

**Orbit Homes (2020) Limited**

**Financial statements**

**For the year ended 31 March 2024**

**Company Registration Number 06950748**

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**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:

<b>Name</b>	<b>Position</b>	<b>Appointed</b>	<b>Resigned / Retired</b>
<b>Stephen Stone</b>	Non-Executive Director/Chair	1 April 2019	
<b>Jonathan Wallbank</b>	Group Finance Director	1 November 2020	
<b>Philip Andrew</b>	Chief Executive	18 July 2023	
<b>Richard Wright</b>	Company Secretary	2 July 2009	31 December 2023
<b>Katherine Lyons</b>	Company Secretary	31 December 2023	21 February 2024
<b>Sarah McCann</b>	Company Secretary	22 February 2024	

**Executive Officers**

The Company had no employees during the year other than directors (2023: 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.

**Advisor**

<b>Independent Auditor</b>	<b>Registered office</b>
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 the Strategic Report of Orbit Homes (2020) Limited (Orbit Homes) for the year ended 31 March 2024.

### **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 for Orbit, building a range of tenures for different markets. The Company also builds homes on behalf of others including registered providers.

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, the management of risk, sustainability and the environment. The performance of Orbit Homes is managed against these objectives.

Our Key Performance Indicators are as set out below:

1. Number of new homes delivered
2. Number of market homes sold

Orbit Homes delivered 870 homes during the year (2023: 1,257), c83% for social purpose. The company has recorded a £1.7 million loss (2023: £0.9 million profit) for the year. This year has been challenging as high interest rates impact on demand for new homes and as a consequence the volume of market sale properties sold this year fell below plan. The results are also impacted by the high cost of borrowing incurred by Orbit Homes, £7.7m interest costs were incurred this year compared to £6.3m last year.

### Affordable development

We have delivered 722 (2023: 922) affordable homes in the year.

In March 2019, Orbit signed a Strategic Partnership with Homes England to deliver 2,762 homes. Due to delays in the acquisition of land during the pandemic we have negotiated a reduction in the number of homes to be delivered under this agreement to 2,292. We have registered 2,292 starts on site and have received £122.1 million grant from Homes England since the start of the programme.

On 8 March 2022, Orbit signed a second Strategic Partnership with Homes England to deliver a further 1,500 homes. The total grant awarded was £127.5 million, we have registered 315 starts on site and have received £23.4 million grant from Homes England as at 31 March 2024.

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

### Market sale development

During 2024, the Company completed the sale of 163 homes (2023: 243 homes) from a total of 9 sites (2023: 12 sites). The Company built 148 market homes in 2024 (2023: 335). Due to several development sites completing during 2024/25 together with the impact of planning delays on site starts we are forecasting a reduction in our build and legal completions during 2025 however in line with our 2030 strategy we are forecasting to significantly increase our development in future years, increasing build from 113 during 2024/25 to 236 Market Sale homes during 2025/26 and 231 during 2026/27.

Average sales price achieved for the year was £375k (2023: £351k). Gross margins reduced to 18.1% compared to 18.3% last year. Profits are re-invested back into the wider business demonstrating the socially driven and commercially minded vision of the Orbit Group.

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

Customer satisfaction is an important measure for Orbit and Orbit Homes had a successful year achieving a five star rating in the Home Builders Federation's (HBF) National New Homes Customer Satisfaction Survey, making us the only Housing Association currently holding this accolade which recognises excellence in property quality and customer service. Additionally, we were awarded the prestigious 2024 Outstanding Achievement Award for Customer Satisfaction by In-house Research, by achieving an upper quartile Net Promoter Score in this industry Customer Satisfaction Benchmark.

At the end of the year, the Company had capital and reserves of £16.5 million (2023: £18.2 million). Long term liabilities were £107.9 million (2023: £118.9 million), represented by fixed assets of £0.2 million (2023: £0.2 million) and net current assets of £124.3 million (2023: £136.9 million). Stock and Work in Progress is £122.9 million an increase of £3.2 million from the previous year (2023: £119.7 million).

### **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. This year has been challenging as high interest rates impact on demand for new homes and as a consequence the volume of market sale properties we have sold this year fell below plan. Our mitigation has been through a conscious decision to secure a strong forward sales position and review our build programmes. We have also focused on securing additional Direct Build affordable developments to generate additional project management fees. We have undertaken a restructuring of our staff to reduce the level of overhead cost. The Board delegates the management and oversight of the Company to the Development Committee which meets at least five 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 Development Committee.

### **Treasury policy**

The Board recognises it is important to consider treasury policy given the funding structure of the Company. The treasury function operates within a framework of clearly defined Orbit Board approved policies, procedures and delegated authorities. The fundamental principle underlying the Group and therefore 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**

The Board of Orbit Homes (2020) Limited consider that we have adhered to the requirements of section 172 of the Companies Act 2006 and have, in good faith, acted in a way that we consider would be most likely to promote the success of Orbit Homes for the benefit of its shareholders as a whole. In doing so, we have recognised the importance of considering all stakeholders and other matters (as set out in s.172(1) (a-f) of the Act) in its decision making.

This reporting legislation around engagement is welcomed by the Board and the commentary and table below sets out our s.172(1) statement. This statement provides details of key stakeholder engagement undertaken by the Board during the year and how this helps the Board to factor potential impacts on stakeholders into the decision-making process. Additional details of the key stakeholders and why they are important to us are set out below.

Orbit Homes (2020) Limited is a wholly owned subsidiary of Orbit Group Limited which promotes the highest standards of governance and ensures these standards cascade throughout the Group and its subsidiaries. All our activity is underpinned by our rigorous approach to corporate governance, risk, and compliance. We are proud of the high standards we have reached in the management of risk alongside compliance with regulatory quality standards and will continue to maintain a strong health and safety culture. We are committed to carbon reduction and improving energy efficiency, making a positive impact on the environment. As a Board we are conscious of the impact that our business and decisions have on our direct stakeholders as well as the communities we create.

As part of the director induction process, Directors are informed of their duties including their statutory duties under s.172 of the Companies Act 2006. The Directors are entitled to request from the Company all such information they may reasonably require in order to be able to perform their duties as directors, including professional advice from either the Company Secretary or from an independent advisor at the Company's expense. On-going training is provided to the Directors, as required, to ensure that their knowledge remains up to date and they continue to be able to discharge their duties as Directors.

## **Principal decisions**

For the year ending 31 March 2024, the Board consider that the following are examples of principal decisions that it made in the period:

- Protecting our finances through our land led development strategy.  
During the year we delivered 870 new homes, 54% of these were delivered on land-led, direct build sites, using our own design standards and sector leading, ROSPA Safer by Design, house types. We developed our first low carbon community at Avalon Place, Easton where all 72 affordable new homes on this development have large solar PV arrays fitted, helping customers to save on energy bills. CO2 emissions from gas boilers on this on this site are fully offset by the electricity generated by the PV panels, with each and every home achieving an excellent EPC rating of A.
- During the year the Regulator of Social Housing undertook an In-Depth Assessment of Orbit Group maintaining the rating of G1/V2. This demonstrates the highest levels of Governance and that the Regulator is satisfied that Orbit, as a developing Housing Association, complies with the financial viability of its standard.
- We have focused on engaging with and appointing more Social Enterprises to work with us; ensuring greater value for every pound we spend.
- We have approved the Annual Budget, reviewed the Financial Plan and contributed to the 2030 Strategy.  
These business plans play an important role in communications with shareholders, Homes England and focusing regional teams on performance driven delivery.

<b>Stakeholders- their importance to us</b>	<b>The Board's approach to stakeholder engagement</b>	<b>Stakeholder consideration in the Board's decision making</b>
<p><u>Shareholders</u> Orbit Group is vital to the future success of our business, providing funds which aid business growth reinvested back into providing social housing.</p>	<p>The ultimate shareholder is Orbit Group Limited.</p> <p>Monthly performance updates are provided to Orbit Group including a review of Early Warning Indicators.</p>	<p>We aim to provide clear information to Group, being honest and transparent as to the performance of the business.</p> <p>Value is generated by delivering our business plan to provide shared ownership and rented affordable housing and reinvesting the profits generated from market sale homes back into the provision of future affordable housing.</p>
<p><u>Customers</u> Listening to our Customers helps us understand their needs and provide suitable and sustainable homes.</p>	<p>Our teams are dedicated to making sure we constantly refine what we do – including amendments to house type designs and the improvement of our customers' experience.</p>	<p>Our focus is on ensuring delivery of excellent build quality and customer satisfaction. We monitor this through independent customer satisfaction surveys across all tenures which are benchmarked against our competitors.</p> <p>We believe that everyone is entitled to a good quality home that they can afford, in a place they are proud to live.</p>
<p><u>Workforce</u> Orbit Homes does not directly employ our people, as they are all employed by Orbit Group.</p> <p>We engage with our team members to create an inclusive company culture and a positive working environment.</p>	<p>We provide a leading employment experience where our people have the tools and skills needed to excel in their roles.</p> <p>We conduct an Annual Engagement Survey, to hear first-hand how our team members feel and to address any areas for improvement .</p>	<p>Great Place to work:</p> <ul style="list-style-type: none"> <li>• Promoting the personal growth, development, and wellbeing of our people.</li> <li>• Inclusive employer.</li> <li>• Orbit Homes had an 82% Engagement Score in the June 2023 survey.</li> </ul>
<p><u>Suppliers</u> Interaction with our suppliers and treating them fairly allows us to drive high standards and reduce risk in our supply chain, whilst also benefitting from costs efficiencies.</p>	<p>We meet regularly with our suppliers and subcontractors ensuring that risks are proactively managed. We strive to work with like-minded businesses and place great importance on retaining long term supplier relationships. This helps safeguard the quality of our product and our ability to deliver to our customers whilst establishing standards that ensure suppliers operate ethically, are environmentally responsible and that their workers are treated with respect and dignity.</p>	<p>The Board recognise the importance of maintaining good working relationships with our key suppliers.</p> <p>The Board place a high value on the quality of the working environment on our sites, and controls are in place to ensure supplier payments are made on a timely basis.</p> <p>The Board has been encouraged by the introduction of Modern Slavery Audits for our contractors to ensure they are treating their staff as we would expect.</p>

**Orbit Homes (2020) Limited  
Strategic Report**

<b>Stakeholders- their importance to us</b>	<b>The Board's approach to stakeholder engagement</b>	<b>Stakeholder consideration in the Board's decision making</b>
<p><u>Community</u> Maintaining and increasing the supply of affordable homes is core to our purpose.</p>	<p>Our purpose is to improve the lives of our customers, build a better society for the longer term and deliver the socially driven commercially minded vision of Orbit Group. This inspires us to develop our homes in an economically and socially useful way to benefit everyone in our communities.</p>	<p>By focusing on value for money and managing our business efficiently, we can reinvest our profits to build more affordable homes and improve our services and communities.</p>
<p><u>Environment</u> We fully acknowledge the global environmental crisis and are committed to ensure we reduce our impact through our approach to building new homes.</p>	<p>We are committed to embracing modern methods of construction to drive productivity and reduce our impact on the environment.</p> <p>We have been actively managing the impact of our Scope 1 &amp; 2 Activities in Construction.</p> <p>We are designing all of our new direct build developments to adhere to the principles of our 30x30 Biodiversity Commitment, which seeks to ensure that 30% of our estates' outdoor spaces support nature's recovery by 2030.</p>	<p>The Board are focused on driving forward the low carbon agenda. Orbit Homes' Energy Consumption per plot decreased 11% compared to the previous year. The main drivers behind this reduction are falls in overall energy consumed on our new build plots and onsite electricity and fuel use.</p>

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



**Sarah McCann**  
**Company Secretary**  
**16 July 2024**



## **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 2024.

### **Results and dividends**

The loss before tax for the financial year was £1.4 million (2023: £1.2 million profit) after deducting the payment of a dividend on the redeemable preference share capital of £1.7 million (2023: £1.7 million). The Directors do not recommend payment of a dividend on the ordinary share capital (2023: £Nil).

### **Charitable donations**

The Company made charitable donations totalling £nil (2023: £1k).

### **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 SONIA. 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 2024-25 are to help Orbit achieve its vision, delivering high quality new homes of mixed tenures in the areas in which we operate. As part of the Orbit Group's 2030 strategy, the Company aims to build circa 5,000 properties by 2025. 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 these financial statements are signed.

**Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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*.

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.

**Subsequent events**

The Directors have not identified any further 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.

**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 auditor**

KPMG LLP were appointed as the Company's auditor for the year ended 31 March 2024. A resolution to re-appoint the Group's auditor will be proposed at the Annual General Meeting.

### **Orbit Homes Energy Report 2023-24**

#### Introduction and Scope

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") requires quoted and large unquoted companies to report their energy and carbon performance in their annual reports as part of the government's policy on Streamlined Energy and Carbon Reporting (SECR).

Orbit Homes is a large unquoted company according to the guidance provided by the government on compliance with SECR. Orbit Homes both has turnover in excess of £36 million and a balance sheet in excess of £18 million.

This report relates only to Orbit Homes Limited and does not include entities within the Orbit Group Limited which is exempt from the reporting requirements of SECR.

#### Energy and Carbon Performance

The table below shows Orbit Homes' energy performance including the current and previous year as required under SECR. The table shows that total energy consumption by Orbit Homes in 2023-24 was 3,102,386kWh, a 12.9% reduction from the 2022-23 consumption of 3,561,946kWh.

Orbit Homes has chosen to normalise this data using the total number of direct build plots completed to allow comparison. Note that in previous years the combined total of direct-build and contract-build was used. However, on review it has been determined that only direct-build contribute to Orbit Homes' energy consumption and thus only this will be used for normalisation moving forward. The number of direct-build plots completed was 474 (22-23: 490). This means that energy consumption per plot was 6,545kWh (22-23: 7,361kWh), a decrease of 11% on the previous year.

The main drivers behind this reduction in overall energy consumption are falls in the energy consumed in our new build plots and onsite electricity and fuels use. This is offset to some extent by an increase in business travel. The trend of reducing gas and increasing electricity will accelerate in the coming years as we transition away from natural gas heating to zero carbon equivalents such as air source heat pumps from 2025, in compliance with the Future Homes Standard.

In terms of carbon emissions, Orbit Homes has seen a 6% reduction in total emissions, or 3% per direct-build plot. Orbit Homes transitioned from red diesel to Hydrotreated Vegetable Oil (HVO) in 2022 which continues to keep carbon emissions much lower than they would otherwise be.

**Orbit Homes Energy Report 2023-24 (continued)**

		2022-23		2023-24	
Source	Sub-category	Consumption (kWh)	Emissions (tCO <sub>2</sub> e)	Consumption (kWh)	Emissions (tCO <sub>2</sub> e)
Scope 1	<b>Natural Gas</b>	<b>705,778</b>	<b>131</b>	<b>525,760</b>	<b>103</b>
	Offices	No gas	0	No gas	0
	New build pre-sale/rent plots	705,778	131	525,760	103
	<b>Fuels</b>	<b>1,875,494</b>	<b>22</b>	<b>1,766,605</b>	<b>16</b>
	Red Diesel	-	-	-	-
	Butane	-	-	-	-
	Propane	14,925	3	-	-
	White Diesel	54,637	13	42,444	10
	HVO	1,805,932	6	1,724,161	6
Scope 2	<b>Electricity: location-based</b>	<b>668,466</b>	<b>124</b>	<b>429,185</b>	<b>132</b>
	Offices	-	-	-	-
	New build pre-sale/rent plots	231,378	45	77,465	40
	Construction sites	437,088	79	351,720	92
	<b>Electricity: market-based</b>	<b>668,466</b>	<b>0</b>	<b>429,185</b>	<b>0</b>
	Offices	-	-	-	-
	New build pre-sale/rent plots	231,378	0	77,465	0
	Construction sites	437,088	0	351,720	0
Scope 3	<b>Business Travel</b>	<b>312,208</b>	<b>98</b>	<b>380,836</b>	<b>117</b>
	Petrol	-	-	-	-
	Diesel	-	-	-	-
	Unknown fuel type	312,208	98	380,836	117
<b>TOTAL (location-based):</b>		<b>3,561,946</b>	<b>375</b>	<b>3,102,386</b>	<b>368</b>
<b>NORMALISED (PER PLOT):</b>		<b>7,631</b>	<b>0.79</b>	<b>6,545</b>	<b>0.78</b>
<b>TOTAL (market-based):</b>		<b>3,561,946</b>	<b>251</b>	<b>3,102,386</b>	<b>236</b>
<b>NORMALISED (PER PLOT):</b>		<b>7,361</b>	<b>0.51</b>	<b>6,545</b>	<b>0.50</b>

Methodology

The primary methodology used in compiling this energy performance data was the Greenhouse Gas Reporting Protocol – Corporate Standard. It has been prepared using an adapted version of a tool created on behalf of Orbit Group Limited by the Carbon Trust in 2019. The emissions factors have been sourced from BEIS using the 'Greenhouse gas reporting: conversion factors' tools and market-based electricity emissions factors direct from our energy suppliers through Renewable Energy Guarantees of Origin (REGOs). Periodic desk-top and onsite audits of this data have been performed by the in-house environmental sustainability team.

All calculations and resultant analysis have been performed or validated by a Chartered Environmentalist and Member of the Energy Institute.

**Orbit Homes (2020) Limited  
Directors' Report**

**Orbit Homes Energy Report 2023-24 (continued)**

Energy Efficiency Measures

Orbit Homes utilises a range of measures to improve its energy efficiency operationally. These include:

- Energy efficiency measures in welfare cabins such as PIR light sensors and thermostats;
- Connecting to the national grid as soon as possible to reduce use of red diesel or other fuel consumption;
- Regular temporary building supply electricity meter reads are taken and monitored for abnormal consumption;
- Low set temperatures in pre-sale plots (16°C) and show homes (18°C) to reduce heating-related energy consumption;
- Relevant managerial roles undertake a two-day IEMA accredited Environmental Sustainability Skills for Managers training course;
- Agile working to reduce travel requirements.

Carbon Saving Measures

Since April 2021, all new direct-build development site plots have been connected to green energy tariffs. This makes our pre-sale and show home electricity supply net zero carbon and makes it easier for customers to choose affordable and green energy supply contracts on completion. From April 2022, all new direct-build development site equipment (and temporary power generation) has used HVO (hydrotreated vegetable oil) instead of red or white diesel, which we estimated will have a 90% reduction on this proportion of our carbon footprint and due to it making up a significant part of the overall footprint, the saving will translate significantly to our overall footprint too.

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



**Sarah McCann**  
**Company Secretary**  
**16 July 2024**

<b>Registered office</b>
Garden Court Binley Business Park Harry Weston Road Binley Coventry CV3 2SU

## Independent Auditor's Report

### Independent Auditor's Report to the Members of Orbit Homes (2020) Limited

#### Opinion

We have audited the financial statements of Orbit Homes (2020) Limited ("the Company") for the year ended 31 March 2024 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 2024 and of its loss 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

#### Fraud and breaches of laws and regulations – ability to detect

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, directors and internal audit as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.

## Independent Auditor's Report

- Reading Board, audit and risk committee and remuneration committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the limited opportunity for management to manipulate revenue transactions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted with unusual combinations.
- Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and

## Independent Auditor's Report

regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### Other information

The directors are responsible for other information, which comprise 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
- 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.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 8, 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).



## Independent Auditor's Report

### 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.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the bottom.

**Harry Mears (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

KPMG LLP

Tollgate

Chandler's Ford

Eastleigh, Hampshire,

SO53 3TG

2 August 2024

**Orbit Homes (2020) Limited**  
**Statement of Comprehensive Income for the year ending 31 March 2024**

	Note	2024 £000	2023 £000
<b>Turnover</b>	<b>3</b>	<b>172,692</b>	179,688
Cost of sales		<b>(162,880)</b>	(168,702)
<b>Gross profit</b>		<b>9,812</b>	10,986
Administrative expenses		<b>(3,526)</b>	(3,503)
<b>Operating profit</b>	<b>4</b>	<b>6,286</b>	7,483
Interest receivable and similar income		<b>72</b>	19
Interest payable and similar charges	<b>5</b>	<b>(7,745)</b>	(6,317)
Donations paid		-	(1)
<b>(Loss) / profit on ordinary activities before tax</b>		<b>(1,387)</b>	1,184
Tax on profit on ordinary activities	<b>6</b>	<b>(314)</b>	(331)
<b>(Loss) / profit for the financial year</b>		<b>(1,701)</b>	853
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive (loss) / income for the financial year</b>		<b>(1,701)</b>	853

All amounts derive from continuing operations.

The accompanying notes form part of these financial statements.

**Orbit Homes (2020) Limited**  
**Statement of Changes in Equity for the year ending 31 March 2024**

	<b>Profit &amp; Loss Account £000</b>	<b>Share Capital £000</b>	<b>Total £000</b>
<b>As at 1 April 2022</b>	<b>7,378</b>	<b>10,000</b>	<b>17,378</b>
Profit for the year	853	-	853
<b>Balance at 31 March 2023</b>	<b>8,231</b>	<b>10,000</b>	<b>18,231</b>
Loss for the year	<u>(1,701)</u>	<u>-</u>	<u>(1,701)</u>
<b>Balance at 31 March 2024</b>	<b>6,530</b>	<b>10,000</b>	<b>16,530</b>

The accompanying notes form part of these financial statements.

**Orbit Homes (2020) Limited****Statement of Financial Position as at 31 March 2024**

	Note	2024 £000	2023 £000
<b>Fixed assets</b>			
Tangible assets	7	156	188
<b>Current assets</b>			
Stocks	8	122,858	119,700
Debtors	9	25,837	30,672
Cash at bank and in hand		1,910	4,976
		150,605	155,348
Creditors: amounts falling due within one year	10	(26,333)	(18,407)
<b>Net current assets</b>		124,272	136,941
<b>Total assets less current liabilities</b>		124,428	137,129
Creditors: amounts falling due after more than one year	12	(107,898)	(118,898)
<b>Net assets</b>		16,530	18,231
<b>Capital and reserves</b>			
Called up share capital	14	10,000	10,000
Profit and loss account		6,530	8,231
<b>Equity shareholders' funds</b>		16,530	18,231

The accompanying notes form part of these financial statements.

The financial statements on pages 16 to 27 were approved by the Board of Directors and signed on its behalf by:



**Stephen Stone**  
Chair

**16 July 2024**

Company Registration Number 06950748

## **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 2024 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, taking account of severe but plausible downsides, such economic downturn, political pressures or a perfect storm, 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.

## **Significant management judgements and estimates**

### **Development margins, impairment and recoverability of stocks**

Management is required to make estimates in accounting for housebuilding development costs and margins. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change.

In determining work in progress and the profit recognised on sales in any given year, management allocates land and site-wide development costs between units built in the current year and those to be built in future years. This assessment impacts the value of stock and work in progress and profit recognition on sale of properties.

Management has ongoing procedures for assessing the carrying value of stock and work in progress to ensure it is valued at lower than its net realisable value. An estimate is made of the costs to complete on each development based on build stages on each home together with the stage of infrastructure and these costs are compared to estimated sales values. Values are assessed using available market information informed by recent experience on similar properties and site-specific knowledge.

Sensitivities of the carrying amount of Stocks and Work in Progress to the assumptions and estimates used are disclosed in note 8.

**Orbit Homes (2020) Limited**  
**Notes to the Financial Statements**

**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**

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.

**Profit recognition on sales of properties**

The cost of sales is posted to the statement of comprehensive income for each market sale property based on legal completion on the initial appraisal target margin. This target margin is periodically reviewed for appropriateness.

**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. Gift aid credits shown in the financial statements are payable within 9 months following the year end.

**Liquid resources**

Liquid resources comprise loans from group undertakings, Orbit Group Limited.

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

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Aggregate emoluments paid to or received by Directors who are not executive staff members including salaries, honoraria, other benefits and employer's national insurance contributions	<b>9</b>	<b>7</b>

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

Expenses paid during the year on behalf of Board members amounted to £412 (2023: £2,000).

**3. Turnover**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Sale of new homes	<b>61,110</b>	84,995
Design and build fees	<b>111,465</b>	94,177
Intra group recharges	-	34
Other	<b>117</b>	482
	<b>172,692</b>	179,688

4. Operating profit

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Operating profit is stated after charging</b>		
<b>Fixed assets:</b>		
Depreciation – owned assets	49	40
<b>Auditor’s remuneration:</b>		
In their capacity as auditor	43	25
<b>Total audit services</b>	<b>43</b>	<b>25</b>
<b>Other operating lease rentals</b>	<b>-</b>	<b>11</b>

5. Interest payable and similar charges

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>On bank loans, overdrafts and other loans</b>		
Repayable, other than by instalments, within 5 years	-	-
<b>On loans from Group undertakings</b>		
Redeemable preference shares	1,700	1,700
Repayable, other than by instalments, within 5 years	6,027	4,592
<b>Other interest</b>	<b>18</b>	<b>25</b>
	<b>7,745</b>	<b>6,317</b>



6. Tax on profit on ordinary activities

	2024	2023
	£000	£000
<b>(a) Analysis of charge/(credit) in year:</b>		
<b>Current tax:</b>		
UK Corporation Tax on profits of the year	91	323
Adjustments in respect of prior years & other differences	223	8
<b>Total current tax</b>	<b>314</b>	<b>331</b>

The current tax charge for the year is higher than the standard rate of Corporation Tax in the UK. The differences are explained below:

	2024	2023
	£000	£000
<b>(b) Factors affecting tax charge for current year:</b>		
(Loss) / profit on ordinary activities before tax	(1,387)	1,184
Tax on profit on ordinary activities at standard rate 25% (2023: 19%)	(347)	225
Accelerated capital allowances and other differences	438	332
Other permanent differences	-	(234)
Adjustments in respect of prior years & other differences	223	8
<b>Current tax charge for the year</b>	<b>314</b>	<b>331</b>

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

The Spring Budget 2024 did not include any major reforms to corporation tax. The main rate and the small profits rate are unchanged for 2024-25, at 25% and 19% respectively.

## 7. Tangible assets

	Leasehold improvements £000	Furniture, fixtures & equipment £000	Total £000
<b>Cost</b>			
As at 1 April 2023	619	646	1,265
Additions	15	2	17
<b>At 31 March 2024</b>	<b>634</b>	<b>648</b>	<b>1,282</b>
<b>Less: accumulated depreciation</b>			
At 1 April 2023	(443)	(634)	(1,077)
Charge for year	(42)	(7)	(49)
<b>At 31 March 2024</b>	<b>(485)</b>	<b>(641)</b>	<b>(1,126)</b>
<b>Net book amount</b>			
<b>At 31 March 2024</b>	<b>149</b>	<b>7</b>	<b>156</b>
<b>At 31 March 2023</b>	<b>176</b>	<b>12</b>	<b>188</b>

## 8. Stocks

	2024 £000	2023 £000
Completed properties	20,125	24,240
Under construction	102,733	95,460
	<b>122,858</b>	<b>119,700</b>

Management has considered a sensitivity analysis for the key sources of estimation with the resulting increase / (decrease) in the carrying value of stocks and work in progress at 31 March 2024. Sensitivity reflecting a 5% increase in build cost to complete and 5% reduction in future sales values would not result in the requirement to impair our work in progress.

## 9. Debtors

	2024 £000	2023 £000
Amounts owed by Group undertakings	21,798	22,564
Taxation and social security	2,780	6,388
Other debtors	1,259	1,720
	<b>25,837</b>	<b>30,672</b>

**Orbit Homes (2020) Limited**  
**Notes to the Financial Statements**

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

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>25,654</b>	14,863
Amounts owed to Group undertakings	<b>176</b>	2,383
Taxation and social security	<b>148</b>	230
Accruals and deferred income	<b>355</b>	931
	<b>26,333</b>	18,407

**11. Deferred Taxation**

Deferred tax was not significant for 2024 or 2023 and has therefore not been provided for in the financial statements.

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

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Loans from Group undertakings (Note 13)	<b>73,898</b>	84,898
Redeemable preference shares (Note 13)	<b>34,000</b>	34,000
	<b>107,898</b>	118,898

**Orbit Homes (2020) Limited**  
**Notes to the Financial Statements**

**13. Loans and other borrowings**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Loans from Group undertakings	<b>73,898</b>	84,898
Redeemable preference shares	<b>34,000</b>	34,000
	<b>107,898</b>	118,898

**Maturity of financial liabilities**

	<b>2024</b>	<b>2023</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	<b>107,898</b>	34,000
In more than two years but not more than five years	-	84,898
	<b>107,898</b>	118,898

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.

**14. Called up share capital**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Issued and fully paid shares of £1 each	<b>1</b>	1
Issued and unpaid shares of £1 each	<b>10,000,099</b>	10,000,099
	<b>10,000,100</b>	10,000,100

On 31 March 2021 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 2024 and an amount of £10,000,000 is included in Note 9 Debtors as 'Amounts owed by group undertakings'.

**15. Capital commitments**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Capital expenditure which has been contracted for but has not been provided for in the financial statements	<b>632,934</b>	626,505
Capital expenditure which has been authorised under authority from the Orbit Board but has yet to be contracted	<b>68,164</b>	166,092
	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
The Company expects these commitments to be financed with:		
Proceeds from sale of new homes	<b>202,196</b>	230,457
Proceeds from sale of housing to other Group undertakings	<b>498,902</b>	562,140
	<b>701,098</b>	792,597

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:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Within one year	-	11
Within two and five years	-	-

**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 2024. 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.