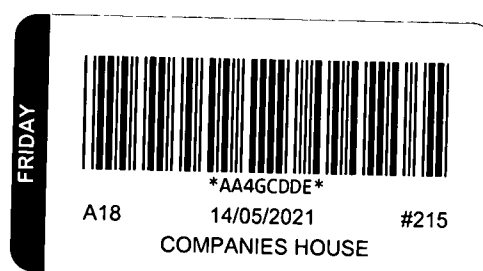

EQUIPE REGENERATION LIMITED

UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020



EQUIPE REGENERATION LIMITED

COMPANY INFORMATION

Directors	R Bond J Henton M Day
Company number	06143773
Registered office	Rydon House Station Road Forest Row East Sussex RH18 5DW

EQUIPE REGENERATION LIMITED

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EQUIPE REGENERATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

Principal activity

The principal activity of the company continued to be the provision of maintenance services.

Results and dividends

The loss for the year, after taxation, amounted to £1,467,709 (2019 - profit £2,070,161).

Dividends of £5,500,000 were paid during the year through to its parent company, Rydon Maintenance Limited (2019: £nil). The directors do not recommend the payment of a further dividend (2019: £nil)

Directors

The directors who served during the year were:

R Bond

I Briggs (appointed 19 February 2020, resigned 31 December 2020)

J Henton

A Penrhyn-Lowe (resigned 19 February 2020)

M Day

Political contributions

The company did not make any political donations or incurred political expenditure during the year (2019 - £nil).

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 31 December 2020 and signed on its behalf.



R Bond
Director

EQUIPE REGENERATION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their strategic report on the company for the year ended 30 September 2020.

Review of the business

At Equipe we provide hard FM services (including responsive repairs, cyclical decorations, life cycle works and preventative maintenance) to 3,000 homes under two PFI contracts in North East London.

Results and performance

The results of the company for the year show a loss before tax of £1,812,414 (2019 profit: £2,555,761). The shareholders' funds of the company total £1,710,475 (2019: £8,678,184).

The results for the year were impacted by Covid-19 which reduced client/end user activity during the lockdown period.

The performance of the company during the year to 30 September 2020 is detailed below.

Financial key performance indicators ('KPIs')

We have made progress throughout the year in relation to key elements of our strategy but unfortunately this has been impacted by Covid-19. The Board monitors the progress of the company by reference to the following KPIs:

Financial KPI's	2020	2019
Turnover	£6.5m	£11.1m
Gross profit	£(0.1)m	£4.4m
Earnings before interest and tax	£(1.8)m	£2.6m
Return on capital*	(30.6)%	22.4%
Current Ratio	(0.3)	24.0
Total assets less current liabilities	£5.9m	£11.2m

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

The PFI schemes have several KPIs relating to both operational performance and client/end user satisfaction levels, which we regularly exceed.

Strategy and future developments

We seek to understand our customer needs, creating strong and lasting relationships; and identify practical solutions to deliver an excellent maintenance service.

With contract end dates of 2027 and 2035 the company has a significant forward contracted income stream that offers stability to underpin future years' profitability and cash flow.

The company 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.

EQUIPE REGENERATION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

Business Environment

2020 has been a highly unpredictable year for all industry sectors due to the impact of Covid-19. Government intervention during lockdown resulted in some construction and maintenance work being deemed as essential, especially in relation to healthcare service delivery and construction site delivery where safe social distancing could be maintained.

Consequently, Rydon Group has sustained business momentum during the pandemic through a combination of returns from its work in housing and healthcare and by taking prudent measures such as the use of the job retention scheme. Having emerged from lockdown, the Group has seen a strong interest in its Homes' rural developments, due to growing purchaser preference for non-urban living combined with the current stamp duty concession.

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. This has been particularly important for the company's Dartford-based call centre that has been able to coordinate incoming reactive maintenance work and schedule repairs with call centre operatives working safely from home. Rydon has all necessary social distancing and hygiene measures in place. This is also the case at its construction sites and client based satellite maintenance sites across the country.

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 and maintenance programmes.

The Affordable Homes Programme provides grant funding to support the capital costs of developing affordable housing for rent or sale. As the Government's housing accelerator, Homes England will be making available £7.39 billion from April 2021 to deliver up to 130,000 affordable homes by March 2026 outside of London.

EQUIPE REGENERATION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

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. However the Group 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. The Board has addressed the process of risk acceptance and risk management through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for Equipe Regeneration Limited's parent company, Rydon Group and the compliance team, safety team and legal department take on an important oversight role in this regard.

Funding throughout the Rydon Group is reviewed continuously and best usage of funds remains a key focus to ensure that funds are allocated to projects at the right time.

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

The company 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 Group is also a member of the 5% club, committing at least 5% of its staff to 'earn and learn' opportunities. We are members of Women Into Construction, promoting gender equality in the workforce and we have Fundraising Champion status with construction industry charity CRASH. Over the past four years we have raised £20,000 to support their homelessness and hospice projects.

The Board will continue their vigilant management of the principal risks identified above during the forthcoming year.

This report was approved by the board on 31 December 2020 and signed on its behalf.



R Bond
Director

EQUIPE REGENERATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	6,501,297	11,118,345
Cost of sales		(6,646,225)	(6,718,768)
Gross (loss)/profit		(144,928)	4,399,577
Administrative expenses		(1,667,486)	(1,843,816)
Operating (loss)/profit		(1,812,414)	2,555,761
Tax on (loss)/profit	7	344,705	(485,600)
(Loss)/profit for the financial year		(1,467,709)	2,070,161

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 8 to 13 form part of these financial statements.

EQUIPE REGENERATION LIMITED
REGISTERED NUMBER: 06143773

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Current assets			
Debtors: amounts falling due within one year	9	5,874,611	11,714,333
Cash at bank and in hand		52,437	16,128
		<u>5,927,048</u>	<u>11,730,461</u>
Creditors: amounts falling due within one year	10	-	(488,789)
Net current assets		<u>5,927,048</u>	<u>11,241,672</u>
Total assets less current liabilities		<u>5,927,048</u>	<u>11,241,672</u>
Creditors: amounts falling due after more than one year	11	(4,216,573)	(2,563,488)
Net assets		<u>1,710,475</u>	<u>8,678,184</u>
Capital and reserves			
Called up share capital	12	10,000	10,000
Profit and loss account	13	1,700,475	8,668,184
		<u>1,710,475</u>	<u>8,678,184</u>

For the year ending 30 September 2020, the company was entitled to exemption from audit under the provisions of section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of 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 31 December 2020.



R Bond
Director

The notes on pages 8 to 13 form part of these financial statements.

EQUIPE REGENERATION LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2018	10,000	6,598,023	6,608,023
Total comprehensive income for the year			
Profit for the year	-	2,070,161	2,070,161
Total comprehensive income for the year	-	2,070,161	2,070,161
At 1 October 2019	10,000	8,668,184	8,678,184
Total comprehensive income for the year			
Loss for the year	-	(1,467,709)	(1,467,709)
Total comprehensive income for the year	-	(1,467,709)	(1,467,709)
Transactions with shareholders			
Dividends: Equity capital	-	(5,500,000)	(5,500,000)
Total transactions with shareholders	-	(5,500,000)	(5,500,000)
At 30 September 2020	10,000	1,700,475	1,710,475

The notes on pages 8 to 13 form part of these financial statements.

EQUIPE REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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 2020 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, 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.

Covid-19

The initial lockdown did lead to some site closures, however subsequently all sites have reopened following government guidance to do so. Our forecasts take into account extended build programs as a consequence of following social distances measures. Our Maintenance division provides property maintenance predominately to NHS trusts and Social Housing properties with much of the work deemed as key worker related. Our Homes division rebounded strongly from the initial lock down with our current and future pipeline of sites predominantly located in rural/village settings. Despite the above we have undertaken severe down side stress tests including: no new currently unidentified construction sites starting for 12 months, the movement of land sales six to eight months back and plot sales on new sites in the period moving back 4 months. This scenario still saw us with a positive cash balance with nil borrowing.

EQUIPE REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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:

- Provision of services – the value of work carried out over the period the services are delivered to the customer. Where a long term services contract exists, and the outcome of the contract can be estimated reliably, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date and profit is estimated to fairly reflect the profit arising up to that date.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

EQUIPE REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.10 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.

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

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

Revenue and profit recognition

In order to apply the Group's policy on revenue and profit recognition, which is based on a percentage complete basis, estimates have to be made around costs to complete and progress valuations. Assessments and judgments are required to assess changes in scope of work, contract programmes, maintenance and defects liabilities and changes in costs.

4. Turnover

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

	2020 £	2019 £
Provision of services	<u>6,501,297</u>	<u>11,118,345</u>

All turnover arose within the United Kingdom.

5. Employees

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

6. Directors' 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.

EQUIPE REGENERATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

7. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	(344,359)	485,789
Adjustments in respect of previous periods	(346)	(189)
Total current tax	<u>(344,705)</u>	<u>485,600</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit before tax	<u>(1,812,414)</u>	<u>2,555,761</u>
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19.0%)	(344,359)	485,595
Effects of:		
Expenses not deductible for tax purposes	-	194
Adjustments to tax charge in respect of prior periods	(346)	(189)
Total tax (credit)/charge for the year	<u>(344,705)</u>	<u>485,600</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

EQUIPE REGENERATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

8. Dividends

	2020 £	2019 £
Dividend paid on ordinary shares	5,500,000	-
	<u>5,500,000</u>	<u>-</u>

9. Debtors

	2020 £	2019 £
Trade debtors	5,418,097	1,884,716
Amounts owed by parent company	112,155	8,280,026
Amounts recoverable on long term contracts	-	1,549,591
Tax recoverable	344,359	-
	<u>5,874,611</u>	<u>11,714,333</u>

Amounts due from group undertakings are unsecured and repayable on demand.

10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Corporation tax	-	485,790
Accruals and deferred income	-	2,999
	<u>-</u>	<u>488,789</u>

11. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Accruals and deferred income	<u>4,216,573</u>	<u>2,563,488</u>

EQUIPE REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

12. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
10,000 (2019 - 10,000) Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

13. Reserves

Profit and loss account

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

14. Contingent liabilities

Certain companies within the group have given performance guarantees for other Group companies, the majority of which are parent company guarantees from Rydon Group Limited supporting performance. At 30 September 2020, the Group had performance guarantees provided by third parties to support its construction operations of £18.4m (2019: £13.6m). The Group considers the likelihood that an outflow of cash under these agreements is low and that no provision is required.

The Company, along with other companies in the Group, has provided security over its assets in relation to a revolving credit facility and an overdraft facility made available to Rydon Holdings Limited. The facilities guaranteed comprise a revolving credit facility of £30.0m and an overdraft facility of £10.0m, of which the drawn balances were £nil at 30 September 2020 (2019: £nil) for both facilities.

15. Controlling party

The immediate parent company is Rydon Maintenance Limited and the ultimate parent company is Rydon Group Holdings Limited, both companies are registered in England and Wales. A copy of their consolidated financial statements can be obtained from the registered 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.