

Registered number: 04773137

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**RYDON HOMES LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**RYDON HOMES LIMITED**

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**COMPANY INFORMATION**

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**Directors**

W J Barnes  
R Bond  
M Day  
A J Hall  
P R Mepham  
K S Willcox

**Company secretary**

A J Hall

**Company number**

04773137

**Registered office**

Rydon House  
Station Road  
Forest Row  
East Sussex  
RH18 5DW

**Auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
2nd Floor  
St John's House  
Haslett Avenue West  
Crawley  
West Sussex  
RH10 1HS

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**RYDON HOMES LIMITED**

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## RYDON HOMES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

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The directors present their report and the financial statements for the year ended 30 September 2021.

#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Principal activity

The principal activities of the company continue to be that of residential development and the promotion of land for development through the planning process.

#### Results and dividends

The profit for the year, after taxation, amounted to £3,023,237 (2020 - £591,494).

No dividends were paid during the year (2020: £nil). The directors do not recommend the payment of a dividend (2020: £nil).

#### Directors

The directors who served during the year were:

W J Barnes  
R Bond  
M Day  
A J Hall  
P R Mephram  
K S Willcox

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## RYDON HOMES LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### Political contributions

The company did not make any political donations or incur political expenditure during the year (2020: £nil).

#### Future developments

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

#### Financial instruments

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The company has in place processes and procedures that seek to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance cost.

#### Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the nature and size of the company's operations, which are all UK based, the costs of managing exposure to commodity price risk exceed any potential benefits.

#### Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is continually reviewed by the senior management team. Plot and land sales only take place once sales proceeds have been received.

#### Liquidity risk

The company's cash is managed by the directors of Rydon Group Holdings Limited. The Group's approach to managing liquidity is to ensure, as far as possible, that the Group will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

#### Interest rate risk

The company is exposed to interest rate risk on interest expense arising on the Group's bank facilities at a fixed margin on top of the Bank of England base rate. Given the nature of our business and size of the facilities the directors do not think it is appropriate to use financial instruments to manage interest rate risk.

#### Greenhouse gas emissions, energy consumption and energy efficiency action

The company's greenhouse gas emissions and energy consumption for the year are consolidated into the numbers included within the Directors Report of the financial statements of Rydon Group Holdings Limited along with efficiency measures taken and objectives for 2021/2022.

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RYDON HOMES LIMITED

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**Provision of information to auditor**

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

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

**Post balance sheet events**

There have been no significant events since the year end that the directors consider require disclosure in, or adjustments to, these financial statements.

**Auditor**

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

This report was approved by the board on 22 December 2021 and signed on its behalf.



R Bond  
Director

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## RYDON HOMES LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### Introduction

The directors present their strategic report on the company for the year ended 30 September 2021.

#### Review of the business

Rydon Homes transforms carefully sourced land into opportunities to deliver high quality new housing that will satisfy market demand and support community need. Rydon Homes specialises in delivering small, select developments of high quality spacious homes, with easy access to local facilities and green spaces, typically within a village in Sussex or Kent.

#### Results and performance

The results of Rydon Homes Limited for the year show a profit before tax of £3.7m (2020: £0.7m). The shareholder's funds of the company total £12.7m (2020: £9.7m), with no dividend paid in the year (2020: £nil).

2021 was a very challenging year for the housing market with continuing uncertainty related to Brexit and the ongoing effects from the Covid-19 pandemic. Despite these significant challenges and their impact on the economy, positive influences such as the Stamp Duty relaxation until June 2021 plus tapered relief until the end of September and a reduction in the need for workers to commute, drove a change in preference for buyers to look at family housing out of town in good village locations. This underpinned price resilience in Rydon Homes development locations and helped offset cost pressure from labour and material shortages. This resulted in very good sales levels from developments and enabled a good level of profitability at the end of the financial year.

The key performance indicators are detailed below:

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

We have continued to make progress throughout the year in relation to key elements of our strategy, despite the uncertainty around Brexit and the impact of the Covid-19 pandemic. The Board monitors the progress of the company by reference to the following KPIs:

Rydon Homes Financial KPIs	2021	2020
Turnover	£19.2m	£29.9m
Gross profit	£6.6m	£3.5m
Gross profit %	34.5%	11.6%
Profit before interest and tax	£3.7m	£0.7m
Return on capital*	30.3%	7.6%
Current ratio	7.3	2.8
Total net assets	£12.7m	£9.7m

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

Operational KPIs	2021	2020
Sites with planning (No of Units)	5 (199)	9 (726)
Sites awaiting decision/appeal (No of Units)	4 (370)	3 (62)
Sites refused/appeal dismissed (No of Units)	2 (54)	1 (31)

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## RYDON HOMES LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### Strategy and future developments

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

Rydon Homes 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.

We have a highly qualified team of professionals and the company's aim is to create an environment in which individuals can flourish, develop and prosper.

Rydon Homes achieves high customer satisfaction feedback by delivering a quality product at good market prices and is respected as an organisation that plans, achieves and delivers viable residential development opportunities that can be enjoyed and appreciated by people living and working in local communities. Rydon Homes has been rated in the top quartile of the industry for customer satisfaction over the last four years and has consistently been awarded a Gold Standard by In-House Surveys.

#### Business environment

Rydon Homes has sustained business momentum during the pandemic through a combination of returns from its work in land trading and house building by taking prudent measures such as the continuation of safe working practices during periods of lockdown and the limited use of the furlough scheme. Post lockdown, the company has seen a strong interest in its rural developments, due to growing purchaser preference for non-urban living, combined with the stamp duty concession and the need to work from home.

Health and safety remains paramount and Rydon has used its recent investments in cloud based telephony, communications and software solutions to enable remote working while maintaining levels of productivity. Rydon has all necessary social distancing and hygiene measures in place.

Low borrowing rates combined with stamp duty relief as announced by the Chancellor during the course of 2021 has resulted in strong purchaser demand which is having a positive effect on the national housing market, particularly in rural areas.

House price inflation has exceeded industry predictions during 2021 and the expectation is that the south east will continue to emerge from the lockdown phases of the pandemic with a largely uninterrupted return to more normal, pre-lockdown working and living conditions.

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

#### Principal risks and uncertainties

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

The full implications of Brexit on the economy remain uncertain although price rises and material and labour shortages are clear interim consequences. However, the company has sought to reduce risk through contract clause changes and closer engagement with our supply chain.

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



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## RYDON HOMES LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

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

To help counter these identified risks the Board has invested in training, recruitment, retention and succession planning as well as continuing to review and improve internal governance systems, putting into place indicators that support stress-testing areas of sensitivity for the company. Particular emphasis has been put on cyber-security training due to an increasing trend of malicious threats and attacks on IT systems across all industries.

Recognising the criticality of protecting the supply chain, carefully selected and approved preferred subcontractors and suppliers have been identified and their own financial standing is continually reviewed to ensure project delivery performance and minimisation of financial risk. This includes regular reviews of material supplies and securing stock in advance should shortages appear to be likely.

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

#### Responsibilities

Rydon Homes 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 company's focus on its social, environmental and economic responsibilities is embedded into our Sustainable Development Policy.

Rydon Homes continues to incorporate car charging facilities wherever possible, in each of its open market sale new homes, to encourage purchasers to invest in electric vehicles. This has been a consistent policy during the course of the last five developments.

This report was approved by the board on 22 December 2021 and signed on its behalf.



R Bond  
Director

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## RYDON HOMES LIMITED

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

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#### **Opinion**

We have audited the financial statements of Rydon Homes Limited for the year ended 30 September 2021, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the Directors' responsibilities statement in the directors' report section of this report.

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## RYDON HOMES LIMITED

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

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, 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.

#### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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## RYDON HOMES LIMITED

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

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#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The company is subject to many laws and regulations where the consequence of non-compliance could have a direct material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a direct material effect if non-compliance were to occur: FRS102 'the Financial Reporting Standard applicable in the UK and Ireland', the Companies Act 2006, house building and tax legislation.
- The company is subject to many other laws and regulations that do not have a direct effect to the financial statements but are fundamental to the company's ability to operate or avoid material penalty. We have identified the following areas as those likely to have such an effect: health and safety, anti-bribery, employment law and environmental law.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management and those charged with governance. We corroborated our inquiries through our review of board minutes provided by management.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance.
- We utilised internal and external information to corroborate these enquiries and to perform a fraud risk assessment for the company as a whole. We considered the risk of fraud to be higher through the potential for management override of controls.
- Audit procedures performed by the engagement team included:
  - testing manual journal entries, in particular journal entries relating to management estimates, entries processed by unauthorised users, and entries determined to be large or relating to unusual transactions; and
  - identifying and testing related party transactions.

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RYDON HOMES LIMITED

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

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**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the company.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

22 December 2021

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**RYDON HOMES LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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	Note	2021 £	2020 £
Turnover	4	19,169,742	29,858,468
Cost of sales		(12,554,839)	(26,396,515)
<b>Gross profit</b>		<b>6,614,903</b>	<b>3,461,953</b>
Administrative expenses		(2,777,567)	(2,731,824)
<b>Operating profit</b>		<b>3,837,336</b>	<b>730,129</b>
Interest receivable and similar income	8	448	75,101
Interest payable and similar expenses	9	(105,305)	(74,804)
<b>Profit before tax</b>		<b>3,732,479</b>	<b>730,426</b>
Tax on profit	10	(709,242)	(138,932)
<b>Profit for the financial year</b>		<b>3,023,237</b>	<b>591,494</b>

There was no other comprehensive income for 2021 (2020:£nil).

The notes on pages 14 to 21 form part of these financial statements.

**RYDON HOMES LIMITED**  
**REGISTERED NUMBER: 04773137**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
<b>Current assets</b>			
Stocks	11	10,178,436	11,796,587
Debtors	12	903,204	84,344
Cash at bank and in hand		3,606,517	3,236,462
		<u>14,688,157</u>	<u>15,117,393</u>
Creditors: amounts falling due within one year	13	(2,010,154)	(5,462,627)
<b>Net current assets</b>		<u>12,678,003</u>	<u>9,654,766</u>
<b>Total assets less current liabilities</b>		<u>12,678,003</u>	<u>9,654,766</u>
<b>Net assets</b>		<u>12,678,003</u>	<u>9,654,766</u>
<b>Capital and reserves</b>			
Called up share capital	14	1,000	1,000
Profit and loss account	15	12,677,003	9,653,766
<b>Equity shareholders' funds</b>		<u>12,678,003</u>	<u>9,654,766</u>

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

22 December 2021

R. Bond

R Bond  
Director

The notes on pages 14 to 21 form part of these financial statements.

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**RYDON HOMES LIMITED**

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

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2020	1,000	9,653,766	9,654,766
<b>Total comprehensive income for the year</b>			
Profit for the year	-	3,023,237	3,023,237
<b>Total comprehensive income for the year</b>	-	3,023,237	3,023,237
<b>At 30 September 2021</b>	<b>1,000</b>	<b>12,677,003</b>	<b>12,678,003</b>

The notes on pages 14 to 21 form part of these financial statements.

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

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2019	1,000	9,062,272	9,063,272
<b>Total comprehensive income for the year</b>			
Profit for the year	-	591,494	591,494
<b>Total comprehensive income for the year</b>	-	591,494	591,494
<b>At 30 September 2020</b>	<b>1,000</b>	<b>9,653,766</b>	<b>9,654,766</b>

The notes on pages 14 to 21 form part of these financial statements.



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## **RYDON HOMES LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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

Rydon Homes 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 of these financial statements.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions as the company is considered to be a qualifying entity (for the purpose of FRS) in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Rydon Group Holdings Limited as at 30 September 2021 and these financial statements may be obtained from the registered office.

##### **2.3 Going concern**

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

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## RYDON HOMES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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 company's principal business streams is recognised on the following basis:

Sales of land and residential properties - when transactions have legally completed.

Housing association contracts – where a private residential development includes an element of social housing, that part is covered by a contract with a Housing Association. 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.

Rent receivable and other income – recognised in the period to which it relates.

##### 2.5 Stock 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.

##### 2.6 Debtors

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

##### 2.7 Impairment

Assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit and loss account based on the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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## RYDON HOMES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.8 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Equity instruments issued by the company, such as share capital are recorded based on proceeds received or receivable, net of direct issue costs.

##### 2.9 Creditors

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

##### 2.10 Finance costs

Finance costs are charged to the 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.

##### 2.11 Holiday pay accrual

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

##### 2.12 Interest income

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

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## RYDON HOMES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.13 Taxation

Tax is recognised in the 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

##### Cost of sales recognition

Cost of sales is recognised for residential property sales when they are legally completed, with an allocation of total forecasted site costs. Estimates and judgments have to be made around costs to complete, changes in scope of work, maintenance and defects liabilities in order to properly forecast total site costs. The allocation is based on the original base price of the property, so that fluctuations in sales prices do not affect cost allocation.

##### 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.

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**RYDON HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**4. Turnover**

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

	2021 £	2020 £
Land and residential sales	19,164,642	29,850,620
Net rents receivable	5,100	7,848
	<u>19,169,742</u>	<u>29,858,468</u>

All turnover arose within the United Kingdom.

**5. Auditor's remuneration**

	2021 £	2020 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>34,125</u>	<u>20,000</u>

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

**6. Employees**

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

**7. Directors' remuneration**

All the directors are employed and paid by Rydon Group Limited. Total emoluments recharged by Rydon Group Limited for management services provided to Rydon Homes Limited amounted to £567,427 (2020: £743,620). Details of remuneration in respect of the highest paid director are disclosed in Rydon Group Limited's financial statements.

**8. Interest receivable and similar income**

	2021 £	2020 £
Other interest receivable	<u>448</u>	<u>75,101</u>

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**RYDON HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**9. Interest payable and similar expenses**

	2021 £	2020 £
Intercompany charge for bank interest, facility fees and non-utilisation charges	105,305	74,804
	<u>105,305</u>	<u>74,804</u>

**10. Tax on profit**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	709,171	138,781
Adjustments in respect of previous periods	71	151
<b>Total current tax</b>	<u>709,242</u>	<u>138,932</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%). The differences are explained below:

	2021 £	2020 £
Profit before tax	<u>3,732,479</u>	<u>730,426</u>
Profit multiplied by standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%)	709,171	138,781
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	71	151
<b>Total tax charge for the year</b>	<u>709,242</u>	<u>138,932</u>

**Factors that may affect future tax charges**

An increase in the UK corporation tax from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future tax charge accordingly.

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**RYDON HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**11. Stocks and work in progress**

	2021 £	2020 £
Land and development costs	<b>10,178,436</b>	<b>11,796,587</b>

Stock recognised in cost of sales during the year as an expense was £12.8m (2020: £27.0m).

**12. Debtors**

	2021 £	2020 £
<b>Due after more than one year</b>		
Trade debtors	<b>280,876</b>	-
	<b>280,876</b>	-
<b>Due within one year</b>		
Trade debtors	<b>551,499</b>	<b>84,344</b>
Tax recoverable	<b>70,829</b>	-
	<b>903,204</b>	<b>84,344</b>

Trade debtors due after more than one year are stated at fair value.

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

	2021 £	2020 £
Payments received on account	<b>169,383</b>	<b>176,887</b>
Trade creditors	<b>667,703</b>	<b>533,019</b>
Amounts owed to group companies	<b>79,525</b>	<b>2,951,486</b>
Corporation tax	-	<b>138,781</b>
Other taxation and social security	<b>299,079</b>	<b>590,317</b>
Other creditors	<b>4,543</b>	<b>3,968</b>
Accruals and deferred income	<b>789,921</b>	<b>1,068,169</b>
	<b>2,010,154</b>	<b>5,462,627</b>

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

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## RYDON HOMES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 14. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
1,000 (2020 - 1,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

#### 15. Reserves

##### Profit and loss account

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

#### 16. Contingent liabilities

Rydon Homes Limited has given performance guarantees for other Group companies, the majority of which are parent company guarantees from Rydon Group Limited supporting performance. At 30 September 2021, the Group had performance guarantees provided by third parties to support its construction operations of £10.5m (2020: £18.4m). 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 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 2021 (2020: £nil) for both facilities.

#### 17. Related party transactions

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

During the year the company sold a property to a relative of a director of the company for £808,000. The purchase price was at market value. No amounts were outstanding at the balance sheet date.

#### 18. Controlling party

The immediate parent company is Rydon Holdings Limited and the ultimate parent company is Rydon Group Holdings Limited, both companies are registered in England and Wales. A copy of their financial statements can be obtained from the trading address of the ultimate parent company; Rydon Group Holdings Limited, Rydon House, Forest Row, East Sussex, RH18 5DW.

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