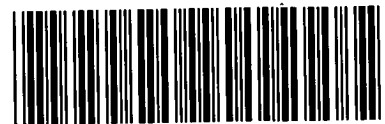


**RYDON GROUP HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

SATURDAY



\*A8ØULDTE\*

A20

09/03/2019

#47

COMPANIES HOUSE

---

**RYDON GROUP HOLDINGS LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	R Bond (appointed 15 September 2017) N Standen (appointed 29 September 2017)
<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

---

**RYDON GROUP HOLDINGS LIMITED**

---

**CONTENTS**

---

	Page
<b>Directors' report</b>	<b>1 - 2</b>
<b>Group strategic report</b>	<b>3 - 7</b>
<b>Directors' responsibilities statement</b>	<b>8</b>
<b>Independent auditor's report</b>	<b>9 - 10</b>
<b>Consolidated profit and loss account</b>	<b>11</b>
<b>Consolidated statement of comprehensive income</b>	<b>12</b>
<b>Consolidated balance sheet</b>	<b>13 - 14</b>
<b>Company balance sheet</b>	<b>15</b>
<b>Consolidated statement of changes in equity</b>	<b>16 - 17</b>
<b>Company statement of changes in equity</b>	<b>18</b>
<b>Consolidated Statement of cash flows</b>	<b>19 - 20</b>
<b>Notes to the financial statements</b>	<b>21 - 50</b>

---

## **RYDON GROUP HOLDINGS LIMITED**

---

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

The directors present their report and the financial statements for the year ended 30 September 2018.

The company was incorporated on 15 September 2017. In October 2017, the company acquired the entire share capital of Rydon Holdings Limited and became the ultimate parent company of the Rydon Group. This was effected to repurchase 723,013 shares in Rydon Holdings Limited held in an employee benefit trust. To help facilitate this, a dividend of £6.3m was paid from Rydon Holdings Limited to Rydon Group Holdings Limited. No cash was paid out of the group as a consequence of this event and no ordinary share dividend has been paid to shareholders in the year.

These accounts have been prepared on a consolidated basis under merger accounting. This is explained in note 2.2 to the financial statements.

#### **Results and dividend**

The group profit for the year, after taxation and minority interests, amounted to £15.6m (2017: £15.4m).

The directors do not recommend the payment of an ordinary dividend (2017: £nil).

#### **Directors**

The directors who served during the year were:

R Bond (appointed 15 September 2017)  
N Standen (appointed 29 September 2017)

#### **Political contributions**

Neither the company nor any of its subsidiaries made any political donations or incurred political expenditure during the year (2017: £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.

#### **Disclosure 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.

---

**RYDON GROUP HOLDINGS LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**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 2018 and signed on its behalf.

R Bond  
Director

---

## RYDON GROUP HOLDINGS LIMITED

---

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

#### Introduction

The directors present their strategic report on the Group for the year ended 30 September 2018.

#### 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 joint ventures in Ryhurst.
- 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 £20.0m (2017: £19.0m). The shareholders' funds of the Group total £33.3m (2017: £16.9m).

The consolidated cash position at 30 September 2018 remains strong at a positive £35.9m (2017: £40.3m). Although down £4.4m on last year, this principally reflects a deferred land payment previously included in other creditors of £12.9m. In addition the amount owed by joint ventures has increased £3.6m on last year as we continue to invest in joint venture projects.

The performance of the Group during the year to 30 September 2018 has produced the following results.

#### Rydon Construction

Rydon Construction has been particularly 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 and Green Man Lane in Ealing. Effective resident liaison is core to Rydon's legacy of successful regeneration projects. With 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's funding approach for these mixed use developments is one where we take speculative development risk on private sale housing to generate cross subsidy on a proportion of the overall projects we undertake. Rydon is also focused on a number of Construction projects in 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.

#### 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 the London and the South East of England, where we maintain around 10,700 properties.

---

## RYDON GROUP HOLDINGS LIMITED

---

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

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.

#### **Rydon Homes**

Rydon Homes is an established and well respected development company with many years' experience creating highly sought after homes in the South East. Rydon Homes has also developed a strong reputation for utilising its planning expertise to unlock the best value from strategic land opportunities working in partnership with landowners and stakeholders.

Our areas of operation are primarily Kent, Sussex and Surrey where we are best known for our delivery of high quality traditionally-designed homes reflecting the local architecture, typically in developments of less than 50 dwellings.

Rydon Homes' focus on identifying and delivering planning permissions through strategic land in these counties affords us an opportunity to select the best locations for developments which allow us to create a site-specific design that responds to each site's constraints and setting. Local topography and vernacular architecture always strongly influence our designs and public consultation is carried out from the early stages of planning in order to engage local residents and key stakeholders, providing them with information and encouraging feedback.

#### **Ryhurst**

Ryhurst is a Rydon brand used for positioning the company's healthcare proposition in target markets. 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. Today, it combines its focus on SEPs and advisory services with a commitment to growing Rydon's existing portfolio of healthcare estate facilities management, housing provision for the elderly across the private and public sectors and contract work to deliver clinical and non-clinical facilities for healthcare estates.

#### **Rydon Group**

We have made strong 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:

<b>Group Financial KPIs</b>	<b>2018</b>	<b>2017</b>
Group turnover including share of joint ventures	£233.1m	£280.0m
Group turnover	£219.8m	£246.0m
Gross Profit	£51.5m	£48.8m
Earnings before interest and tax	£20.4m	£18.8m
Return on capital	41.5%	54.2%
Current Ratio	1.6	1.2
Total assets less current liabilities	£49.2m	£34.7m
 <b>Operational KPIs</b>	 <b>2018</b>	 <b>2017</b>
Housing – Successful planning decisions	5	5
Housing – Awaiting planning decisions	7	6
Housing – Failed planning decisions	1	1
Rydon Maintenance – Forward order book	£376m	£415m

---

## RYDON GROUP HOLDINGS LIMITED

---

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

#### 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 3 years we have raised £15k 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

Low mortgage rates as a result of the Bank of England making only modest adjustment to base rates have continued the positive effect on the national housing market. However, the impact of a Brexit agreement, if any, is as yet unknown and prolonged uncertainty has had some impact on house price decline in London and the Home Counties. In the meantime, the Government has set out a number of initiatives to enable the building of more houses:

- The Government issued a Green Paper: A New Deal For Social Housing in August 2018. The paper is in part about expanding supply and supporting home ownership. In line with the Government's commitment to deliver 300,000 homes per year by the mid-2020s, it is putting in place processes to support the building of more social housing. The paper outlines plans to build on the new borrowing capacity granted to local authorities by exploring new flexibilities on how they spend the money from homes sold under the Right to Buy scheme, and not requiring them to sell off vacant, higher value stock.
- The Government also intends to build on partnerships with housing associations to boost the supply of new affordable homes by considering the benefits of providing funding certainty to some housing associations over a longer period. It is looking at reforms to help people using affordable home ownership schemes – like shared ownership – to build up more equity in their homes.
- The Government's Revised National Planning Policy Framework published on 24 July 2018 is focused on building attractive and better-designed homes in areas where they are needed. The new rules are intended to make it easier for councils to challenge poor quality and unattractive development, and give communities a greater voice about how developments should look and feel. The revised National Planning Policy Framework follows a public consultation launched by the Prime Minister earlier this year to provide a comprehensive approach for planners, developers and councils to build more homes, more quickly and in the places where people want to live.



---

## RYDON GROUP HOLDINGS LIMITED

---

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

In relation to the Grenfell Tower tragedy, our assessment remains as was stated in the annual report for last year, we welcome the rigorous Public Enquiry as well as other ongoing investigations. Whilst the outcomes of the inquiry still remain some time away, there are likely to be recommendations across the building product manufacture and construction sector in relation to building regulations, fire regulations and product certification. In the previous financial year, Rydon 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 was made in the accounts for any matters arising from these tragic events. Having taken into consideration the events and information that has become available since the previous financial year end similarly no provision has been made in these accounts.

The New Health Secretary, Matthew Hancock, has in July 2018 announced a £200m fund to assist NHS trusts in developing systems which work across the NHS, and ensure patient records can be safely accessed. This aligns closely with Ryhurst's expertise. Continuing backlog maintenance in the Healthcare Sector as well as in Education also provide opportunities for Rydon's Hard FM Maintenance business.

The Office for National Statistics has released figures showing that Construction output continued to recover following a relatively weak start to 2018, increasing by 3.3% in the three months to July 2018. The three-month on three-month growth in July 2018 was driven by growth in both repair and maintenance, and all new work, which increased by 5.3% and 2.3% respectively. Construction output also grew in the month-on-month series, increasing by 0.5% in July 2018, driven predominantly by a 4.0% increase in new private housing work.

#### Principal risks and uncertainties

Continuing negotiations about the future relationship between the UK and the EU following the referendum vote in June 2016 are perpetuating a state of business uncertainty. Additionally, the shortage of sector skills, human capital resources and the increasing cost of building materials could prove challenging for the industry in the future.

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.

---

**RYDON GROUP HOLDINGS LIMITED**

---

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

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 2018 and signed on its behalf.

R Bond  
Director

---

**RYDON GROUP HOLDINGS LIMITED**

---

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

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 2018, 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 company's affairs as at 30<sup>th</sup> September 2018 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, and the provisions available for small entities, in the circumstances set out in note 2 to the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

## **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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYDON GROUP HOLDINGS LIMITED (CONTINUED)**

## **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).

## **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 2018

**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 2018**

	Note	2018 £000	2017 £000
<b>Turnover</b>			
Group and share of joint ventures' turnover		233,077	279,984
Less: share of joint ventures' turnover		(13,251)	(33,987)
<b>Group turnover</b>	4	<u>219,826</u>	<u>245,997</u>
Cost of sales		(168,324)	(197,225)
<b>Gross profit</b>		<u>51,502</u>	<u>48,772</u>
Administrative expenses		(32,961)	(34,548)
Other operating income	5	-	131
<b>Operating profit</b>	6	<u>18,541</u>	<u>14,355</u>
Share of profit of joint ventures		1,859	4,432
<b>Total operating profit</b>		<u>20,400</u>	<u>18,787</u>
Interest receivable and similar income	10	216	661
Interest payable and similar expenses	11	(567)	(467)
Other finance income		(5)	(30)
<b>Profit before tax</b>		<u>20,044</u>	<u>18,951</u>
Tax on profit	13	(4,460)	(3,553)
<b>Profit for the financial year</b>		<u>15,584</u>	<u>15,398</u>
<b>Profit for the year attributable to:</b>			
Non-controlling interests		(25)	18
Owners of the parent		15,609	15,380
		<u>15,584</u>	<u>15,398</u>

The notes on pages 21 to 50 form part of these financial statements.

**RYDON GROUP HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Note	2018 £000	2017 £000
Profit for the financial year		15,584	15,398
<b>Other comprehensive income</b>			
Actuarial gain on defined benefit pension scheme		695	1,379
Return on pension scheme assets excluding amount in net interest		55	(474)
Movement on deferred tax relating to defined benefit pension scheme		(153)	(197)
<b>Other comprehensive income for the year</b>		597	708
<b>Total comprehensive income for the year</b>		16,181	16,106
<b>Profit for the year attributable to:</b>			
Non-controlling interest		(25)	18
Owners of the parent Company		15,609	15,380
		15,584	15,398
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		(25)	18
Owners of the parent Company		16,206	16,088
		16,181	16,106

The notes on pages 21 to 50 form part of these financial statements.

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

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	15	4,749	5,209
Tangible assets	16	2,411	4,391
Investments	17	(1,268)	(602)
Investment property	18	-	2,850
		<u>5,892</u>	<u>11,848</u>
<b>Current assets</b>			
Stocks	19	18,355	18,884
Debtors: amounts falling due after more than one year	20	3,950	4,488
Debtors: amounts falling due within one year	20	60,430	52,910
Cash at bank and in hand	21	35,928	40,265
		<u>118,663</u>	<u>116,547</u>
Creditors: amounts falling due within one year	22	(75,386)	(93,658)
<b>Net current assets</b>		<u>43,277</u>	<u>22,889</u>
<b>Total assets less current liabilities</b>		<u>49,169</u>	<u>34,737</u>
Creditors: amounts falling due after more than one year	23	(16,300)	(17,310)
<b>Net assets excluding pension asset/(liability)</b>		<u>32,869</u>	<u>17,427</u>
Pension asset/(liability)	31	653	(247)
<b>Net assets</b>		<u><u>33,522</u></u>	<u><u>17,180</u></u>



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

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 30 SEPTEMBER 2018**

	Note	2018 £000	2017 £000
<b>Capital and reserves</b>			
Called up share capital	27	547	556
Share premium account	28	2,109	2,028
Capital redemption reserve	28	344	72
Own share reserve	28	(165)	(54)
Merger reserve	28	(10,809)	(10,809)
Profit and loss account	28	41,272	25,138
<b>Equity attributable to owners of the parent company</b>		<b>33,298</b>	<b>16,931</b>
Non-controlling interests		224	249
		<b>33,522</b>	<b>17,180</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 December 2018.

R. Bond

R Bond  
Director

The notes on pages 21 to 50 form part of these financial statements.

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

**COMPANY BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2018**

	Note	2018 £000
<b>Fixed assets</b>		
Investments	17	16,730
		<u>16,730</u>
<b>Current assets</b>		
Debtors: amounts falling due within one year	20	74
Cash at bank and in hand	21	18
		<u>92</u>
Creditors: amounts falling due within one year	22	(639)
<b>Net current (liabilities)/assets</b>		<u>(547)</u>
<b>Total assets less current liabilities</b>		<u>16,183</u>
Creditors: amounts falling due after more than one year	23	(9,530)
<b>Net assets</b>		<u><u>6,653</u></u>
<b>Capital and reserves</b>		
Called up share capital	27	547
Share premium account	28	2,109
Capital redemption reserve	28	344
Own share reserve	28	(86)
Profit for the year		5,859
Purchase of own shares		(2,120)
		<u>3,739</u>
Profit and loss account carried forward		<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 2018.



R Bond  
Director

The notes on pages 21 to 50 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 repurchased during the year	(12)	-	272	-	-	(72)	188	-	188
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 21 to 50 form part of these financial statements.

RYDON GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	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 2016	556	2,028	72	(54)	(10,809)	10,217	2,010	231	2,241
<b>Comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	15,380	15,380	18	15,398
Other comprehensive income for the year	-	-	-	-	-	708	708	-	708
<b>Total comprehensive income for the year</b>	-	-	-	-	-	16,088	16,088	18	16,106
<b>Transactions with shareholders</b>									
Shares repurchased during the year	-	-	-	-	-	(1,167)	(1,167)	-	(1,167)
<b>Total transactions with shareholders</b>	-	-	-	-	-	(1,167)	(1,167)	-	(1,167)
<b>At 30 September 2017</b>	<b>556</b>	<b>2,028</b>	<b>72</b>	<b>(54)</b>	<b>(10,809)</b>	<b>25,138</b>	<b>16,931</b>	<b>249</b>	<b>17,180</b>

The notes on pages 21 to 50 form part of these financial statements.

RYDON GROUP HOLDINGS LIMITED

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

	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 period</b>						
Profit for the period	-	-	-	-	5,859	5,859
<b>Total comprehensive income for the period</b>	-	-	-	-	5,859	5,859
<b>Transactions with shareholders</b>						
Shares issued during the period	632	2,109	-	-	-	2,741
Shares repurchased during the period	(85)	-	344	-	(2,120)	(1,861)
Movement on own share reserve	-	-	-	(86)	-	(86)
<b>Total transactions with shareholders</b>	547	2,109	344	(86)	(2,120)	794
<b>At 30 September 2018</b>	547	2,109	344	(86)	3,739	6,653

The notes on pages 21 to 50 form part of these financial statements.

**RYDON GROUP HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	<b>15,584</b>	<b>15,398</b>
<b>Adjustments for:</b>		
Amortisation of intangible assets	<b>460</b>	<b>490</b>
Depreciation of tangible assets	<b>1,582</b>	<b>1,986</b>
Profit on disposal of tangible assets	<b>(122)</b>	<b>(10)</b>
Interest paid	<b>567</b>	<b>467</b>
Interest received	<b>(216)</b>	<b>(661)</b>
Finance costs on defined benefit pension scheme	<b>5</b>	<b>-</b>
Taxation charge	<b>4,460</b>	<b>3,553</b>
Decrease in stocks	<b>3,380</b>	<b>8,403</b>
Increase in debtors	<b>(2,655)</b>	<b>(2,985)</b>
(Increase)/decrease in amounts owed by joint ventures	<b>(3,515)</b>	<b>4,553</b>
Decrease in creditors	<b>(18,018)</b>	<b>(109)</b>
(Decrease)/increase in amounts owed to joint ventures	<b>(108)</b>	<b>600</b>
Share of operating profit in joint ventures	<b>(1,859)</b>	<b>(4,432)</b>
Corporation tax paid	<b>(4,354)</b>	<b>(3,531)</b>
Contributions paid to defined benefit pension scheme	<b>(259)</b>	<b>(362)</b>
Administrative expenses paid to defined benefit pension scheme	<b>104</b>	<b>-</b>
<b>Net cash generated from operating activities</b>	<b>(4,964)</b>	<b>23,360</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	<b>(411)</b>	<b>(1,524)</b>
Sale of tangible fixed assets	<b>931</b>	<b>380</b>
Interest received	<b>53</b>	<b>52</b>
Joint ventures interest received	<b>163</b>	<b>609</b>
<b>Net cash from investing activities</b>	<b>736</b>	<b>(483)</b>

**RYDON GROUP HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	84	-
Repayment of loans	-	(15,767)
Repayment of other loans	(120)	(2,093)
Repayment of/new finance leases	(974)	(199)
Interest paid	(538)	(428)
Distributions from joint ventures	1,527	6,030
HP interest paid	(29)	(39)
Share buy back	(72)	(1,167)
<b>Net cash used in financing activities</b>	<b>(122)</b>	<b>(13,663)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,350)</b>	<b>9,214</b>
Cash and cash equivalents at beginning of year	40,265	31,051
<b>Cash and cash equivalents at the end of year</b>	<b>35,915</b>	<b>40,265</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	35,928	40,265
Bank overdrafts	(13)	-
	<b>35,915</b>	<b>40,265</b>

The notes on pages 21 to 50 form part of these financial statements.

---

## **RYDON GROUP HOLDINGS LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

#### **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 comparative information has been restated by including the total comprehensive income for all the combining entities for the previous reporting period, year ending 30.09.2017. 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. As part of the consideration issued by Rydon Group Holdings Limited was in the form of preference shares with a nominal value of £9.8 million, the comparative balance sheet has been adjusted to reflect the preference shares as debt.

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.



---

## RYDON GROUP HOLDINGS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

#### 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 investors 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.

---

## RYDON GROUP HOLDINGS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

#### 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.

---

## RYDON GROUP HOLDINGS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

#### 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, other than investment properties, 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.

---

## RYDON GROUP HOLDINGS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

#### 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 Investment property

Investment properties are properties which are held either to earn income or capital appreciation or for both. Investment properties are initially recognised at cost. Subsequently, where fair value can be measured reliably without undue cost or effort, investment properties are held at fair value. Any gain or losses arising from changes in fair value are recognised in profit or loss in the period they arise.

##### 2.15 Investments

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

##### 2.16 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.

##### 2.17 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 payments on account.

---

## RYDON GROUP HOLDINGS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

#### 2. Accounting policies (continued)

##### 2.18 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.

##### 2.19 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.

##### 2.20 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.

##### 2.21 Dividends

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### 2.22 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).

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**2. Accounting policies (continued)**

**2.23 Pensions**

**Defined benefit scheme**

The company operates a defined benefit scheme in respect of certain employees, which is closed to new entrants and no benefits have accrued since September 2009. The defined benefit scheme asset/(liability) 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.

**2.24 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.

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**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 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 31.

**4. Turnover**

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

	2018 £000	2017 £000
Sale of land and residential properties	43,742	40,945
Construction contracts	127,905	153,340
Provision of services	48,179	51,712
	<u>219,826</u>	<u>245,997</u>

All turnover arose within the United Kingdom.

**5. Other operating income**

	2018 £000	2017 £000
Distribution from former subsidiary on dissolution	-	131
	<u>-</u>	<u>131</u>

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**6. Operating profit**

The operating profit is stated after charging:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets - owned	<b>1,131</b>	<b>1,335</b>
Depreciation of tangible fixed assets - leased	<b>451</b>	<b>651</b>
Amortisation of goodwill	<b>460</b>	<b>490</b>
Operating lease rentals - plant and machinery	<b>3,181</b>	<b>3,162</b>
Other operating lease rentals - other	<b>623</b>	<b>571</b>
	<b>=====</b>	<b>=====</b>

**7. Auditor's remuneration**

	<b>2018</b>	<b>2017</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>5</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>175</b>	<b>169</b>
Taxation compliance services	<b>48</b>	<b>47</b>
Services relation to taxation	<b>65</b>	<b>35</b>
Other financial advisory services	<b>131</b>	<b>8</b>
	<b>=====</b>	<b>=====</b>
	<b>419</b>	<b>259</b>
	<b>=====</b>	<b>=====</b>



---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**8. Employees**

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

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>
Wages and salaries	<b>32,508</b>	32,751
Social security costs	<b>3,426</b>	3,408
Cost of defined contribution scheme	<b>1,652</b>	1,718
	<b>37,586</b>	37,877

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

	<b>2018 No.</b>	<i>2017 No.</i>
Management	<b>561</b>	615
Direct Labour	<b>141</b>	135
	<b>702</b>	750

**9. Directors' remuneration**

	<b>2018 £000</b>	<i>2017 £000</i>
Directors' emoluments	<b>479</b>	465
	<b>479</b>	465

During the year retirement benefits were accruing to no directors (2017 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £473,000 (2017 - £459,000 ).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to NIL (2017 - £NIL).

Transactions:

During the year work valued at £2,126 (2017 - £Nil) was carried out for 1 director (2017 - Nil).

No amounts were outstanding at the year end or at the prior year end.

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**10. Interest receivable**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Share of joint ventures' interest receivable	163	646
Other interest receivable	53	15
	<u>216</u>	<u>661</u>

**11. Interest payable and similar expenses**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Bank facility fees, non-utilisation charges and bank interest payable	345	433
Preference share dividends	190	-
Finance leases and hire purchase contracts	29	34
Other interest payable	3	-
	<u>567</u>	<u>467</u>

**12. Other finance costs**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Interest income on pension scheme assets	807	722
Net interest on net defined benefit liability	(812)	(752)
	<u>(5)</u>	<u>(30)</u>

---

RYDON GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

13. Taxation

	2018 £000	2017 £000
<b>Corporation tax</b>		
Current tax on profits for the year	5,306	3,461
Adjustments in respect of previous periods	148	(520)
	<u>5,454</u>	<u>2,941</u>
<b>Total current tax</b>	<u>5,454</u>	<u>2,941</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(994)	612
<b>Total deferred tax</b>	<u>(994)</u>	<u>612</u>
<b>Taxation on profit</b>	<u>4,460</u>	<u>3,553</u>

---

RYDON GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.5%). The differences are explained below:

	2018 £000	2017 £000
Profit before tax	20,044	18,951
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.5%)	3,808	3,695
Effects of:		
Expenses not deductible for tax purposes	732	165
Adjustments to tax charge in respect of prior periods	148	(520)
Increase or decrease in pension fund prepayment leading to an increase/(decrease) in tax	(29)	-
Deferred tax not recognised in prior period	(25)	22
Non-taxable income	-	(36)
Special factors affecting joint-ventures and associates leading to an increase /(decrease) in the tax charge	(161)	96
Other differences leading to an increase /(decrease) in the tax charge	(13)	131
Total tax charge for the year	4,460	3,553

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 2018 has been calculated based on these rates.

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 £5,859,000 (2017 - £NIL).

---

RYDON GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

15. Intangible assets

Group

	Goodwill £000
<b>Cost</b>	
At 1 October 2017	38,768
At 30 September 2018	<u>38,768</u>
<b>Amortisation</b>	
At 1 October 2017	33,559
Charge for the year	460
At 30 September 2018	<u>34,019</u>
<b>Net book value</b>	
At 30 September 2018	<u>4,749</u>
At 30 September 2017	<u>5,209</u>

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

**RYDON GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**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 2017	2,515	924	4,743	4,765	12,947
Additions	43	104	196	68	411
Disposals	(1,403)	-	(2,202)	(382)	(3,987)
At 30 September 2018	1,155	1,028	2,737	4,451	9,371
<b>Depreciation</b>					
At 1 October 2017	2,290	484	2,494	3,288	8,556
Charge for the year on owned assets	109	111	233	678	1,131
Charge for the year on financed assets	-	-	405	46	451
Disposals	(1,403)	-	(1,395)	(380)	(3,178)
At 30 September 2018	996	595	1,737	3,632	6,960
<b>Net book value</b>					
At 30 September 2018	159	433	1,000	819	2,411
At 30 September 2017	225	440	2,249	1,477	4,391

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

	2018 £000	2017 £000
Motor vehicles	630	1,807
Furniture, fittings and equipment	127	173
	<u>757</u>	<u>1,980</u>

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**17. Investments**

**Group**

	<b>Investment in joint ventures £000</b>
<b>Cost or valuation</b>	
At 1 October 2017	(602)
Share of profit/(loss)	(666)
At 30 September 2018	<u>(1,268)</u>
<b>Net book value</b>	
At 30 September 2018	<u>(1,268)</u>
At 30 September 2017	<u>(602)</u>

The share of profit/(loss) is stated after distributions from the joint ventures of £1,527,000 and an adjustment to eliminate the movement on unrealised profit on transactions between members of the group and the joint ventures amounting to £998,000.

**Company**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
Additions	16,730
At 30 September 2018	<u>16,730</u>
<b>Net book value</b>	
At 30 September 2018	<u>16,730</u>
At 30 September 2017	<u>-</u>

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**18. Investment property**

**Group**

	<b>Freehold investment property £000</b>
At 1 October 2017	<b>2,850</b>
Transferred to stock	<b>(2,850)</b>
<b>At 30 September 2018</b>	<b>-</b>

**19. Stocks**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>
Stock of materials	-	42
Third party contracts under construction - net cost less foreseeable losses	-	43
Land and developments costs	<b>18,355</b>	<b>18,799</b>
	<b>18,355</b>	<b>18,884</b>

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 £24.0m (2017 - £52.4m ).



**RYDON GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**20. Debtors**

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
<b>Due after more than one year</b>				
Trade debtors	889	293	-	-
Other debtors	669	1,451	-	-
Amounts recoverable on long term contracts	2,355	2,744	-	-
Deferred tax asset	37	-	-	-
	<b>3,950</b>	<b>4,488</b>	<b>-</b>	<b>-</b>
	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
<b>Due within one year</b>				
Trade debtors	6,793	5,903	-	-
Amounts owed by group undertakings	-	-	26	-
Amounts owed by joint ventures and associated undertakings	7,211	3,696	-	-
Other debtors	6,468	8,254	48	-
Prepayments and accrued income	1,026	1,009	-	-
Amounts recoverable on long term contracts	37,480	33,505	-	-
Tax recoverable	623	518	-	-
Deferred taxation	829	25	-	-
	<b>60,430</b>	<b>52,910</b>	<b>74</b>	<b>-</b>

**21. Cash and cash equivalents**

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Cash at bank and in hand	35,928	40,265	18	-
Less: bank overdraft in subsidiary with non-controlling interest	(13)	-	-	-
	<b>35,915</b>	<b>40,265</b>	<b>18</b>	<b>-</b>

**RYDON GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Bank overdrafts	13	-	-	-
Other loans	116	235	-	-
Payments received on account	2,379	990	-	-
Trade creditors	18,803	23,779	-	-
Amounts owed to group undertakings	-	-	23	-
Amounts owed to joint ventures	531	639	-	-
Corporation tax	2,761	1,584	-	-
Other taxation and social security	2,548	2,560	-	-
Obligations under finance lease and hire purchase contracts	273	845	-	-
Other creditors	7,008	17,982	190	-
Accruals and deferred income	40,954	45,044	426	-
	<b>75,386</b>	<b>93,658</b>	<b>639</b>	<b>-</b>

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

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Net obligations under finance leases and hire purchase contracts	223	626	-	-
Other creditors	914	-	-	-
Accruals and deferred income	5,633	6,894	-	-
Preference share capital treated as debt	9,530	9,790	9,530	-
	<b>16,300</b>	<b>17,310</b>	<b>9,530</b>	<b>-</b>

**RYDON GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**24. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>
Within one year	273	845
Between 1-5 years	223	626
	<u>496</u>	<u>1,471</u>

**25. Financial instruments**

	<b>Group 2018 £000</b>	<i>Group 2017 £000</i>	<b>Company 2018 £000</b>	<i>Company 2017 £000</i>
<b>Financial assets</b>				
Financial assets that are measured at amortised cost	<u>54,283</u>	<u>55,035</u>	<u>92</u>	<u>-</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>(30,403)</u>	<u>(35,914)</u>	<u>(9,553)</u>	<u>-</u>

Financial assets that are 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.

**26. Deferred taxation**

**Group**

	<b>2018 £000</b>	<i>2017 £000</i>
At beginning of year	25	834
Charged to profit or loss	994	(612)
Charged to other comprehensive income	(153)	(197)
<b>At end of year</b>	<u>866</u>	<u>25</u>

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**26. Deferred taxation (continued)**

**At end of year**

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>
Accelerated capital allowances	273	118
Short term timing differences	704	265
Pension surplus/deficit	(111)	42
Revaluation of investment properties	-	(400)
	<u>866</u>	<u>25</u>

**27. Share capital**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
4,108,015 (2017 - 4,197,015) "A" Ordinary shares of £0.10 each	411	420
1,294,333 (2017 - 1,294,333) "B" Ordinary shares of £0.10 each	129	129
68,123 (2017 - 68,123) "D" Ordinary shares of £0.10 each	7	7
	<u>547</u>	<u>556</u>

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

Within the consolidated financial statements of the group (prepared under merger accounting) these shares are deemed to be in issue at 1 October 2016, the start of the comparative period.

During the year, 122,000 "A" ordinary shares were purchased by the company for consideration of £69,330. These shares were subsequently cancelled.

During the year the company issued 33,000 "A" ordinary shares which were purchased for consideration of £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.

---

RYDON GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

27. Share capital (continued)

	2018 £000	2017 £000
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
9,530,480 (2017 - 9,790,337) Preference shares of £1.00 each	<u>9,530</u>	<u>9,790</u>

During the year 259,857 preference shares were repurchased by the company for consideration of £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.

28. 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 32,270 "A" ordinary shares (2017: 21,510 "A" ordinary shares) and 24,104 preference shares (2017: Nil) were held in the Trust and had not yet vested unconditionally with employees. Shareholder's funds have been reduced by £165,000 (2017: £54,000) 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.

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**29. 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	17	87,500	£2.00
3 July 2006	1	3,000	£2.00
20 July 2006	1	2,500	£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	7,375	£1.06
26 August 2010	1	1,000	£1.06

	Weighted average exercise price £ 2018	Number 2018	Weighted average exercise price £ 2017	Number 2017
Outstanding at the beginning of the year	2.02	167,000	2.04	170,500
Forfeited during the year	1.41	(17,000)	2.63	(3,500)
Exercised during the year	2.0	(20,500)		-
<b>Outstanding at the end of the year</b>	<b>2.10</b>	<b>129,500</b>	<b>2.02</b>	<b>167,000</b>

	2018 Number	2017 Number
Exercisable at 30 September	129,500	167,000
	<b>129,500</b>	<b>167,000</b>

The options outstanding at 30 September 2018 had a weighted average exercise price of £2.10 (2017 - £2.02). No options were granted during the year ended 30 September 2018. 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.

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**30. 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 2018, the group had performance guarantees provided by third parties to support its construction operations of £14.8m (2017 - £12.5m). The Group considers the likelihood that an outflow of cash under these agreements is low and that no provision is required.

The Company, along with other companies in the Group, has provided security over its assets in relation to 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 2018 (2017: £nil) for both facilities.

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**31. Pension commitments**

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 £1,652,000 (2017 - £1,717,000) .

**Group 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 2015.

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets	<b>30,481</b>	<b>30,154</b>
Present value of plan liabilities	<b>(29,828)</b>	<b>(30,401)</b>
<b>Net pension scheme asset/(liability)</b>	<b>653</b>	<b>(247)</b>

The amounts recognised in profit or loss are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Administrative expenses	<b>(104)</b>	<b>(79)</b>
Interest on obligation	<b>(812)</b>	<b>(752)</b>
Interest income on plan assets	<b>807</b>	<b>722</b>
<b>Total</b>	<b>(109)</b>	<b>(109)</b>



---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**31. Pension commitments (continued)**

Reconciliation of fair value of plan liabilities were as follow:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	<b>30,401</b>	<b>31,654</b>
Interest cost	<b>812</b>	<b>752</b>
Actuarial gains	<b>(695)</b>	<b>(1,379)</b>
Benefits paid	<b>(690)</b>	<b>(626)</b>
<b>Closing defined benefit obligation</b>	<b>29,828</b>	<b>30,401</b>

Reconciliation of fair value of plan assets were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	<b>30,154</b>	<b>30,249</b>
Interest income on plan assets	<b>807</b>	<b>722</b>
Actuarial gains / (losses)	<b>55</b>	<b>(474)</b>
Administrative expenses	<b>(104)</b>	<b>(79)</b>
Contributions by employer	<b>259</b>	<b>362</b>
Benefits paid	<b>(690)</b>	<b>(626)</b>
	<b>30,481</b>	<b>30,154</b>

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £750,000 (2017 - £905,000).

The Group expects to contribute £188,000 to its Defined benefit pension scheme in 2019.

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**31. Pension commitments (continued)**

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	<b>2018</b>	<i>2017</i>
	<b>%</b>	<b>%</b>
Discount rate	<b>2.9</b>	<i>2.7</i>
RPI price inflation	<b>3.2</b>	<i>3.1</i>
CPI price inflation	<b>2.1</b>	<i>2.0</i>
Rate of increase for pensions in payment	<b>3.1</b>	<i>3.0</i>
Rate of increase for pensions in deferment	<b>2.1</b>	<i>2.0</i>
Mortality rates		
- for a male aged 65 now	<b>21.8</b>	<i>21.9</i>
- at 65 for a male aged 45 now	<b>22.8</b>	<i>23.0</i>
- for a female aged 65 now	<b>23.7</b>	<i>23.7</i>
- at 65 for a female member aged 45 now	<b>24.9</b>	<i>25.0</i>

**32. Commitments under operating leases**

At 30 September 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group</b>	<i>Group</i>
	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
Not later than 1 year	<b>572</b>	<i>587</i>
Later than 1 year and not later than 5 years	<b>1,392</b>	<i>1,671</i>
Later than 5 years	<b>-</b>	<i>41</i>
	<b>1,964</b>	<i>2,299</i>

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**33. Grenfell Tower**

In relation to the Grenfell Tower tragedy, our assessment remains as was stated in the annual report for last year, we welcome the rigorous Public Enquiry as well as other ongoing investigations. Whilst the outcomes of the inquiry still remain some time away, there are likely to be recommendations across the building product manufacture and construction sector in relation to building regulations, fire regulations and product certification. In the previous financial year, Rydon 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 was made in the accounts for any matters arising from these tragic events. Having taken into consideration the events and information that has become available since the previous financial year end similarly no provision has been made in these accounts.

**34. 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:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Sales to joint ventures	<b>18,108</b>	22,540
Amounts due from joint ventures	<b>7,211</b>	3,696
Amounts due to joint ventures	<b>(531)</b>	(639)
Interest received from joint ventures	<b>163</b>	646
Loans repaid to directors	-	(1,340)
Key management personnel remuneration	<b>5,083</b>	4,628
Loans made to key management personnel	<b>44</b>	-
Loans repaid to key management personnel	-	(1,849)
Amounts payable by key management personnel	<b>(444)</b>	(400)

The list of joint ventures is included in note 36

**35. 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.

---

## RYDON GROUP HOLDINGS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

---

#### 36. Subsidiaries and joint ventures

Related undertakings of the group are all incorporated in the United Kingdom and except as noted below under "Registered Office" have their registered office at Rydon House, Station Road, Forest Row, East Sussex

##### Direct undertakings

Name	Holding	Principal activity
Rydon Holdings Limited	100 %	Intermediate holding company

##### Indirect undertakings

Name	Holding	Principal activity
Rydon Group Limited	100 %	Intermediate holding company
Rydon Construction Limited	100 %	Building contractor
Rydon Homes Limited	100 %	Developer
Rydon Maintenance Limited	100 %	Property maintenance
Equipe Regeneration Limited	100 %	Property maintenance
Insite Energy Holdings Limited	100 %	Intermediate holding company
Insite Energy Limited	50 %	Property maintenance
Heat Network Group Limited	50 %	Dormant
Heatwork Solutions Limited	50 %	Dormant
Ryhurst Limited	100 %	Procurement & Management services relating to Community Health & Care Projects
Ryhurst (Lancashire STEP) Limited	100 %	Holding company for a trading LLP
Ryhurst (Cheshire) Limited	100 %	Holding company for a trading LLP
Ryhurst (IOW) Limited	100 %	Holding company for a trading LLP
Ryhurst (Nominee) Limited	100 %	Holding company for a trading LLP
Red Rose Corporate Services LLP	50 %	Provision of capital project management and estate management services
Villicare LLP	50 %	Provision of capital project management and estate management services
Wight Life Partnership LLP	100 %	Provision of capital project management and estate management services
Ryhurst (Cambridgeshire) Limited	100 %	Dormant
Cambridgeshire Estates Partnership LLP	100 %	Dormant
Ryhurst (Whittington) Limited	100 %	Dormant
Whittington SEP LLP	100 %	Dormant
Lancumb Partnership LLP	25 %	Dormant
Real Limited	100 %	Intermediate holding company
Rydon Developments Limited	100 %	Developer
Real (Goldsmiths Row) Limited	100 %	Developer
Real (Ealing) Limited	100 %	Developer
Real (Sutton) Limited	100 %	Developer

---

**RYDON GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

---

**36. Subsidiaries and joint ventures (continued)**

Real (Packington) Limited	100 %	Developer
Real (Hillside) Limited	100 %	Developer
Green Man Lane LLP	50 %	Developer
Packington Square LLP	50 %	Developer
Beacon Plant Hire (Southern) Limited	50 %	Renting and leasing of machinery and equipment
Merlotrose Limited	100 %	Dormant
Cable Street Regeneration Limited	100 %	Dormant
Vivathorn Limited	100 %	Dormant
Name	Registered office	
Insite Energy Limited	Elizabeth House, 39 York Road, London SE1 7NQ	
Heat Network Group Limited	Elizabeth House, 39 York Road, London SE1 7NQ	
Heatwork Solutions Limited	Elizabeth House, 39 York Road, London SE1 7NQ	
Lancumb Partnership LLP	Richard House, Winckley Square, Preston, PR1 3HP	
Green Man Lane LLP	The Point, 37 North Wharf Road, London, W2 1BD	