a number of key assumptions have been made. Each year in selecting these assumptions, the directors take advice from an independent qualified actuary, those assumptions are detailed in note 29.

#### 4. Turnover

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

	2019 £000	2018 £000
Sale of land and residential properties	26,834	43,742
Construction contracts	123,961	127,905
Provision of services	52,864	48,179
	<u>203,659</u>	<u>219,826</u>

All turnover arose within the United Kingdom.

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**5. Operating profit**

The operating profit is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets - owned	<b>932</b>	<b>1,131</b>
Depreciation of tangible fixed assets - leased	<b>46</b>	<b>451</b>
Amortisation of goodwill	<b>472</b>	<b>460</b>
Operating lease rentals - plant and machinery	<b>2,485</b>	<b>3,181</b>
Other operating lease rentals - other	<b>660</b>	<b>623</b>
	<b>=====</b>	<b>=====</b>

**6. Auditor's remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<b>14</b>	<b>14</b>
	<b>=====</b>	<b>=====</b>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Audit of financial statements of subsidiaries of the company	<b>167</b>	<b>175</b>
Taxation compliance services	<b>52</b>	<b>48</b>
Services relation to taxation	<b>49</b>	<b>65</b>
Other financial advisory services	<b>-</b>	<b>131</b>
	<b>=====</b>	<b>=====</b>
	<b>268</b>	<b>419</b>
	<b>=====</b>	<b>=====</b>

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**7. Employees**

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

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>
Wages and salaries	<b>31,834</b>	32,508
Social security costs	<b>3,382</b>	3,426
Cost of defined contribution scheme	<b>1,439</b>	1,652
Cost of defined benefit scheme	<b>55</b>	-
	<b>36,710</b>	37,586

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

	<b>2019 No.</b>	<i>2018 No.</i>
Management	<b>521</b>	561
Direct Labour	<b>134</b>	141
	<b>655</b>	702

**8. Directors' remuneration**

	<b>2019 £000</b>	<i>2018 £000</i>
Directors' emoluments	<b>472</b>	479
	<b>472</b>	479

During the year retirement benefits were accruing to no directors (2018 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £466,000 (2018 - £473,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £NIL).

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**9. Interest receivable**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Interest received from joint ventures	<b>577</b>	<b>163</b>
Other interest receivable	<b>73</b>	<b>53</b>
	<b>650</b>	<b>216</b>

**10. Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Bank facility fees and non-utilisation charges	<b>451</b>	<b>345</b>
Preference share dividends	<b>190</b>	<b>190</b>
Finance leases and hire purchase contracts	<b>12</b>	<b>29</b>
Other interest payable	<b>23</b>	<b>3</b>
	<b>676</b>	<b>567</b>

**11. Other finance income/(costs)**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Interest income on pension scheme assets	<b>904</b>	<b>807</b>
Net interest on net defined benefit liability	<b>(880)</b>	<b>(812)</b>
	<b>24</b>	<b>(5)</b>

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**12. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>3,209</b>	<b>5,306</b>
Adjustments in respect of previous periods	<b>(133)</b>	<b>148</b>
	<u><b>3,076</b></u>	<u><b>5,454</b></u>
<b>Total current tax</b>	<u><b>3,076</b></u>	<u><b>5,454</b></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>571</b>	<b>(994)</b>
<b>Total deferred tax</b>	<u><b>571</b></u>	<u><b>(994)</b></u>
<b>Taxation on profit</b>	<u><b>3,647</b></u>	<u><b>4,460</b></u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Profit before tax	<u><b>16,070</b></u>	<u><b>20,044</b></u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>3,053</b>	<b>3,808</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>392</b>	<b>732</b>
Adjustments to tax charge in respect of prior periods	<b>(133)</b>	<b>148</b>
Increase or decrease in pension fund prepayment leading to an increase/(decrease) in tax	<b>(25)</b>	<b>(29)</b>
Deferred tax not recognised in prior period	<b>40</b>	<b>(25)</b>
Special factors affecting joint-ventures and associates leading to an increase /(decrease) in the tax charge	<b>323</b>	<b>(161)</b>
Other differences leading to an increase /(decrease) in the tax charge	<b>(3)</b>	<b>(13)</b>
<b>Total tax charge for the year</b>	<u><b>3,647</b></u>	<u><b>4,460</b></u>

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RYDON GROUP HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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12. Taxation (continued)

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 30 September 2019 has been calculated based on these rates.

13. Dividends

	2019 £000	2018 £000
<b>Dividends paid on ordinary shares</b>		
Dividends paid on "A" Ordinary shares	3,755	-
Dividends paid on "B" Ordinary shares	1,183	-
Dividends paid on "D" Ordinary shares	62	-
<b>Total dividends paid on ordinary shares</b>	<b>5,000</b>	<b>-</b>

The dividend was sourced from the profits generated by Rydon Homes Limited in the previous financial year.

14. Parent company profit 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 £4,804,000 (2018: £5,859,000).

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RYDON GROUP HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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15. Intangible assets

Group

	Goodwill £000
<b>Cost</b>	
At 1 October 2018	38,768
At 30 September 2019	38,768
<b>Amortisation</b>	
At 1 October 2018	34,019
Charge for the year	472
At 30 September 2019	34,491
<b>Net book value</b>	
At 30 September 2019	4,277
At 30 September 2018	4,749

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

**RYDON GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**16. Tangible fixed assets**

**Group**

	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000	Total £000
<b>Cost or valuation</b>					
At 1 October 2018	1,155	1,028	2,737	4,451	9,371
Additions	-	24	638	40	702
Disposals	-	-	(1,311)	(869)	(2,180)
At 30 September 2019	1,155	1,052	2,064	3,622	7,893
<b>Depreciation</b>					
At 1 October 2018	996	595	1,737	3,632	6,960
Charge for the year on owned assets	75	116	278	463	932
Charge for the year on financed assets	-	-	-	46	46
Disposals	-	-	(920)	(869)	(1,789)
At 30 September 2019	1,071	711	1,095	3,272	6,149
<b>Net book value</b>					
At 30 September 2019	84	341	969	350	1,744
At 30 September 2018	159	433	1,000	819	2,411

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £000	2018 £000
Motor vehicles	-	630
Furniture, fittings and equipment	81	127
	81	757



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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**17. Investments**

**Group**

	<b>Investment in joint ventures £000</b>
<b>Cost or valuation</b>	
At 1 October 2018	(1,268)
Recognition of unrealised profit	1,431
Distributions from joint ventures	(4,757)
Share of profit	4,135
	<hr/>
At 30 September 2019	(459)
	<hr/>
<b>Net book value</b>	
At 30 September 2019	(459)
	<hr/> <hr/>
<i>At 30 September 2018</i>	(1,268)
	<hr/> <hr/>

**Company**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 October 2018	16,730
	<hr/>
At 30 September 2019	16,730
	<hr/>
<b>Net book value</b>	
At 30 September 2019	16,730
	<hr/> <hr/>
<i>At 30 September 2018</i>	16,730
	<hr/> <hr/>

**RYDON GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**18. Stocks**

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>
Work in progress	54	-
Land and development costs	25,928	18,355
	<u>25,982</u>	<u>18,355</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £16.5m (2018: £24.0m).

**19. Debtors**

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
<b>Due after more than one year</b>				
Trade debtors	925	889	-	-
Other debtors	60	669	-	-
Amounts recoverable on long term contracts	2,200	2,355	-	-
Deferred tax asset	33	37	-	-
	<u>3,218</u>	<u>3,950</u>	<u>-</u>	<u>-</u>

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
<b>Due within one year</b>				
Trade debtors	20,790	6,793	-	-
Amounts owed by group undertakings	-	-	-	26
Amounts owed by joint ventures and associated undertakings	4,493	7,211	-	-
Other debtors	5,687	6,468	81	48
Prepayments and accrued income	1,174	1,026	-	-
Amounts recoverable on long term contracts	44,363	37,480	-	-
Tax recoverable	975	623	26	-
Deferred taxation	128	829	-	-
	<u>77,610</u>	<u>60,430</u>	<u>107</u>	<u>74</u>

**RYDON GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**20. Creditors: Amounts falling due within one year**

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Company 2019 £000</b>	<b>Company 2018 £000</b>
Bank overdrafts	-	13	-	-
Other loans	-	116	-	-
Payments received on account	1,464	2,379	-	-
Trade creditors	17,644	18,803	-	-
Amounts owed to group undertakings	-	-	1,395	23
Amounts owed to joint ventures	-	531	-	-
Corporation tax	2,202	2,761	12	-
Other taxation and social security	4,687	2,548	-	-
Obligations under finance lease and hire purchase contracts	45	273	-	-
Other creditors	6,195	7,008	190	190
Accruals and deferred income	46,539	40,954	441	426
	<b>78,776</b>	<b>75,386</b>	<b>2,038</b>	<b>639</b>

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

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Company 2019 £000</b>	<b>Company 2018 £000</b>
Net obligations under finance leases and hire purchase contracts	48	223	-	-
Other creditors	-	914	-	-
Accruals and deferred income	4,183	5,633	-	-
Preference share capital treated as debt	9,497	9,530	9,497	9,530
	<b>13,728</b>	<b>16,300</b>	<b>9,497</b>	<b>9,530</b>

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**22. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>
Within one year	45	273
Between 1-5 years	48	223
	<u>93</u>	<u>496</u>

**23. Financial instruments**

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>	<b>Company 2019 £000</b>	<i>Company 2018 £000</i>
<b>Financial assets</b>				
Financial assets measured at amortised cost	<u>45,764</u>	<u>54,283</u>	<u>122</u>	<u>92</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>(29,473)</u>	<u>(30,403)</u>	<u>(10,892)</u>	<u>(9,553)</u>

Financial assets that measured at amortised cost comprise trade debtors, short term loans to group companies and joint ventures, other loans and cash.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, obligations under finance lease and hire purchase contracts and other loans.

**24. Deferred taxation**

**Group**

	<b>2019 £000</b>	<i>2018 £000</i>
At beginning of year	866	25
(Charged)/ credited to profit or loss	(571)	994
Charged to other comprehensive income	(134)	(153)
<b>At end of year</b>	<u>161</u>	<u>866</u>

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**24. Deferred taxation (continued)**

**At end of year**

	<b>Group 2019 £000</b>	<i>Group 2018 £000</i>
Accelerated capital allowances	<b>124</b>	<i>273</i>
Short term timing differences	<b>282</b>	<i>704</i>
Pension surplus	<b>(245)</b>	<i>(111)</i>
	<b>161</b>	<i>866</i>

**25. Share capital**

	<b>2019 £000</b>	<i>2018 £000</i>
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
3,818,590 (2018 - 4,108,015) "A" Ordinary shares of £0.10 each	<b>382</b>	<i>411</i>
1,294,333 (2018 - 1,294,333) "B" Ordinary shares of £0.10 each	<b>129</b>	<i>129</i>
68,123 (2018 - 68,123) "D" Ordinary shares of £0.10 each	<b>7</b>	<i>7</i>
	<b>518</b>	<i>547</i>

On 18 October 2017, the company acquired 100% of the issued share capital of Rydon Holdings Limited by way of a share for share exchange. Shares issued were:

- 4,920,028 "A" Ordinary shares of £0.10 each (of which 723,013 held by the Employee Benefit Trust were purchased by the company on the same day and immediately cancelled)
- 1,294,333 "B" Ordinary shares of £0.10 each
- 68,123 "D" Ordinary shares of £0.10 each
- 9,790,337 Preference shares of £1 each

During the year, 320,425 "A" ordinary shares (2018 - 122,000) were purchased by the company for consideration of £1,196,562 (2018 - £69,330). These shares were subsequently cancelled.

During the year the company issued 31,000 "A" ordinary shares (2018 - 33,000) which were issued for consideration of £77,820 (2018 - £84,375).

The "A" ordinary shares are non-voting. The "B" and "D" ordinary shares carry 100% of the voting rights. All ordinary shares rank equally in the event of a winding up and for the receipt of dividends.

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RYDON GROUP HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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25. Share capital (continued)

	2019 £000	2018 £000
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
9,497,416 (2018 - 9,530,480) Preference shares of £1.00 each	<u>9,497</u>	<u>9,530</u>

During the year 33,064 preference shares (2018: 259,857) were repurchased by the company for consideration of £13,605 (2018: £2,543) and subsequently cancelled.

The preference shares are non-voting and entitled to a fixed preferential dividend at an annual rate of 2% of the original subscription price payable on 1 October each year.

26. Reserves

**Share premium account**

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

**Capital redemption reserve**

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

**Other reserves**

Own share reserves represent the purchase price of shares required to settle awards granted under equity-settled share based payment plans. These shares are held by an Employee Benefit Trust sponsored by a group company.

At the balance sheet date 33,470 "A" ordinary shares (2018: 32,270 "A" ordinary shares) and 2,688 preference shares (2018: 24,104) were held in the Trust and had not yet vested unconditionally with employees. Shareholder's funds have been reduced by £177,000 (2018: £165,000) in respect of the purchase price of these shares.

**Merger Reserve**

The merger reserve represents the difference on net assets arising following the creation of the new group in October 2017 accounted for under merger accounting described in note 2.2.

**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 GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**27. Share based payments**

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

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

Date of Original Grant	Number of options	Number of shares	Price per share
7 March 2006	19	71,000	£2.00
3 July 2006	1	3,000	£2.00
9 March 2007	1	625	£2.36
19 March 2007	1	5,000	£2.36
27 June 2007	1	3,000	£2.36
19 December 2007	3	4,500	£2.88
1 November 2008	2	15,000	£2.88
28 April 2010	2	5,375	£1.06
26 August 2010	1	1,000	£1.06

	Weighted average exercise price £ 2019	Number 2019	Weighted average exercise price £ 2018	Number 2018
Outstanding at the beginning of the year	2.10	129,500	2.02	167,000
Forfeited during the year		-	1.41	(17,000)
Exercised during the year	1.91	(21,000)	2.0	(20,500)
<b>Outstanding at the end of the year</b>	<b>2.13</b>	<b>108,500</b>	<b>2.10</b>	<b>129,500</b>

	2019 Number	2018 Number
Exercisable at 30 September	108,500	129,500
	<b>108,500</b>	<b>129,500</b>

The options outstanding at 30 September 2019 had a weighted average exercise price of £2.13 (2018 - £2.10). No options were granted during the year ended 30 September 2019. As a result of the repurchase of the shares held by the employee benefit trust in October 2017, options previously over the shares of Rydon Holdings Limited have been replaced with equivalent shares in the company.

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**28. 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 or Rydon Holdings Limited supporting performance. At 30 September 2019, the group had performance guarantees provided by third parties to support its construction operations of £13.6m (2018 - £14.8m). 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 2019 (2018: £nil) for both facilities.

In the normal course of the group's activities disputes arise which can lead to claims, arbitration or litigation proceedings. Provision has been made for all material amounts which the directors consider will become payable in respect of such claims.



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## RYDON GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 29. Pension commitments

##### Defined contribution scheme

The group contributes to defined contribution pension schemes in respect of certain subsidiary directors and employees. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £1,439,000 (2018 - £1,652,000).

##### Defined benefit pension scheme

The group's defined benefits scheme was closed to future accrual of benefits on 30 September 2009, with all active members at that date becoming deferred pensioners. As a result an assumption is not required for salary increases this period as the linkage of benefits to salary increases has been broken. Members' accrued benefits will be revalued to retirement in line with inflation. The pension cost is assessed in accordance with the advice of a qualified actuary using the projected unit method. The last full actuarial assessment of the scheme was at 30 September 2018 which was finalised on 4 December 2019.

The group also participates in Prudential Platinum Pension Scheme - Rydon Maintenance Limited, a Sub-Scheme of the Prudential Platinum Pension Scheme which is a multi-employer scheme. In previous years the Sub-Scheme was accounted for as a defined contribution scheme. The directors now have sufficient information to identify the assets and liabilities that relate to the company and have therefore accounted for the scheme as a defined benefit scheme from 1 October 2018. The net pension asset of the 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.

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 at the rate of 6.8% of salary and the company pays the balance of the cost as determined by regular actuarial valuations and scheme expenses. The Trustees are required to use prudent assumptions to value the liabilities and costs of the scheme whereas the accounting assumptions must be best estimates.

A formal actuarial valuation was carried out as at 31 December 2016. The results of that valuation have been projected to 30 September 2018 and 30 September 2019 with allowance for subsequent member movements and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

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

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**29. Pension commitments (continued)**

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Rydon Group Pension Scheme	<b>1,214</b>	<b>653</b>
Prudential Platinum Pension - Rydon Maintenance Limited	<b>216</b>	<b>-</b>
<b>Total plan surplus</b>	<b>1,430</b>	<b>653</b>

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets	<b>36,307</b>	<b>30,481</b>
Present value of plan liabilities	<b>(34,877)</b>	<b>(29,828)</b>
<b>Net pension scheme asset</b>	<b>1,430</b>	<b>653</b>

The amounts recognised in profit or loss are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Current service cost	<b>(55)</b>	<b>-</b>
Administrative expenses	<b>(90)</b>	<b>(104)</b>
Interest on obligation	<b>(880)</b>	<b>(812)</b>
Interest income on plan assets	<b>904</b>	<b>807</b>
<b>Total</b>	<b>(121)</b>	<b>(109)</b>

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**29. Pension commitments (continued)**

Reconciliation of fair value of plan liabilities by scheme:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Rydon Group Pension Scheme</b>		
Opening defined benefit obligation	29,828	30,401
Interest cost	856	812
Actuarial losses/(gains)	3,825	(695)
Benefits paid	(635)	(690)
	<u>33,874</u>	<u>29,828</u>
<b>Prudential Platinum Pension - Rydon Maintenance Limited</b>		
Previously unrecognised defined benefit obligation	813	-
Current service cost	55	-
Interest cost	24	-
Actuarial loss	137	-
Benefits paid	(38)	-
Contributions by scheme participants	12	-
	<u>1,003</u>	<u>-</u>
<b>Total fair value of plan liabilities</b>	<u><u>34,877</u></u>	<u><u>29,828</u></u>

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**29. Pension commitments (continued)**

Reconciliation of fair value of plan assets by scheme:

	2019 £000	2018 £000
<b>Rydon Group Pension Scheme</b>		
Opening fair value of scheme assets	30,481	30,154
Administrative expenses	(68)	(104)
Interest income on plan assets	874	807
Return on plan assets excluding interest income	4,301	55
Contributions by employer	135	259
Benefits paid	(635)	(690)
	35,088	30,481
<b>Prudential Platinum Pension - Rydon Maintenance Limited</b>		
Previously unrecognised scheme assets	1,013	-
Administrative expenses	(22)	-
Interest income on plan assets	30	-
Return on plan assets excluding interest income	109	-
Contributions by employer	115	-
Contributions by scheme participants	12	-
Benefits paid	(38)	-
	1,219	-
<b>Total fair value of plan assets</b>	36,307	30,481

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £648,000 (2018 - £750,000).

The group expects to contribute £191,000 to its defined benefit pension schemes in 2020.

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**29. Pension commitments (continued)**

Principal actuarial assumptions at the Balance sheet date:

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
<b>Rydon Group Pension Scheme</b>		
Discount rate	<b>1.9</b>	<b>2.9</b>
RPI price inflation	<b>3.1</b>	<b>3.2</b>
CPI price inflation	<b>2.0</b>	<b>2.1</b>
Rate of increase for pensions in payment	<b>3.0</b>	<b>3.1</b>
Rate of increase for pensions in deferment	<b>2.0</b>	<b>2.1</b>
Mortality rates		
- for a male member aged 65 now	<b>21.3</b>	<b>21.8</b>
- at 65 for a male member aged 45 now	<b>22.3</b>	<b>22.8</b>
- for a female member aged 65 now	<b>23.2</b>	<b>23.7</b>
- at 65 for a female member aged 45 now	<b>24.4</b>	<b>24.9</b>
<b>Prudential Platinum Pension - Rydon Maintenance Limited</b>		
Discount rate	<b>1.9</b>	<b>2.9</b>
RPI inflation	<b>3.0</b>	<b>3.2</b>
CPI inflation	<b>2.0</b>	<b>2.2</b>
Rate of increase in salaries	<b>2.5</b>	<b>2.5</b>
Revaluation of deferred pensions: RPI increases	<b>3.0</b>	<b>3.2</b>
Revaluation of deferred pensions: CPI increases	<b>2.0</b>	<b>2.2</b>
Increases for pensions in payment: RPI max 6%	<b>3.0</b>	<b>3.2</b>
Increases for pensions in payment: CPI increases	<b>2.0</b>	<b>2.2</b>
Mortality rates:		
- for a male member aged 65 now	<b>21.9</b>	<b>22.1</b>
- at 65 for a male member aged 45 now	<b>23.6</b>	<b>23.8</b>
- for a female member aged 65 now	<b>24.2</b>	<b>24.0</b>
- at 65 for a female member aged 45 now	<b>25.9</b>	<b>25.8</b>

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**29. Pension commitments (continued)**

Defined benefit pension scheme assets

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
<b>Rydon Group Pension Scheme</b>		
Equity instruments	<b>26,562</b>	<i>22,951</i>
Debt instruments	<b>6,932</b>	<i>5,883</i>
Property	<b>1,354</b>	<i>1,291</i>
Other assets	<b>240</b>	<i>356</i>
	<u><b>35,088</b></u>	<u><i>30,481</i></u>
	<u><b>35,088</b></u>	<u><i>30,481</i></u>
 <b>Prudential Platinum Pension - Rydon Maintenance Limited</b>		
Equity instruments	<b>227</b>	<i>319</i>
Debt instruments	<b>844</b>	<i>549</i>
Other assets	<b>148</b>	<i>145</i>
	<u><b>1,219</b></u>	<u><i>1,013</i></u>
	<u><b>1,219</b></u>	<u><i>1,013</i></u>

**30. Commitments under operating leases**

At 30 September 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group</b>	<i>Group</i>
	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Not later than 1 year	<b>599</b>	<i>572</i>
Later than 1 year and not later than 5 years	<b>1,197</b>	<i>1,392</i>
Later than 5 years	<b>205</b>	<i>-</i>
	<u><b>2,001</b></u>	<u><i>1,964</i></u>
	<u><b>2,001</b></u>	<u><i>1,964</i></u>

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## RYDON GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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#### 31. 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 investigation due during Phase 2 which is scheduled to commence in January 2020. 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 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.

#### 32. Related party transactions

During the period the group entered into transactions in the ordinary course of business with related parties. The group's related party transactions are summarised below:

	2019 £000	2018 £000
Sales to joint ventures	10,588	18,108
Amounts due from joint ventures	4,493	7,211
Amounts due to joint ventures	-	(531)
Interest received from joint ventures	577	163
Dividends paid to directors	3,262	-
Sale of property to director (see note below)	4,500	-
Key management personnel remuneration	5,157	5,083
Dividends paid to key management personnel	1,487	-
Loans made to key management personnel	38	44
Loans repaid by key management personnel	(13)	-
Amounts payable by key management personnel	(469)	(444)

The list of joint ventures is included in note 34.

During the year Rydon Homes Limited sold a property to R Bond, a director of the company, for £4.5m. The purchase price was settled by way of cash and a property owned by R Bond. The values of both properties were determined by reference to relevant market data. No amounts were outstanding at the balance sheet date.

During the year, as a result of a change in car policy moving from company cars to car allowances, Rydon Group Limited sold vehicles to key management personnel for a total consideration of £56,673. The consideration was determined by reference to relevant market data. No amounts relating to these transactions were outstanding at the balance sheet date.

#### 33. Controlling party

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

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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**34. Subsidiary undertakings**

Subsidiary undertakings of the group are all incorporated in the United Kingdom and have their registered office at Rydon House, Station Road, Forest Row, East Sussex, RH18 5DW.

Direct and indirect subsidiary undertakings are included in the consolidated accounts of Rydon Group Holdings Limited by virtue of the provisions in the Companies Act 2006 Section 1162 (2a) with the exception of Beacon Plant Hire (Southern) Limited which is included in the consolidated accounts of Rydon Holdings by virtue of the provisions in the Companies Act 2006 Section 1162 (2c(i)).

**Direct subsidiary undertakings**

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Rydon Holdings Limited	Ordinary	100 %	Intermediate holding company

**Indirect Subsidiary undertakings**

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Rydon Group Limited	Ordinary	100 %	Intermediate holding company
Rydon Construction Limited	Ordinary	100 %	Building contractor
Rydon Homes Limited	Ordinary	100 %	Developer
Rydon Maintenance Limited	Ordinary	100 %	Property maintenance
Equipe Regeneration Limited	Ordinary	100 %	Property maintenance
Insite Energy Holdings Limited	Ordinary	100 %	Intermediate holding company
Ryhurst Limited	Ordinary	100 %	Procurement & Management services relating to Community Health & Care Projects
Ryhurst (Lancashire STEP) Limited	Ordinary	100 %	Holding company for a trading LLP
Ryhurst (Cheshire) Limited	Ordinary	100 %	Holding company for a trading LLP
Ryhurst (IOW) Limited	Ordinary	100 %	Holding company for a trading LLP
Ryhurst (Nominee) Limited	Ordinary	100 %	Holding company for a trading LLP
Ryhurst (Cambridgeshire) Limited	Ordinary	100 %	Dormant
Cambridgeshire Estates Partnership LLP	Ordinary	100 %	Dormant
Ryhurst (Whittington) Limited	Ordinary	100 %	Dormant
Whittington SEP LLP	Ordinary	100 %	Dormant
Real Limited	Ordinary	100 %	Intermediate holding company
Real (Developments) Limited	Ordinary	100 %	Developer
Real (Goldsmiths Row) Limited	Ordinary	100 %	Developer
Real (Ealing) Limited	Ordinary	100 %	Developer
Real (Sutton) Limited	Ordinary	100 %	Developer
Real (Packington) Limited	Ordinary	100 %	Developer
Real (Hillside) Limited	Ordinary	100 %	Developer
Real (High Lane) Limited	Ordinary	100 %	Dormant
Beacon Plant Hire (Southern) Limited	Ordinary	50 %	Renting and leasing of machinery and equipment
Merlotrose Limited	Ordinary	100 %	Dormant



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**RYDON GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**34. Subsidiary undertakings (continued)**

Cable Street Regeneration Limited	Ordinary	100 %	Dormant
Vivathorn Limited	Ordinary	100 %	Dormant

**Participating interests**

**Joint ventures**

Joint ventures are all incorporated in the United Kingdom and except as noted below, have their registered office at Rydon House, Station Road, Forest Row, East Sussex, RH18 5DW.

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Insite Energy Limited	Ordinary	50 %	Property maintenance
Red Rose Corporate Services LLP	No share capital	50 %	Provision of capital project management and estate management services
Villicare LLP	No share capital	50 %	Provision of capital project management and estate management services
Wight Life Partnership LLP	No share capital	50 %	Provision of capital project management and estate management services
Green Man Lane LLP	No share capital	50 %	Developer
Packington Square LLP	No share capital	50 %	Developer
Lancumb Partnership LLP	No share capital	50 %	Developer

**Registered Office:**

Green Man Lane LLP: The Point, 37 North Wharf Road, London, W2 1BD  
Lancumb Partnership LLP: Richard House, Winckley Square, Preston, PR1 3HP  
Insite Energy Limited: Office 201, 69 Old Street, London, EC1V 9HX