

**Orbit Homes (2020) Limited**

**Financial statements**

**For the year ended 31 March 2020**

**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	Resigned/Retired
Christopher Crook	Non-Executive Director/Chair	6 December 2011	31 December 2019
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 Constance	Non-Executive Director	1 August 2018	
Jane Healey Brown	Non-Executive Director	1 November 2018	
Stephen Stone	Non-Executive Director/Chair	1 April 2019	
Richard Wright	Company Secretary	2 July 2009	

#### Executive officers

The Company had no employees during the year other than Directors (2019: 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 2020.

#### 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.

Our Key Performance Indicators above are:

1. Number of new homes delivered
2. Number of market homes sold
3. Return on Capital Employed (ROCE)

Orbit Homes delivered 1,520 homes during the year (2019: 1,266), 78% for social purpose. A £1.3 million profit has been delivered which will be retained to fund future housing delivery.

#### Affordable development

We have delivered 1,187 (2019: 1,078) affordable homes in the year. This includes developing 79 units (2019: 140 units) in partnership with other registered providers as we aim to deliver as many homes as possible in the UK.

In March 2019, Orbit signed a Strategic Partnership with Homes England to deliver 2,762 homes. We have registered 621 starts on site and 180 completions and have a total of 1,227 units approved with a further 876 going through our internal approval process.

We monitor our performance closely against Orbit's contracts with Homes England and the Greater London Authority.

#### Market sale development

During 2020, the Company completed the sale of 183 homes (2019: 134 homes) from a total of 14 sites (2019: 12 sites).

Average sales price achieved for the year was £281k (2019: £250k). Gross margins reduced to 19.0% compared to 20.2% last year. Profits are re-invested back into the wider business demonstrating the 'profit for a purpose' vision of the Orbit Group.

Customer satisfaction is an important measure for Orbit and Orbit Homes had a successful year achieving both an Outstanding Achievement Award and Gold Award for Customer Satisfaction by In House Research, who conduct independent customer satisfaction surveys. We also maintained our four star rating for market sale homes in the Home Builders Federation's (HBF) annual customer satisfaction survey.

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

### **Strategic Report (continued)**

At the end of the year, the Company had capital and reserves of £13.5 million (2019: £2.2 million) largely due to Orbit increasing its investment in the Company by £10 million. Long term liabilities were £166.6 million (2019: £136.2 million), represented by fixed assets of £0.3 million (2019: £0.1 million) and net current assets of £179.7 million (2019: £138.3 million). Stock and Work in Progress has increased to £150.7 million (2019: £139.0 million) as we continue to fund 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 (ROCE) was 6.2% (2019: 6.1%). 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.

### **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, which this year will include the impacts of the coronavirus on this market, in both the immediate and medium term. 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) which meets three times a year.

### **Treasury policy**

The Board recognises 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 KPIs that we monitor are included in the Review of the Business section on page 2.

### **Section 172 Statement**

This Statement is a new reporting requirement of the Companies Act 2006 (S172) which requires Directors to explain how they have regard for 'enlightened shareholder value' in promoting the Company for the benefit of all. The Directors consider stakeholders in this context to be the Orbit Group (shareholder and main customer) and the Company's build partners and suppliers. The Company has no employees.

The 'Review of the Business' section of the strategic report refers to the Company's relationship with the Group in the context of its aims and objectives and business plan. The Risks and uncertainties section above sets out how we manage threats to these aims. The future prospects of the Company are referenced on page 5 of the Directors' Report. The Company and its Directors follow Group policies and procedures and a member of the Homes Board sits on Group Board which further strengthens shareholder alignment. An overarching Framework Agreement governs the relationship between the Company and the Group.

We are very proud to share the vision and values of our Group which underpin our activities and relationships; that is 'we lead in building thriving communities' with values of 'Driven, Innovative, Invest and Responsible and Achieving Together' with an ongoing commitment to best practice with regard to risk, compliance and the environment. Further

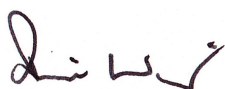
## **Orbit Homes (2020) Limited**

### **Strategic Report (continued)**

information around the Group's vision, values and approach to the environment can be found within the Orbit Group Annual Report and Financial Statements.

We work closely with our build partners and key suppliers to ensure delivery of our objectives and are currently working collaboratively with these partners to deliver innovative ways to improve our new-build homes. This includes greater use of Modern Methods of Construction (MMC) to reduce life-time costing of homes and to reduce fuel costs for our customers. We are also liaising very closely with partners to ensure the safe management of development sites. This has been especially important since the start of the coronavirus pandemic to ensure our sites are safe for workers, for visitors and for our customers.

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



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

**20 July 2020**

## **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 2020.

### **Results and dividends**

The profit before tax for the financial year was £1.3 million (2019: £3.0 million) after deducting the payment of a dividend on the redeemable preference share capital of £1.7 million (2019: £1.7 million). The Directors do not recommend payment of a dividend on the ordinary share capital (2019: £Nil).

### **Charitable donations**

The Company made charitable donations totalling £1,900 (2019: £1,300) 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 2020-21 are to help Orbit achieve its vision, delivering high quality homes of mixed tenures in the areas in which we operate, building on our successful delivery of 10,743 homes since 2013. This will be achieved through robust processes, risk management and in consideration of the wider economic environment.

### **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 (continued)**

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.

### **Subsequent events**

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a global pandemic. The Directors recognise that this represents a current-period event requiring ongoing evaluation to determine the extent to which developments after the reporting date should be recognised in these financial statements.

The Directors have not identified any subsequent events to report.

### **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. Further information around the going concern assessments and stress testing undertaken are referenced within note 1, the 'Basis of preparation', under 'Going Concern' on page 13.

### **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.



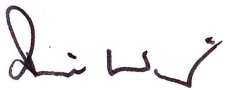
## **Orbit Homes (2020) Limited**

### **Directors' Report (continued)**

#### **Independent auditors**

KPMG LLP were appointed as the Company's auditors for the year ended 31 March 2020. 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 black ink, appearing to read 'Richard Wright', with a checkmark at the end.

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

**20 July 2020**

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

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

#### **Opinion**

We have audited the financial statements of Orbit Homes (2020) Limited ("the company") for the year ended 31 March 2020 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 2020 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.

#### **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 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;
- 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

## Orbit Homes (2020) Limited

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

- 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 pages 5 and 6, 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*

KPMG LLP

One Snowhill, Snow Hill Queensway  
Birmingham B4 6GH

12 August 2020

## Orbit Homes (2020) Limited

### Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £000	2019 £000
<b>Turnover</b>	<b>3</b>	190,534	154,135
Cost of sales		(180,700)	(143,658)
<b>Gross profit</b>		9,834	10,477
Administrative expenses		(2,871)	(3,417)
<b>Operating profit</b>	<b>4</b>	6,963	7,060
Interest receivable and similar income		18	21
Interest payable and similar charges	<b>5</b>	(5,710)	(4,068)
<b>Profit on ordinary activities before tax</b>		1,271	3,013
Tax on profit on ordinary activities	<b>6</b>	17	(917)
<b>Profit for the financial year</b>		1,288	2,096
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the financial year</b>		1,288	2,096

The accompanying notes form part of these financial statements.

**Orbit Homes (2020) Limited**

**Statement of Changes in Equity**

**As at 31 March 2020**

	<b>Income &amp; Expenditure Reserve £000</b>	<b>Share Capital £000</b>	<b>Total £000</b>
<b>As at 1 April 2018</b>	123	-	123
Profit for the year	2,096	-	2,096
<b>Balance at 31 March 2019</b>	<b>2,219</b>	-	<b>2,219</b>
Issue of share capital	-	10,000	10,000
Profit for the year	1,288	-	1,288
<b>Balance at 31 March 2020</b>	<b>3,507</b>	<b>10,000</b>	<b>13,507</b>

The accompanying notes form part of these financial statements.

## Orbit Homes (2020) Limited

### Statement of Financial Position

For the year ended 31 March 2020

	Note	2020 £000	2019 As restated £000
<b>Fixed assets</b>			
Tangible assets	7	343	134
<b>Current assets</b>			
Stocks	8	150,727	138,973
Debtors	9	46,340	16,444
Cash at bank and in hand		3,595	6,761
		200,662	162,178
Creditors: amounts falling due within one year	10	(20,851)	(23,858)
Provisions: falling due within one year	11	(96)	(54)
<b>Net current assets</b>		179,715	138,266
<b>Total assets less current liabilities</b>		180,058	138,400
<b>Creditors: amounts falling due after more than one year</b>	12	(166,551)	(136,181)
<b>Net assets</b>		13,507	2,219
<b>Capital and reserves</b>			
Called up share capital	14	10,000	-
Profit and loss account		3,507	2,219
<b>Total shareholders' funds</b>		13,507	2,219

The accompanying notes form part of these financial statements.

The financial statements on pages 9 to 19 were approved by the Board of Directors and signed on its behalf by:



**Stephen Stone**  
Chair

20 July 2020

Company Registration Number 06950748

# Orbit Homes (2020) Limited

## Notes to the Financial Statements

### For the year ended 31 March 2020

#### 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 2020 and these financial statements are available at [www.orbit.org.uk](http://www.orbit.org.uk).

##### Going concern

The Board, after reviewing the Company's financial business plan, considering the impacts from the coronavirus pandemic and taking account of severe but plausible downsides, is of the opinion that, given support from the Orbit Group, the Company has adequate resources to continue for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing the annual financial statements.

This is dependent on Orbit Group Limited providing additional financial support in the 12 month period from the date these accounts are signed. Orbit Group Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. The Company has a reasonable expectation that its parent has sufficient resources to provide continued support.

##### Prior period restatement

An amount included in creditors due after more than year in the prior year financial statements has been reclassified to provisions relating to dilapidations.

##### 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.

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

#### For the year ended 31 March 2020

##### 1. Accounting policies (continued)

###### 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.

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Aggregate emoluments paid to or received by Directors who are not executive staff members including salaries, honoraria and other benefits	30	26

The Executive Directors responsible for the day to day management of this Company, as well as other Group entities, are employed and paid by the parent company Orbit Group Limited.

Expenses paid during the year on behalf of Board members amounted to £11,000 (2019: £4,000).

##### 3. Turnover

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Sale of new homes	51,515	33,546
Sale of affordable homes to development partner	-	8,977
Help to buy income	2,858	4,476
Design and build fees	135,703	106,895
Other	458	241
	<b>190,534</b>	<b>154,135</b>



## Orbit Homes (2020) Limited

### Notes to the Financial Statements

For the year ended 31 March 2020

#### 4. Operating profit

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Operating profit is stated after charging</b>		
<b>Fixed assets:</b>		
- Depreciation - owned assets	132	136
<b>Auditor's remuneration:</b>		
- In their capacity as auditors	13	12
- In respect of other services	12	-
<b>Total audit services</b>	<b>25</b>	<b>12</b>
Other operating lease rentals	134	68

#### 5. Interest payable and similar charges

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>On bank loans, overdrafts and other loans</b>		
Repayable, other than by instalments, within 5 years	1,549	1,090
<b>On loans from Group undertakings</b>		
Redeemable preference shares	1,700	1,700
Repayable, other than by instalments, within 5 years	2,461	1,278
	<b>5,710</b>	<b>4,068</b>

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

#### For the year ended 31 March 2020

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>(a) Analysis of (credit)/charge in year:</b>		
<b>Current tax:</b>		
UK Corporation Tax on profits of the year	587	917
Adjustments in respect of prior years	(604)	-
<b>Total current tax</b>	<b>(17)</b>	<b>917</b>

There is no deferred tax for the year, either recognised or unrecognised (2019: £nil).

The current tax (credit)/charge for the year is lower (2019: higher) than the standard rate of Corporation Tax in the UK of 19% (2019: 19%). The differences are explained below:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>(b) Factors affecting tax charge for current year:</b>		
Profit on ordinary activities before tax	1,271	3,013
Tax due at 19% (2019: 19%) thereon	243	573
Accelerated capital allowances and other differences	344	344
Adjustments in respect of prior years	(604)	-
<b>Current tax charge for the year</b>	<b>(17)</b>	<b>917</b>

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

At Budget 2020, the Government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would be set at 19%, being the same rate as 2019.

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

For the year ended 31 March 2020

#### 7. Tangible assets

	Leasehold improvements £000	Furniture, fixtures and equipment £000	Total £000
<b>Cost</b>			
At 1 April 2019	287	480	767
Additions	177	165	342
Disposals	-	(34)	(34)
<b>At 31 March 2020</b>	<b>464</b>	<b>611</b>	<b>1,075</b>
<b>Less: accumulated depreciation</b>			
At 1 April 2019	206	427	633
Charge for year	79	53	132
Eliminated on Disposal	-	(33)	(33)
<b>At 31 March 2020</b>	<b>285</b>	<b>447</b>	<b>732</b>
<b>Net book amount</b>			
<b>At 31 March 2020</b>	<b>179</b>	<b>164</b>	<b>343</b>
<b>At 31 March 2019</b>	<b>81</b>	<b>53</b>	<b>134</b>

#### 8. Stocks

	2020 £000	2019 £000
Work in progress	150,727	138,973

A write down of £2.6 million (2019 £1.4 million) was made on one scheme.

#### 9. Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	29,370	8,892
Other debtors	13,685	5,748
Taxation and social security	3,285	1,804
	<b>46,340</b>	<b>16,444</b>

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

For the year ended 31 March 2020

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	16,755	18,610
Amounts owed to group undertakings	3,585	2,375
Taxation and social security	192	1,213
Accruals and deferred income	319	1,660
	<b>20,851</b>	<b>23,858</b>

#### 11. Provisions: falling due within one year

	<b>At beginning of the year (Restated) £000</b>	<b>Increase in provision during the year £000</b>	<b>At end of the year £000</b>
Office dilapidations	54	42	<b>96</b>

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>(Restated) £000</b>
Bank loans (note 13)	49,342	37,872
Loans from group undertakings (note 13)	83,209	64,309
Redeemable preference shares (note 13)	34,000	34,000
	<b>166,551</b>	<b>136,181</b>

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

For the year ended 31 March 2020

#### 13. Loans and other borrowings

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Other loans	49,342	37,872
Loans from group undertakings	83,209	64,309
Redeemable preference shares	34,000	34,000
	<b>166,551</b>	<b>136,181</b>

#### Maturity of financial liabilities

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
In one year or less, or on demand	-	-
In more than one year, but not more than two years	166,551	98,309
In more than two years, but not more than five years	-	37,872
	<b>166,551</b>	<b>136,181</b>

The loans from Orbit Group Limited are secured by a floating charge over the assets of the Company.

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 has a £55m development finance facility with the Royal Bank of Scotland plc. 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.

#### 14. Called up share capital

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Issued and fully paid shares of £1 each</b>	100	100
<b>Issued and unpaid shares of £1 each</b>	10,000,000	-
<b>At 31 March 2020</b>	<b>10,000,100</b>	<b>100</b>

On 31 March 2020 the Company issued 10,000,000 ordinary shares of £1 at par to the parent company Orbit Group Limited. These shares remain unpaid at 31 March 2020 and an amount of £10,000,000 is included in Debtors as 'Amounts owed by group undertakings'.

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

For the year ended 31 March 2020

#### 15. Capital commitments

	2020 £000	2019 £000
Capital expenditure which has been contracted for but has not been provided for in the financial statements	505,922	502,938
Capital expenditure which has been authorised under authority from the Orbit Board but has yet to be contracted	328,987	362,206

The Company expects these commitments to be financed with:

	2020 £000	2019 £000
Proceeds from sale of new homes	357,945	376,981
Proceeds from sale of housing to other Group undertakings	476,964	488,163
	834,909	865,144

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

#### 16. Leasing commitments

The future minimum operating lease payments are as follows:

	2020 £000	2019 £000
Within one year	51	68
Within two and five years	-	51

#### 17. 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 2020. The consolidated financial statements of Orbit Group Limited are published on the Orbit website [www.orbit.org.uk](http://www.orbit.org.uk).

#### 18. 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.