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**RYDON HOMES LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

THURSDAY



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25/04/2024

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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 number**

04773137

**Registered office**

Luxford Place  
Lower Road  
Forest Row  
East Sussex  
RH18 5HE

**Auditor**

Knill James LLP  
Chartered Accountants & Statutory Auditor  
One Bell Lane  
Lewes  
East Sussex  
BN7 1JU

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**RYDON HOMES LIMITED**

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## RYDON HOMES LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### Introduction

The directors present their strategic report on the company for the year ended 30 September 2023.

#### 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 £11.0m (2022: £11.2m). The shareholder's funds of the company total £25.4m (2022: £16.8m) with no dividend paid in the year (2022: £5m).

2023 was a challenging year for the housing market with supply chain and labour shortages, rising materials costs and the continuing conflict in Ukraine. 2023 has also been overshadowed by a "cost of living" crisis, resulting from the 2022 mini-budget which had a negative impact on financial markets resulting in spiraling inflation tempered by interest rate rises. Despite mortgage costs increasing and a national decline in house prices, price resilience in the South East housing market remains fairly robust and therefore should continue to deliver good returns for Rydon Homes developments.

Rydon Homes ensured that its land trading activity was contractually concluded within the first two quarters of the year before interest rate increases slowed down sales rates and purchaser demand.

Despite the continued sale of land for development during the period we have continued to add new opportunities to our contracted strategic land portfolio to promote for future trading. Political uncertainty as we approach a general election within the next 18 months is slowing the delivery of planning permissions and in our opinion this undersupply will lead to a high demand and value for land with consent by housebuilders, once interest rates have stabilized and house purchaser confidence returns in greater strength.

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. The Board monitors the progress of the company by reference to the following KPIs:

Rydon Homes Financial KPIs	2023	2022
Turnover	£15.8m	£42.6m
Gross profit	£14.2m	£14.3m
Gross profit %	89.9%	33.5%
Profit before interest and tax	£10.9m	£11.1m
Return on capital*	43.0%	66.3%
Current ratio	8.6	3.9
Total net assets	£25.4m	£16.8m

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

Operational KPIs	2023	2022
Sites with planning (No of Units)	2 (56)	4 (266)
Sites awaiting decision/appeal (No of Units)	8 (766)	5 (207)
Sites refused/appeal dismissed (No of Units)	3 (107)	0 (0)

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## RYDON HOMES LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

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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 a company 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

Post the pandemic period, the company has seen a continued strong interest in its rural developments, due to continued purchaser preference for non-urban living, ongoing flexible working arrangements and increased utility costs driving purchaser desire and particularly downsizer preference for quality, higher energy efficient new housing.

Rydon Homes has sustained business momentum during a year made unpredictable by the conflict in Ukraine and rising inflation through a combination of returns from its work in land trading and house building.

#### Principal risks and uncertainties

Rydon Homes acknowledges the economic and political uncertainties that may affect housing and land sales over the next year due to interest and mortgage rate adjustments and the pre-election political environment. However, we are confident in our ability to withstand short-term market fluctuations, particularly with the low projected volume of development proposed by the business.

We will closely monitor the economy, market sentiment, buyer demand, and mortgage availability, adjusting our development and land sales strategy accordingly.

Key risks identified in the past year include talent availability, supplier cost inflation, supply chain unpredictability, funding, interest rates, planning permission delivery rates, cyber threats, client spending, economic confidence, and regulatory changes.

To mitigate these risks, we've invested in training, recruitment, retention, governance, and cybersecurity. We prioritize compliance with regulations and ethical standards.

We protect our supply chain by carefully selecting subcontractors, reviewing their financial stability, and securing materials in advance when shortages are anticipated.

Continuous funding review ensures optimal allocation to projects, minimizing cash lockup. We select and plan new sites and investments carefully.

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**RYDON HOMES LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**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 our developments over the last 5 years

This report was approved by the board on 13 December 2023 and signed on its behalf.



R Bond  
Director

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## RYDON HOMES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

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The directors present their report and the financial statements for the year ended 30 September 2023.

#### **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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- 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 £8,609,506 (2022 - £9,087,047).

No dividends were paid during the year (2022: dividend of £5,000,000 was paid to the company's parent company, Rydon Holdings Limited). The directors do not recommend the payment of a further dividend (2022: £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 2023

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#### Political contributions

The company did not make any political donations or incur political expenditure during the year (2022: £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 2 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 and liquidity 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.

#### 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 2023/2024.

#### 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'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'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.



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**RYDON HOMES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**Auditor**

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

This report was approved by the board on 13 December 2023 and signed on its behalf.

R. Bond

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 (the 'company') for the year ended 30 September 2023, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 2023 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 United Kingdom, including the Financial Reporting Council'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**

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections 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 (CONTINUED)

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#### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### Opinion 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.

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

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.

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, 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

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 (CONTINUED)

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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.

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

In identifying and assessing the risk of material misstatement in respect of irregularities, including fraud, we:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the company operates in and how the company complies with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Companies Act 2006, the company's governing document and house building and relevant tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements, including the Directors' report, remaining alert to new or unusual transactions which may not be in accordance with the governing document.

The most significant laws and regulations that have an indirect impact on the financial statements are the compliance with relevant employment law, health and safety, anti-bribery and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

We identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation

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

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**RYDON HOMES LIMITED**

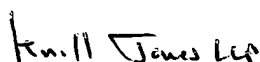
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYDON HOMES LIMITED (CONTINUED)**

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**Use of our report**

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



David W Martin FCA (Senior statutory auditor)

for and on behalf of

**Knill James LLP**

Chartered Accountants & Statutory Auditor

One Bell Lane

Lewes

East Sussex

BN7 1JU

13 December 2023

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**RYDON HOMES LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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	Note	2023 £	2022 £
Turnover	4	15,821,589	42,622,395
Cost of sales		(1,605,644)	(28,358,702)
<b>Gross profit</b>		<b>14,215,945</b>	<b>14,263,693</b>
Administrative expenses		(3,309,729)	(3,143,314)
<b>Operating profit</b>		<b>10,906,216</b>	<b>11,120,379</b>
Interest receivable and similar income	8	131,733	98,228
<b>Profit before tax</b>		<b>11,037,949</b>	<b>11,218,607</b>
Tax on profit	9	(2,428,443)	(2,131,560)
<b>Profit for the financial year</b>		<b>8,609,506</b>	<b>9,087,047</b>

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 14 to 24 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2023**

	Note	2023 £	2022 £
<b>Current assets</b>			
Stocks	11	11,415,376	5,358,252
Debtors	12	13,166,727	10,726,310
Cash at bank and in hand		4,124,097	6,410,345
		<u>28,706,200</u>	<u>22,494,907</u>
Creditors: amounts falling due within one year	13	(3,331,644)	(5,729,857)
<b>Net current assets</b>		<u>25,374,556</u>	<u>16,765,050</u>
<b>Total assets less current liabilities</b>		<u>25,374,556</u>	<u>16,765,050</u>
<b>Net assets</b>		<u>25,374,556</u>	<u>16,765,050</u>
<b>Capital and reserves</b>			
Called up share capital	14	1,000	1,000
Profit and loss account	15	25,373,556	16,764,050
		<u>25,374,556</u>	<u>16,765,050</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 December 2023.



R Bond  
Director

The notes on pages 14 to 24 form part of these financial statements.

**RYDON HOMES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2021	1,000	12,677,003	12,678,003
<b>Comprehensive income for the year</b>			
Profit for the year	-	9,087,047	9,087,047
<b>Total comprehensive income for the year</b>	-	9,087,047	9,087,047
<b>Transactions with shareholder</b>			
Dividends: Equity capital	-	(5,000,000)	(5,000,000)
<b>Total transactions with shareholders</b>	-	(5,000,000)	(5,000,000)
At 1 October 2022	1,000	16,764,050	16,765,050
<b>Comprehensive income for the year</b>			
Profit for the year	-	8,609,506	8,609,506
<b>Total comprehensive income for the year</b>	-	8,609,506	8,609,506
Dividends: Equity capital	-	-	-
<b>At 30 September 2023</b>	<b>1,000</b>	<b>25,373,556</b>	<b>25,374,556</b>

The notes on pages 14 to 24 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 2023

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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 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 judgement in applying the company's accounting policies (see note 3).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- 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 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- 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 2023 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 2023

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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 Interest income

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

##### 2.6 Pensions

###### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

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## RYDON HOMES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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## 2. Accounting policies (continued)

### 2.7 Taxation

Tax is recognised in profit or loss 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, 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.

### 2.8 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.

### 2.9 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.

### 2.10 Impairment

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

### 2.11 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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**2. Accounting policies (continued)**

**2.12 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.

**2.13 Financial instruments**

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's Balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

**Other financial assets**

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

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## RYDON HOMES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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## 2. Accounting policies (continued)

### 2.13 Financial instruments (continued)

#### Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

#### Derecognition of financial instruments

##### Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the company will continue to recognise the value of the portion of the risks and rewards retained.

##### Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

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

### 2.14 Dividends

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

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**RYDON HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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

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

**4. Turnover**

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

	2023 £	2022 £
Land and residential sales	15,821,589	42,618,270
Net rents receivable	-	4,125
	<u>15,821,589</u>	<u>42,622,395</u>

All turnover arose within the United Kingdom.

**5. Auditor's remuneration**

During the year, the company obtained the following services from the company's auditor:

	2023 £	2022 £
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	37,195
	<u>20,000</u>	<u>37,195</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 accounts of the parent company.

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**RYDON HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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**6. Employees**

Until 31 December 2022 all employees were employed and paid by Rydon Group Limited. A recharge was made by Rydon Group Limited for certain individual's salaries until this date. From 1 January 2023, the employees were employed by Rydon Homes Limited and the note below relates to the period from this date.

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

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,572,904</b>	-
Social security costs	<b>179,552</b>	-
Cost of defined contribution scheme	<b>109,241</b>	-
	<b>1,861,697</b>	-

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Management and administration	<b>19</b>	-
Direct labour	<b>2</b>	-
	<b>21</b>	-

**7. Directors' remuneration**

All the directors were employed and paid by Rydon Group Limited up to 31 December 2022. From 1 January 2023, a number of the directors were paid by Rydon Homes Limited. Total emoluments recharged by Rydon Group Limited for management services provided to Rydon Homes Limited amounted to £410,446 (2022: £685,833).

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>407,423</b>	-
	<b>407,423</b>	-

Details of remuneration in respect of the highest paid director are disclosed in Rydon Group Limited's financial statements.

**RYDON HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**8. Interest receivable and similar income**

	<b>2023</b> £	<b>2022</b> £
Other interest receivable	<b>131,733</b>	<b>98,228</b>

**9. Tax on profit**

	<b>2023</b> £	<b>2022</b> £
<b>Corporation tax</b>		
Current tax on profits for the year	<b>2,428,349</b>	<b>2,131,535</b>
Adjustments in respect of previous periods	<b>94</b>	<b>25</b>
<b>Total current tax</b>	<b>2,428,443</b>	<b>2,131,560</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 22% (2022 - 19%). The differences are explained below:

	<b>2023</b> £	<b>2022</b> £
Profit on ordinary activities before tax	<b>11,037,949</b>	<b>11,218,607</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2022 - 19%)	<b>2,428,349</b>	<b>2,131,535</b>
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	<b>94</b>	<b>25</b>
<b>Total tax charge for the year</b>	<b>2,428,443</b>	<b>2,131,560</b>

**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 2023**

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**10. Dividends**

	<b>2023 £</b>	<b>2022 £</b>
Dividends - ordinary	-	5,000,000
	<u>-</u>	<u>5,000,000</u>
	<u><u>-</u></u>	<u><u>5,000,000</u></u>

**11. Stocks and work in progress**

	<b>2023 £</b>	<b>2022 £</b>
Land and development costs	<b>11,415,376</b>	5,358,252
	<u><b>11,415,376</b></u>	<u>5,358,252</u>

**12. Debtors**

	<b>2023 £</b>	<b>2022 £</b>
<b>Due after more than one year</b>		
Trade debtors	-	4,095,835
	<u>-</u>	<u>4,095,835</u>
<b>Due within one year</b>		
Trade debtors	<b>7,002,547</b>	6,630,475
Amounts owed by group undertakings	<b>6,148,954</b>	-
Prepayments and accrued income	<b>15,226</b>	-
	<u><b>13,166,727</b></u>	<u>10,726,310</u>
	<u><u><b>13,166,727</b></u></u>	<u><u>10,726,310</u></u>

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

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RYDON HOMES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

	2023 £	2022 £
Payments received on account	2,000	2,000
Trade creditors	523,286	3,518,458
Amounts owed to group undertakings	500,000	100,078
Corporation tax	1,396,767	1,065,824
Other taxation and social security	275,398	171,015
Other creditors	-	3,017
Accruals and deferred income	634,193	869,465
	<u>3,331,644</u>	<u>5,729,857</u>

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

**14. Share capital**

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
1,000 (2022 - 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 2023, the Group had performance guarantees provided by third parties to support its construction operations of £5.2m (2022: £11.7m). The Group considers the likelihood that an outflow of cash under these agreements is low and that no provision is required.

**17. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £109,241 (2022 - £nil).

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## **RYDON HOMES LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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#### **18. 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.

#### **19. 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 registered address of the ultimate parent company; Rydon Group Holdings Limited, Luxford Place, Lower Road, Forest Row, East Sussex, RH18 5HE.

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