

**Orbit Homes (2020) Limited**

**Financial statements**

**For the year ended 31 March 2019**

**Company Registration Number 06950748**

## **Orbit Homes (2020) Limited**

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## Orbit Homes (2020) Limited

### Executive Officers and Advisors

#### Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Name	Role	Appointed	Retired
Richard Wright	Company Secretary	2 July 2009	
Anthony Crook	Non Executive Director	6 April 2011	30 September 2018
Christopher Crook	Non Executive Director/Chair	6 December 2011	
Richard Berrett	Non Executive Director	10 July 2013	
Shirley Watson	Non Executive Director	1 October 2015	
Wendy Colgrave	Non Executive Director	1 November 2015	
Charlotte Steedman	Non Executive Director	1 August 2018	
Jane Healey Brown	Non Executive Director	1 November 2018	
Stephen Stone	Non Executive Director	1 April 2019	

#### Executive officers

The Company had no employees during the year other than directors (2018: Nil). The executive officers and staff of the parent association provide services to Orbit Homes (2020) Limited through a service agreement. The executive officers of Orbit Group Limited, the parent association, are listed in its financial statements.

#### Advisors

Independent Auditors	Registered office
KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH	Garden Court Binley Business Park Harry Weston Road Binley Coventry CV3 2SU

## Orbit Homes (2020) Limited

### Strategic Report

The Directors present their strategic report on Orbit Homes (2020) Limited (Orbit Homes) for the year ended 31 March 2019.

#### Review of the business

The principal activities of the Company comprise the provision of a design and build service to Orbit Group Limited and its subsidiary entities ("Orbit") and development of homes for sale within the UK. The Company operates as the in-house building company of Orbit, building a range of tenures for different markets.

The Company's annual business plan is aligned with that of Orbit under four key objectives:

- Service
- Property
- People
- Profit

Underpinning all objectives is a commitment to compliance and the management of risk.

The performance of Orbit Homes is managed against these objectives and in 2018-19 the Company has continued to achieve growth and success in their delivery.

#### Affordable development

From 1 April 2010, the Company took over the development of all homes within Orbit. Staff providing these services are employed by Orbit Group Limited, and services are supplied under a service level agreement.

We have delivered 1,078 (2018: 1,831) affordable homes in the year. This includes developing 140 units in partnership with other registered providers as we aim to deliver as many homes as possible in the UK. The numbers fell year on year due to delays in Section 106 handovers.

We monitor our performance closely against Orbit's contracts with Homes England and the Greater London Authority, and at the end of the year we had exceeded all of Orbit's targets for grant funded programmes.

Orbit will continue to build affordable homes in pursuit of the Orbit 2020 Vision to deliver 12,000 homes. At the end of the year Orbit had completed 9,222 (2018: 7,956) new homes towards this target since it was set in April 2013. The development pipeline currently shows that we are on course to meet the 2020 objective.

#### Market sale development

The Company started to build homes for sale eight years ago. A total of 134 market sales (188 built) were completed during 2019 from a total of 12 sites.

Average sales prices for the year were £250k (2018: £247k). Gross margins have improved to 20.2% compared to 18.6% last year. Profits are re-invested back into the wider business demonstrating the 'profit for a purpose' vision of the Orbit Group.

At the end of the year, the Company had capital and reserves of £2.2 million (2018: £0.1 million) and long term liabilities of £136.2 million (2018: £60.5 million), represented by fixed assets of £0.1 million (2018: £0.2 million) and net current assets of £138.3 million (2018: £60.4 million). Stock and Work in Progress has increased year on year to £139.0 million (2018: £84.9 million) as we continue to fund our investment in new homes for the future and start to invest in land in line with our aim to move towards a land led strategy. Return on capital employed was 6.1% (2018: 13.7%). The market sale ROCE has reduced due to increased investment in new land during the year, which will lead to future sales growth and profit generation. ROCE is calculated by applying the gross margin achieved in the year on market sales revenue, divided by the average value of opening and closing stocks.

Customer satisfaction is an important measure for Orbit and Orbit Homes has had a successful year with 'recommend a friend' and 'satisfaction with the quality of home' scores for all tenures exceeding 96% (2018 85%). The market sale division has been awarded a four star rating in the Home Builders Federation's (HBF) annual customer satisfaction survey.

## **Orbit Homes (2020) Limited**

### **Strategic Report**

#### **Risks and uncertainties**

As a house building company selling homes outright in the open market and on a shared ownership basis, we are exposed to the market conditions that prevail in the wider housing market. The Board meets at least six times a year to review progress and help to manage risk. The Senior Management team and the Executive team maintain a detailed risk register that is reviewed by the Orbit Homes Board and the Orbit Group Board bi-annually. A member of the Orbit Homes Board also sits on the Group's Audit and Risk Assurance Committee (ARAC) who meet three times a year.

#### **Treasury policy**

The Board recognises that it is important to consider treasury policy given its funding structure. The treasury function operates within a framework of clearly defined Orbit Board approved policies, procedures and delegated authorities. The fundamental principle underlying the Company's approach is to treat treasury activities as a means of controlling risk rather than for profit generation.

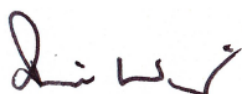
#### **Taxation strategy**

The Company follows the Group's taxation strategy which can be found on the group website at [www.orbit.org.uk](http://www.orbit.org.uk).

#### **Key performance indicators (KPIs)**

The managing director of Orbit Homes is a member of the Executive team of Orbit and the performance of Orbit Homes is closely scrutinised by the Group. The KPIs that we monitor are: number of new homes built, number of market homes sold and return on capital employed which are included in the Review of the Business section on page 2.

Approved by the Board of Directors and signed by order of the Board:



**Richard Wright**  
**Company Secretary**

**17 July 2019**

## **Orbit Homes (2020) Limited**

### **Directors' Report**

The Directors present their annual report on the affairs of the Company, and the audited financial statements for the year ended 31 March 2019.

### **Results and dividends**

The profit before tax for the financial year was £2,096,000 (2018: £5,481,000) after deducting the payment of a dividend on the redeemable preference share capital of £1,700,000 (2018: £1,700,000). The Directors do not recommend payment of a dividend on the ordinary share capital (2018: £Nil).

### **Charitable donations**

The financial statements include gift aid donations to Orbit Group Limited this year totalling £nil (2018: £11,239,000). In addition, the Company made charitable donations totalling £1,300 (2018: £2,000) to support charitable organisations outside Orbit, all of which were made to local good causes in areas where we are actively developing.

### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of required finance and the related finance costs.

- **Liquidity risk**  
The Company closely monitors its future loan requirements to ensure sufficient funds will be available to cover the development of new homes for sale and for commitments to purchase land to facilitate future development programmes.
- **Interest rate risk**  
The funding provided by the parent company, Orbit Group Limited, bears interest at rates linked to LIBOR. Exposure to the effects of movements in interest rates is regularly monitored, and future interest rate assumptions are reflected in the appraisal of future development schemes.

### **Future prospects**

Our ambitions for 2019-20 are to help Orbit achieve its 2020 Vision under its four key objectives; service, property, people and profit, providing a wide range of homes to meet the need and aspiration of our customers. We will grow turnover and profit from market sales and seek new business in other related fields.

### **Directors**

The Directors who served during the year are shown on page 1. The Company is a wholly owned subsidiary of Orbit Group Limited. The Directors benefit from a qualifying third party indemnity provision, which indemnifies against potential legal claims from third parties. This indemnity has been in place throughout the financial year and up to and including the date that the financial statements are signed.

### **Statement of directors' responsibilities**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

## **Orbit Homes (2020) Limited**

### **Directors' Report**

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Going concern**

After making enquiries the Orbit Homes Board has a reasonable expectation the Group and subsidiary have adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in the financial statements.

#### **Disclosure of information to auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) each Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

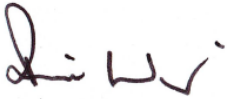
## **Orbit Homes (2020) Limited**

### **Directors' Report**

#### **Independent auditors**

KPMG LLP were appointed as the Company's auditors for the year ended 31 March 2019. A resolution to re-appoint the Company's auditor for external audit services will be proposed at the Orbit Group Limited Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board:

A handwritten signature in dark ink, appearing to read 'Richard Wright', is positioned above the printed name and title.

**Richard Wright**  
**Company Secretary**

**17 July 2019**



## **Orbit Homes (2020) Limited**

### **Independent Auditor's report to the Members of Orbit Homes (2020) Limited For the year ended 31 March 2019**

#### **Opinion**

We have audited the financial statements of Orbit Homes (2020) Limited ("the Company") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Brexit other matter paragraph**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

#### **Going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

#### **Strategic report and directors' report**

The Directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

## Orbit Homes (2020) Limited

### Independent Auditor's report to the Members of Orbit Homes (2020) Limited For the year ended 31 March 2019

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### The purpose of our audit work and to whom we owe our responsibilities

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



**Sarah Brown (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill, Snow Hill Queensway  
Birmingham B4 6GH

26 July 2019

## Orbit Homes (2020) Limited

### Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 £000	2018 £000
<b>Turnover</b>	<b>3</b>	154,135	169,627
Cost of sales		(143,658)	(158,147)
<b>Gross profit</b>		10,477	11,480
Administrative expenses		(3,417)	(2,833)
<b>Operating profit</b>	<b>4</b>	7,060	8,647
Interest receivable and similar income		21	21
Interest payable and similar charges	<b>5</b>	(4,068)	(3,187)
<b>Profit on ordinary activities before tax</b>		3,013	5,481
Tax on profit on ordinary activities	<b>6</b>	(917)	-
<b>Profit for the financial year</b>		2,096	5,481
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the financial year</b>		2,096	5,481

The accompanying notes form part of these financial statements.

**Orbit Homes (2020) Limited**

**Statement of Changes in Equity**

**As at 31 March 2019**

	<b>Profit and loss account £000</b>	<b>Total £000</b>
<b>As at 1 April 2017</b>	5,881	5,881
Profit for the year	5,481	5,481
Gift aid donations	(11,239)	(11,239)
<b>Balance at 31 March 2018</b>	<b>123</b>	<b>123</b>
Profit for the year	2,096	2,096
Gift aid donations	-	-
<b>Balance at 31 March 2019</b>	<b>2,219</b>	<b>2,219</b>

The accompanying notes form part of these financial statements.

## Orbit Homes (2020) Limited

### Statement of Financial Position

For the year ended 31 March 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	7	134	253
<b>Current assets</b>			
Stocks	8	138,973	84,854
Debtors	9	16,444	22,339
Cash at bank and in hand		6,761	4,775
		162,178	111,968
<b>Creditors: amounts falling due within one year</b>	10	(23,858)	(51,598)
<b>Net current assets</b>		138,320	60,370
<b>Total assets less current liabilities</b>		138,454	60,623
<b>Creditors: amounts falling due after more than one year</b>	11	(136,235)	(60,500)
<b>Net assets</b>		2,219	123
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account		2,219	123
<b>Total shareholders' funds</b>		2,219	123

The accompanying notes form part of these financial statements.

The financial statements on pages 9 to 18 were approved by the Board of Directors and signed on its behalf by:



Christopher Crook  
Chair

17 July 2019

Company Registration Number 06950748

# Orbit Homes (2020) Limited

## Notes to the Financial Statements

For the year ended 31 March 2019

### 1. Accounting policies

#### Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. No judgements or estimates have been applied that would materially affect the values disclosed in the financial statements.

Exemption has been taken under FRS 102 to not disclose related party transactions.

The Company has also taken advantage of the exemption available in FRS102 in preparing these financial statements, and has not prepared, per requirement of Section 7, a Statement of Cash Flows. This information is included in the consolidated financial statements of Orbit Group Limited as at 31 March 2019 and these financial statements are available at [www.orbit.org.uk](http://www.orbit.org.uk).

#### Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes land, build costs, applicable overheads and interest. Depreciation is charged to write off the cost of the tangible fixed assets, less their residual values, over their expected useful lives using the straight-line basis.

Leasehold improvements	15%
Furniture, fixtures and equipment	15% - 25%

#### Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes land, build costs and applicable overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### Redeemable preference shares

Preference shares, which are redeemable on a specific date or at the option of the shareholder or which carry non-discretionary dividend obligations, are classified as borrowings.

#### Turnover

Turnover represents amounts receivable for the sale of land and properties, and the provision of design and build services, net of Value Added Tax and other sales related taxes. All turnover arises in the UK only.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the services provided net of Value Added Tax and customer discounts and incentives.

#### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

#### Gift aid

Gift aid is presented as a distribution of reserves rather than being shown in the statement of comprehensive income.

#### Liquid resources

Liquid resources comprise loans from group undertakings and from Homes England.

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

For the year ended 31 March 2019

#### 1. Accounting policies (continued)

##### Going concern

The financial statements are prepared on a going concern basis. Accordingly, after considering the forecast, appropriate sensitivities, current trading and available facilities, the Directors have a reasonable expectation that Orbit Homes (2020) Limited has adequate resources to continue in operational existence for the foreseeable future and have concluded that the going concern basis of preparation is appropriate as the Company is able to continue trading for at least one year from the date of signing these financial statements.

#### 2. Directors' and executive officers' emoluments

	2019	2018
	£000	£000
Aggregate emoluments paid to or received by Directors who are not executive staff members including salaries, honoraria and other benefits	26	21
Aggregate emoluments paid to or received by Directors who are executive staff members including salaries, honoraria and other benefits **	67	51

\*\* The Executive Directors are employed and paid by the parent company, Orbit Group Limited.

#### 3. Turnover

	2019	2018
	£000	£000
Sale of new homes	33,546	55,604
Sale of affordable homes to development partner	8,977	-
Help to buy income	4,476	4,509
Design and build fees	106,895	107,671
Sale of land	-	1,815
Other	241	28
	154,135	169,627

#### 4. Operating profit

	2019	2018
	£000	£000
<b>Operating profit is stated after charging</b>		
<b>Fixed assets:</b>		
- Depreciation - owned assets	136	142
<b>Auditor's remuneration:</b>		
- In their capacity as auditors	12	11
Other operating lease rentals	68	94

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

For the year ended 31 March 2019

#### 5. Interest payable and similar charges

	2019	2018
	£000	£000
<b>On bank loans, overdrafts and other loans</b>		
Repayable, other than by instalments, within 5 years	1,090	759
<b>On loans from Group undertakings</b>		
Redeemable preference shares	1,700	1,700
Repayable, other than by instalments, within 5 years	1,278	728
	<u>4,068</u>	<u>3,187</u>

#### 6. Tax on profit on ordinary activities

	2019	2018
	£000	£000
<b>(a) Analysis of charge/(credit) in year:</b>		
<b>Current tax:</b>		
UK Corporation Tax on profits of the year	917	-
Adjustments in respect of prior years	-	-
<b>Total current tax</b>	<u>917</u>	<u>-</u>

There is no deferred tax for the year, either recognised or unrecognised (2018: £Nil).

The current tax charge for the year is higher (2018: lower) than the standard rate of Corporation Tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£000	£000
<b>(b) Factors affecting tax charge for current year:</b>		
Profit on ordinary activities before tax	3,013	5,481
Tax due at 19% (2018: 19%) thereon	573	1,041
Accelerated capital allowances and other differences	344	(1,017)
Adjustments in respect of prior years	-	-
Group losses	-	(24)
<b>Current tax charge for the year</b>	<u>917</u>	<u>-</u>

#### (c) Factors that may affect future tax charges:

At summer budget 2015, the Government announced legislation setting the corporation tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019 and for the year starting 1 April 2020, setting the rate at 17%.



## Orbit Homes (2020) Limited

### Notes to the Financial Statements

For the year ended 31 March 2019

#### 7. Tangible assets

	Leasehold improvements £000	Furniture, fixtures and equipment £000	Total £000
<b>Cost</b>			
At 1 April 2018	287	463	750
Additions	-	17	17
<b>At 31 March 2019</b>	<b>287</b>	<b>480</b>	<b>767</b>
<b>Less: accumulated depreciation</b>			
At 1 April 2018	142	355	497
Charge for year	64	72	136
<b>At 31 March 2019</b>	<b>206</b>	<b>427</b>	<b>633</b>
<b>Net book amount</b>			
<b>At 31 March 2019</b>	<b>81</b>	<b>53</b>	<b>134</b>
<b>At 31 March 2018</b>	<b>145</b>	<b>108</b>	<b>253</b>

#### 8. Stocks

	2019 £000	2018 £000
Work in progress	138,973	84,854

A write down of £1.4 million (2018 £nil) was made on one scheme.

#### 9. Debtors

	2019 £000	2018 £000
Amounts owed by group undertakings	8,892	9,117
Other debtors	5,748	12,057
Amounts due from development partners	-	464
Taxation and Social Security	1,804	701
	<b>16,444</b>	<b>22,339</b>

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

For the year ended 31 March 2019

#### 10. Creditors: amounts falling due within one year

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Bank loans	-	26,322
Trade creditors	18,610	12,929
Amounts owed to group undertakings	2,375	10,035
Taxation and social security	1,213	-
Accruals and deferred income	1,660	2,312
	<b>23,858</b>	<b>51,598</b>

#### 11. Creditors: amounts falling due after more than one year

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Provision for dilapidations	54	-
Bank Loans	37,872	-
Loans from group companies	64,309	26,500
Redeemable preference shares	34,000	34,000
	<b>136,235</b>	<b>60,500</b>

#### 12. Loans and other borrowings

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Loans from group undertakings	64,309	26,500
Other loans	37,872	26,322
Redeemable preference shares	34,000	34,000
	<b>136,181</b>	<b>86,822</b>

#### Maturity of financial liabilities

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
In one year or less, or on demand	-	26,322
In more than one year, but not more than two years	98,309	60,500
In more than two years, but not more than five years	37,872	-
	<b>136,181</b>	<b>86,822</b>

During the year, the loan facilities from the parent company, Orbit Group Limited, were extended. There is no fixed repayment date, but the agreement includes an option for a 12-month notice period that has not been called at the date of signature of the financial statements. The loans from Orbit Group Limited are secured by a floating charge over the assets of the Company.

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

For the year ended 31 March 2019

#### 12. Loans and other borrowings (continued)

In prior years Orbit Homes has issued redeemable preference shares at £1 each. Orbit Group Limited are the holder of these fully paid shares. The redeemable preference shareholders are entitled to a fixed dividend of 5% per annum (or pro rata for a period of less than a year). The shareholders have the right, by giving not less than 12 months written notice to Orbit Homes, to redeem for cash at par. The shareholders have not given such notice at the date of signature of the financial statements.

The Company increased the development finance facility with the Royal Bank of Scotland plc to £55m in November 2018. During the year drawdowns have been made against various development schemes. Each drawdown is secured by a fixed charge over the market sales assets of the scheme.

#### 13. Called up share capital

	No.	2019 £	No.	2018 £
Authorised ordinary shares of £1 each	100	100	100	100
Issued and fully paid shares of £1 each	1	1	1	1

#### 14. Capital commitments

	2019 £000	2018 £000
Capital expenditure which has been contracted for but has not been provided for in the financial statements	502,938	373,457
Capital expenditure which has been authorised under authority from the Orbit Board but has yet to be contracted for	362,206	397,832

The Company expects these commitments to be financed with:

	2019 £000	2018 £000
Proceeds from sale of new homes	376,981	429,550
Proceeds from sale of inter-company housing	488,163	341,739
	865,144	771,289

Capital commitments comprise contracts for the purchase of land and buildings and under design and build contracts with third party suppliers.

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

For the year ended 31 March 2019

#### 15. Leasing commitments

The future minimum operating lease payments are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Within one year	68	73
Within two and five years	51	118

#### 16. Ultimate parent entity and ultimate controlling party

The immediate parent undertaking and ultimate parent entity and controlling entity is Orbit Group Limited, a Co-operative and Community Benefit Society registered in England and Wales.

Orbit Group Limited is the parent undertaking of the only group of undertakings to consolidate these financial statements at 31 March 2019. The consolidated financial statements of Orbit Group Limited are published on the Orbit website [www.orbit.org.uk](http://www.orbit.org.uk).

#### 17. Related party transactions

Orbit Homes (2020) Limited is a wholly owned subsidiary of Orbit Group Limited. As permitted the Company has taken advantage of the exemption for wholly owned subsidiaries not to disclose related party transactions with group entities as defined by section 33.1A FRS 102.