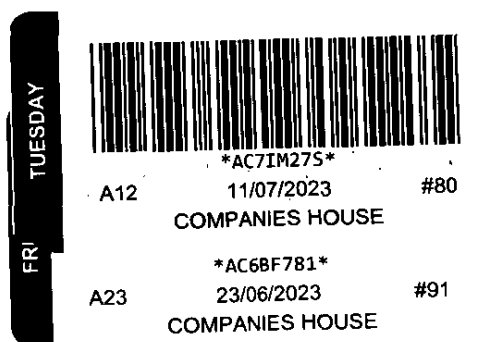

RYDON HOLDINGS LIMITED

UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022



RYDON HOLDINGS LIMITED

COMPANY INFORMATION

Directors R Bond
N C Standen

Company secretary M Day

Registered number 05556300

Registered office Luxford Place
Lower Road
Forest Row
East Sussex
RH18 5HE

RYDON HOLDINGS LIMITED

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RYDON HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking, Rydon Group Holdings Limited, incorporated in the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006. Accordingly, these financial statements present information about the company as an individual undertaking and not about its group.

Results and dividends

The profit for the year, after taxation, amounted to £10,606,944 (2021: £52,166,741).

During the year, a dividend of £6,000,000 was paid to the company's parent company, Rydon Group Holdings Limited (2021: £25,000,000). The directors do not recommend the payment of further dividends.

Directors

The directors who served during the year were:

R Bond
N C Standen

Future developments

Future developments are deemed to be of strategic importance and accordingly have been outlined within the Strategic Report on page 4 of the Annual Report.

Financial risk management

The Group'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 Group has in place processes and procedures that seek to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance cost.

Price risk

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

Credit risk

The Group 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. Within the Construction and Maintenance divisions, the majority of their customers are government/quasi-government bodies. In our Homes division, plot and land sales only take place once sales proceeds have been received.

Liquidity risk

The Group's cash and that of its subsidiaries 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.

RYDON HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Engagement with employees

The Group places a strong emphasis on regular engagement and communications with employees and employee representative groups in order to provide regular updates on the progress of the Group as well as other relevant matters. Channels for communications are generally two way in the sense that feedback and dialogue is encouraged and include:

- A monthly 'bulletin' from the directors providing a rolling overview of market engagement, policies and reward and recognition
- Staff 'tool box' talks where site staff are updated by directors on current developments
- A staff forum managed by employee representatives through which ideas are encouraged and staff engagement activities are discussed
- A Group intranet site which is regularly updated with news and event information as well as updates on policy and process
- The Group holds an annual staff meeting for all employees which has been conducted virtually this year due to the pandemic
- Annual performance reviews and appraisals where directors and their reports engage with employees on performance targets and the support required to meet them
- Reward and recognition where employees that have achieved notable successes such as securing an industry award or receiving a significant professional accreditation are recognised in the monthly bulletin.

Engagement with suppliers, customers and others

We have a commitment to excellent professional standards and respect for our, clients, partners and suppliers. We adhere to extremely rigorous service level agreements where specified in our contracts, commit to and meet programme delivery timelines and conduct pre and post-contract surveys in some instances to ensure expectations are being met.

Disabled employees

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

Qualifying third party indemnity provisions

Third party directors and officers insurance, a qualifying third party indemnity provision, was provided for all directors and officers of the company during the year and at the date of approval of the financial statements under a policy in the name of the parent company, Rydon Group Holdings Limited, and all subsidiary companies.

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.

This report was approved by the board on 11 May 2023

and signed on its behalf.



R Bond
Director

RYDON HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The directors present their strategic report for the year ended 30 September 2022.

The Rydon Group Strategic Focus

The strategic focus of Rydon Group is to derive a fair return from its delivery of built environment solutions that address both maintenance and delivery needs primarily across housing and healthcare.

Results and performance

The results of the Company for the year show a profit before tax of £10.6m (2021: £52.5m). The shareholders' funds of the Company total £43.9m (2021: 39.3m).

The combined performance of the group of companies owned directly and indirectly by Rydon Holdings Limited show a profit before tax of £6.3m (2021: £6.2m).

The results for the year were impacted by a number of external factors such as the rising cost of materials and labour shortages. Delays in the receipt of third party information such as local authority and land registry searches, and extended mortgage survey and approval processes continue because of a Covid 19 related backlog.

The performance of the Group during the year to 30 September 2022 has produced the following results.

Rydon Homes

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

This is achieved through either the development or sale of the consented land in a manner which enables us to make a reasonable return on our investment.

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

The results of Rydon Homes Limited for the year show turnover of £42.6m (2021: £19.2m) and a profit before tax of £11.2m (2021: £3.7m). The shareholder's funds of the company total £16.8m (2021: £12.7m).

Rydon Construction

Since FY20/21, the Group is no longer operating as a design and build contractor, other than in relation to run-off or legacy projects.

The results of Rydon Construction Limited for the year show turnover of £5.3m (2021: £46.7m) and a loss before tax of £3.9m (2021 loss: £2.2m). The shareholder's funds of the company total £0.5m (2021: £2.7m).

The results of disposed operations in the prior year include turnover of £23.1m and a profit before tax of £1.1m.

RYDON HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Rydon Maintenance

The Group's Maintenance business comprises reactive and planned preventative maintenance, lifecycle works, alterations and small works, including void maintenance, largely delivered through a number of long-term PFI contracts that represent an extensive pipeline of work through to the late 2030s. We have established a strong reputation as a provider of high quality maintenance services to social housing landlords throughout London and the South East, where we maintain several thousand properties.

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

The consolidated results of Rydon Maintenance Limited for the year show turnover of £42.6m (2021: £46.6m) and a profit before tax of £0.7m (2021: £0.9m). The consolidated shareholder's funds total £6.3m (2021: £5.9m).

Rydon Group Holdings Group

We have made progress throughout the year in relation to key elements of our strategy despite a number of economic and political headwinds such as rising inflation and the situation in Ukraine. The Board monitors the progress of the Group by reference to the following KPIs:

Group Financial KPIs	2022	2021
Group turnover including share of joint ventures	£94.0m	£146.8m
Group turnover	£91.2m	£141.2m
Gross profit	£20.0m	£23.5m
Earnings before interest and tax	£5.8m	£6.2m
Return on capital *	7.5%	11.2%
Current ratio	3.2	2.2
Total assets less current liabilities	£77.3m	£54.9m
Cash generated from operating activities	£1.8m	£15.4m
Total cash	£25.5m	£32.3m
Shareholders' funds	£38.6m	£42.3m

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

Operational KPIs	2022	2021
Housing - Successful planning decisions	4	5
Housing - Awaiting planning decisions	5	4
Housing - Failed planning decisions	0	2
Rydon Maintenance – Forward order book	£301m	£272m

Strategy and future developments

The Group's objectives underpin its strategy to capitalise on economic and sector opportunities, add shareholder value and retain a motivated workforce.

Since the Covid-19 lockdown period, the Group has adopted hybrid working practices for office-based staff. This has enabled more flexibility coupled with efficiency gains through the use of a smaller head office and a reduced transport-related carbon footprint.

Within our development company, Rydon Homes, we will continue to maintain and increase our portfolio of contractually controlled land at a level that will support our business model. In Rydon Maintenance, we will continue to pursue selective opportunities that align with our skill set and provide a reasonable return.

RYDON HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Business Environment

Supply chain disruption, escalating costs and wider uncertainties have had a significant impact on business and consumer confidence during the Group's FY22. The year has been sandwiched between a fuel-crisis at its start and cost of living pressures at year-end, both impacting consumer behaviour.

FY23 is set to remain unpredictable due to the conflict in Ukraine, rising energy prices and the general rise in prices for the cost of goods and materials.

However, borrowing rates which have remained relatively low despite interest rate rises have continued to have a positive effect on purchase demand and the national housing market, particularly in rural areas. Consequently, we have continued to see a high level of reservations and completions at our Homes schemes across the South East during the FY22 period.

The long term PFI contracts core to the housing arm of our Maintenance business allow for pricing increases in line with the Retail Price Index, RPI, providing some protection in relation to material supply and wage increases.

In relation to the Grenfell Tower tragedy, the Public Inquiry, which was formally set up on 15 August 2017, finished hearing evidence in November 2022. The Inquiry has been very thorough and has considered a number of aspects. These have included, as well as the tower's refurbishment, the cladding and insulation products, the testing of these products and the information provided by their manufacturers, the architect's design, the scope, guidance and adequacy of relevant legislation and the cause and progression of the fire.

Along with many other contractors and developers, Rydon used cladding in its partial refurbishment of the building which was marketed widely by its manufacturers. It is now apparent the manufacturers circumvented fire regulations to assist in the marketing of their products and the certification process was very weak. The government finally admitted publicly five and a half years after the tragedy in early 2023 its acceptance that the relevant Building Regulations were 'faulty and ambiguous.'

Consequently, a large number of projects were commissioned by bodies such as Housing Associations, Local Authorities and private developers, which deployed similar cladding products on 600 buildings across the UK. Grenfell Tower was only one such project.

The Royal Borough of Kensington and Chelsea (the client) commissioned architects to undertake the design and then Rydon Maintenance Limited (RML) as the design & build contractor to reclad the tower. RML in turn commissioned a specialist design sub-contractor to carry out and procure the work. A similar process is likely to have occurred on the 600 buildings across the UK.

Civil proceedings have been issued, served and stayed on a number of parties involved in the Inquiry including RML. An ADR (alternative dispute resolution) process has commenced involving those individuals affected by the tragedy, companies party to the Inquiry and their insurers. Subsequent to the year end a settlement has been agreed between the parties and the majority of the individuals affected, known collectively as BSR Cohort 1. Rydon Maintenance Limited has made a provision in its accounts for its share of this settlement plus costs and recognised the associated insurance proceeds in other debtors.

There continue to be ongoing discussions between the parties and those individuals not included in the BSR Cohort 1 settlement plus the emergency responders to the tragedy made up of individuals from the fire service, police, and ambulance services. A provision and associated other debtor number has also been made in relation to these in the Rydon Maintenance Limited accounts.

RYDON HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Principal risks and uncertainties

As outlined above, there are a number of economic and political uncertainties faced by the Group

We continue to reduce risk through close engagement with our customers and supply chain. The decision to withdraw from the design and build contracting market has reduced our risk to fixed price construction projects, the delivery costs of which can fluctuate due to external factors such as material prices.

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

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

The Group has addressed the process of risk acceptance and risk management through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the Group and the compliance, health and safety and legal teams.

Funding throughout the Group is reviewed continuously and best use of funds remains a key focus to ensure that funds are allocated to projects at the right time, with land purchases being carefully planned to ensure that cash lockup is kept to a minimum. New sites and investment opportunities are carefully selected, planned and phased.

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

RYDON HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Statement by the directors in performance of their statutory duties in accordance with S172 (1) Companies Act 2006

The directors of the company consider, both individually and together, that they have acted in good faith in a way that would most likely promote the success of the company for its employees and shareholders. The directors fulfil their obligations in relation to the above by continuously having a regard to:

- The likely consequences of any decisions in the long-term
- The interests of the company's employees and shareholders
- The need to foster the company's business relationships with customers, suppliers and other stakeholders
- The impact of the company's operations on the community and environment
- Maintaining high standards in relation to quality of delivery and business standards

Decision making for the long term

We provide business-critical services to our clients in a highly-regulated and complex environment. It is vital that we effectively identify, evaluate, manage and mitigate the risks we face particularly in relation to health and safety, quality and the environment (HSQ&E). We regularly review our HSQ&E processes and controls at monthly directors meeting, at our quarterly safety forums and in our annual HSQ&E report. Other key areas that are germane to running a company in a complex environment are also reviewed monthly including finance, legal and insurance, IT and HR.

Employees and Shareholders

A considerable focus is placed on engagement and communication, keeping employees and shareholders informed of how the company is performing and what they can do to help to take the company forward. Discussion is encouraged and we aim to listen to all good ideas and to give credit where these are acted on.

Business relationships

We have a commitment to excellent professional standards and respect for our clients, partners and suppliers. We adhere to extremely rigorous service level agreements where specified in our contracts, commit to and meet programme delivery timelines and conduct pre and post-contract surveys in some instances to ensure expectations are being met.

Community and Environment

Our work makes a clear contribution to society and the environment around us. We source our materials responsibly and continually aim to minimise waste and carbon outputs. We create buildings that use energy efficiently, suit their surroundings and make a positive impact. Our work with WRAP and Envirowise has helped to reduce our consumption of energy and water and significantly improve recycling - up to 100% on some sites.

Quality and Business standards

We have governance mechanisms in place to ensure that we are adhering to industry standards and broader business processes which are regularly audited by both internal and external parties.

This report was approved by the board on 11 May 2023

and signed on its behalf.



R Bond
Director

RYDON HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £	2021 £
Administrative expenses		(102,387)	(11,036)
Operating loss		(102,387)	(11,036)
Income from shares in group undertakings		11,000,000	52,087,000
Amounts written off investments	9	(350,000)	-
Interest receivable and similar income	5	84,573	816,174
Interest payable and expenses	6	(52)	(704,317)
Profit before tax		10,632,134	52,187,821
Tax on profit	7	(25,190)	(21,080)
Profit for the financial year		10,606,944	52,166,741

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 12 to 19 form part of these financial statements.

RYDON HOLDINGS LIMITED
REGISTERED NUMBER:05556300

BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	9	48,479,029	48,738,168
		<u>48,479,029</u>	<u>48,738,168</u>
Current assets			
Debtors	10	1,044,688	1,058,725
Cash at bank and in hand	93	17,736	
		<u>1,044,781</u>	<u>1,076,461</u>
Creditors: amounts falling due within one year	11	(5,648,763)	(10,546,526)
Net current liabilities		<u>(4,603,982)</u>	<u>(9,470,065)</u>
Total assets less current liabilities		<u>43,875,047</u>	<u>39,268,103</u>
Net assets		<u><u>43,875,047</u></u>	<u><u>39,268,103</u></u>
Capital and reserves			
Called up share capital	12	628,248	628,248
Share premium account		6,726,838	6,726,838
Capital redemption reserve		612,749	612,749
Profit and loss account		35,907,212	31,300,268
		<u>43,875,047</u>	<u>39,268,103</u>

RYDON HOLDINGS LIMITED
REGISTERED NUMBER:05556300

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2022

For the year ended 30 September 2022, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006; and

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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



R Bond
Director

The notes on pages 12 to 19 form part of these financial statements.

RYDON HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2021	628,248	6,726,838	612,749	31,300,268	39,268,103
Comprehensive income for the year					
Profit for the year	-	-	-	10,606,944	10,606,944
Total comprehensive income for the year	-	-	-	10,606,944	10,606,944
Transactions with shareholder					
Dividends: Equity capital	-	-	-	(6,000,000)	(6,000,000)
Total transactions with shareholder	-	-	-	(6,000,000)	(6,000,000)
At 30 September 2022	628,248	6,726,838	612,749	35,907,212	43,875,047

The notes on pages 12 to 19 form part of these financial statements.

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

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2020	628,248	6,726,838	612,749	4,133,527	12,101,362
Comprehensive income for the year					
Profit for the year	-	-	-	52,166,741	52,166,741
Total comprehensive income for the year	-	-	-	52,166,741	52,166,741
Transactions with shareholder					
Dividends: Equity capital	-	-	-	(25,000,000)	(25,000,000)
Total transactions with shareholder	-	-	-	(25,000,000)	(25,000,000)
At 30 September 2021	628,248	6,726,838	612,749	31,300,268	39,268,103

The notes on pages 12 to 19 form part of these financial statements.

RYDON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. General information

Rydon Holdings Limited is a private company limited by shares and incorporated in the UK. The address of the registered office is given in the Company information page of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

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 2022 and these financial statements may be obtained from the registered office.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking, Rydon Group Holdings Limited, incorporated in the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

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

RYDON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.5 Interest income

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

2.6 Finance costs

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

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 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.

2.9 Impairment of fixed assets and goodwill

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

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 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.

RYDON HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.12 Cash and cash equivalents

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

2.13 Creditors

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

2.14 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.

2.15 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.

3. Employees

All employees are employed and paid by Rydon Group Limited.

4. Director's remuneration

All directors are employed and paid by Rydon Group Limited. No charge is made to the company in respect of their remuneration as the management services provided to the company are considered incidental to their principal roles within the group.

5. Interest receivable

	2022 £	2021 £
Interest receivable from group companies	-	450,000
Share of joint ventures' interest receivable	82,600	117,678
Other interest receivable	1,973	248,496
	<u>84,573</u>	<u>816,174</u>

RYDON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

6. Interest payable and similar expenses

	2022	2021
	£	£
Bank interest payable	52	704,317
	52	704,317

7. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	25,190	20,591
Adjustments in respect of previous periods	-	489
Taxation on profit	25,190	21,080

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£	£
Profit before tax	10,632,134	52,187,821
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,020,105	9,915,686
Effects of:		
Expenses not deductible for tax purposes	95,085	1,435
Adjustments to tax charge in respect of prior periods	-	489
Non-taxable income	(2,090,000)	(9,896,530)
Total tax charge for the year	25,190	21,080

Factors that may affect future tax charges

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

RYDON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

8. Dividends

	2022 £	2021 £
Dividends paid on "A" Ordinary shares	4,698,810	19,578,375
Dividends paid on "B" Ordinary shares	1,236,133	5,150,554
Dividends paid on "D" Ordinary shares	65,057	271,071
	<u>6,000,000</u>	<u>25,000,000</u>

The dividend paid were paid to the company's parent, Rydon Group Holdings Limited.

9. Fixed asset investments

	Investments in subsidiary companies £	Investment in parent company shares £	Total £
Cost or valuation			
At 1 October 2021	48,422,074	316,094	48,738,168
Additions	-	90,861	90,861
Amounts written off	(350,000)	-	(350,000)
At 30 September 2022	<u>48,072,074</u>	<u>406,955</u>	<u>48,479,029</u>

RYDON HOLDINGS LIMITED

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9. Fixed asset investments (continued)

Subsidiary undertakings

The following were direct and indirect subsidiaries of the company

Name	Registered office	Class of shares	Holding
Rydon Group Limited	as the company	Ordinary	100%
Beacon Plant Hire (Southern) Limited	as the company	Ordinary	100%
Insite Energy Holdings Limited	as the company	Ordinary	100%
Rydon Homes Limited	as the company	Ordinary	100%
Rydon Regeneration Limited	as the company	Ordinary	100%
Heckfield Developments Limited *	as the company	Ordinary	100%
Goldsmiths Row Limited *	as the company	Ordinary	100%
Rydon Hillside Limited *	as the company	Ordinary	100%
Rydon Packington Limited *	as the company	Ordinary	100%
Rydon Sutton Limited *	as the company	Ordinary	100%
Rydon Construction Limited *	as the company	Ordinary	100%
Rydon Maintenance Limited *	as the company	Ordinary	100%
Equipe Regeneration Limited *	as the company	Ordinary	100%
Ryhurst Limited *	as the company	Ordinary	100%
Ryhurst (Lancashire STEP) Limited *	as the company	Ordinary	100%

* held through a subsidiary

10. Debtors

	2022 £	2021 £
Due after more than one year		
Other debtors	210,612	158,880
	210,612	158,880
Due within one year		
Amounts owed by group undertakings	493,034	374,617
Other debtors	333,754	389,564
Tax recoverable	7,288	135,664
	1,044,688	1,058,725

RYDON HOLDINGS LIMITED

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11. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank overdraft	3,451,855	6,222,136
Amounts owed to group undertakings	1,921,720	3,908,993
Other taxation and social security	-	68,213
Accruals and deferred income	275,188	347,184
	<u>5,648,763</u>	<u>10,546,526</u>

The bank overdraft is secured under the arrangements described in note 13, contingent liabilities and is part of an offset arrangement with positive cash balances in other companies within the group. Overall, in the group there was no overdraft position at the year end and a positive cash balance of £25.5m (2021: £32.3m).

12. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
4,920,028 (2021 - 4,920,028) "A" Ordinary shares of £0.10 each	492,003	492,003
1,294,333 (2021 - 1,294,333) "B" Ordinary shares of £0.10 each	129,433	129,433
68,123 (2021 - 68,123) "D" Ordinary shares of £0.10 each	6,812	6,812
	<u>628,248</u>	<u>628,248</u>

13. Contingent liabilities

Rydon Holdings 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 2022, the Group had performance guarantees provided by third parties to support its construction operations of £11.7m (2021 - £10.5m). The Group considers the likelihood that an outflow of cash under these agreements is low and that no provision is required.

The company, along with other companies in the Group, has provided security over its assets in relation to an overdraft facility made available to Rydon Holdings Limited of £10.0m. The drawn balance was £nil at 30 September 2022 (2021: £nil).

RYDON HOLDINGS LIMITED

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14. Controlling party

The immediate and ultimate holding company is Rydon Group Holdings Limited. A copy of the consolidated financial statements of the holding company can be obtained from the registered office address: Rydon Group Holdings Limited, Luxford Place, Lower Road, Forest Row, East Sussex, RH18 5HE.

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