

**Orbit Homes (2020) Limited**

**FINANCIAL STATEMENTS**

**For The Year Ended 31 March 2016**

**Company Registration Number 06950748**

## Orbit Homes (2020) Limited

### CONTENTS

#### PAGE

Executive Officers and Auditors	1
Strategic Report	2
Directors' Report	4
Independent Auditors' Report	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Financial Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11

## Orbit Homes (2020) Limited

### Executive Officers and Auditors

#### 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		Appointed	Resigned
Christopher Crook	Non Executive Director/Chair	06/12/2011	
Anthony Crook	Non Executive Director	06/04/2011	
Devendra Ghandi	Non Executive Director	14/10/2009	13/10/2015
Shirley Watson	Non Executive Director	01/10/2015	
Richard Berrett	Non Executive Director	10/07/2013	
Nail Topping	Non Executive Director	14/10/2009	13/10/2015
Wendy Colgrave	Non Executive Director	01/11/2015	
Helen Devy	Non Executive Director	01/02/2013	
Richard Wright	Company Secretary	02/07/2009	

#### Executive Officers

The Company had no employees during the year other than Directors (2015: 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.

	Independent Auditors	Principal Solicitors
Address	KPMG LLP One Snowhill Snowhill Queensway Birmingham B4 6GH United Kingdom	Trowers and Hamlins 3 Bunhill Row London EC1Y 8YZ

	Registered Office
Address	Garden Court Harry Weston Road Binley Business Park Binley Coventry West Midlands CV3 2SU

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

### **Strategic Report**

The Directors present their Strategic Report on Orbit Homes (2020) Limited for the year ended 31 March 2016.

#### **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 companies ("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 and the objectives are aligned under three key outcomes:

- Housing choice
- Customer offer, and
- Community investment

The performance of Orbit Homes is managed against objectives related to these outcomes and in 2015/16 the Company has continued to achieve growth and success in delivering against those objectives.

#### Affordable Development

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

Affordable development delivery has grown by 12% this year. Successful bids for grant funding under the 15/16 HCA and GLA programmes have helped achieve 2,477 Affordable 'starts' in the year.

We monitor our performance against our contracts with the HCA and GLA closely, and at the end of the year we had completed 1,543 affordable homes during the year for other members of Orbit, and had exceeded all of our targets for our HCA programmes.

The Company will continue to grow Affordable development in pursuit of the Orbit Group 2020 Vision of delivery of 12,000 homes to Britain.

#### Market Sale Development

In the 2011/12 financial year the Company started to build homes for sale. A total of 223 market sales (222 built) were completed during 2015/16 from a total of nine sites. This represents an increase of 70% in unit terms. We expect this to grow again in 2016/17 to a budgeted 228 units. Average sales prices have increased by over £14,000 per unit (6.8%) Margin and therefore return to Orbit has also grown providing the Group with increased cash to invest in the wider business demonstrating the 'Profit for a Purpose' message publicised by the Group.

This year has been about consolidating performance and building the resource base for continued growth in market sales. Land and plots have been identified for the next five years as growth in unit and monetary sales continue.

At the end of the year, the company had capital and reserves of £0.006m (2015:£(0.3m)) and long term liabilities of £78.1m (2015:£74.7m), represented by fixed assets of £0.3m (2015:£0.2m) and net current assets of £78.1m (2015:£74.3m).

Customer satisfaction is an important measure for Orbit and all areas of Orbit development have had a successful year with 'Recommend a Friend' and 'Satisfaction with the Quality of Home' scores for all tenures exceeding 85%. The Market Sale division is one of a handful of house builders to be awarded a five star rating in the Home Builders Federation's (HBF) annual customer satisfaction survey

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

### **Strategic Report**

#### **Risks and Uncertainties**

As a house building company selling homes outright in the open market and on a shared ownership basis, we are exposed to the market conditions that prevail in the wider housing market. The Board meet monthly to review progress in respect of sales and to agree future build releases in order to manage that risk effectively. We are also using several different mortgage products and funding arrangements, and are actively exploring new products for the future.

Funding for the Company is currently provided by means of a combination of investment and two loan facilities from Orbit Group Limited, the parent company, and development finance from RBS of up to £30m. Our ambitions to expand our turnover will require additional funding in order to achieve the desired level of growth in the short to medium term, and we are currently exploring different options that will enable us to achieve this.

#### **Treasury Policy**

The Board recognises that its high degree of debt makes it important to consider its treasury policy. 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. For Orbit Homes (2020) Limited this involves minimising loans drawn, cash held at bank and investing surplus cash in short term cash deposits.

#### **Taxation Strategy**

The Company follows the Group's Taxation Strategy. The requirement in the Finance Bill 2016 for all businesses with turnover of £200m+ to publish the strategy has been adhered to and this can be found on the group website at [www.orbit.org.uk](http://www.orbit.org.uk)

#### **Key Performance indicators (KPIs)**

The Managing Director of Orbit Homes (2020) Limited sits on the Executive Team of Orbit Group and the performance of Orbit Homes is closely scrutinised by Orbit Group therefore the Company's directors believe that analysis using KPI's for the Company are not necessary or appropriate for an understanding of the development, performance or position of Orbit Homes (2020) Limited. KPI's are included in the Operating & Financial Review Statement in the group's annual report.

#### **External Environment**

The referendum outcome and subsequent political and economic uncertainty are clearly another area of risk, however there has been no immediate financial, liquidity or other concerns for Orbit as a result. We will continue to monitor the situation and implications for us and take appropriate action if and when necessary.

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

  
**Richard Wright**  
Company Secretary

14 July 2016

## **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 2016.

### **Future Prospects**

Our ambitions for 2016/17 will be to help Orbit Group to achieve its 2020 Vision through our Housing, Customer and Community Offers, providing a wide range of homes to meet need and aspiration. We will grow our turnover from market sales and seek new business in other related fields.

### **Results and Dividends**

The profit for the financial year before tax was £1,598k (2015: £3,831k). In arriving at this profit there has been a deduction constituting the payment of a dividend of £1,700k (2015: £1,361k) on the redeemable preference share capital. The Directors do not recommend payment of a dividend on the ordinary share capital (2015: £Nil).

### **Charitable Donations**

The financial statements include a provision for Gift Aid donations totalling £485k (2015: £4,111k) payable to the parent company, Orbit Group Limited. In addition, the Company made charitable donations totalling £3k (2015: £5k) to support charitable organisations outside of the Orbit Group, 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 requirements for loan funding to ensure that sufficient funds will be available to cover the development of new homes for sale and the commitment to purchase of 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 are regularly monitored, and future interest rate assumptions are reflected in the appraisal of future development schemes.

### **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 indemnifying them against legal claims from third parties that 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, 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 the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and have adopted FRS102 for the first time. 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:

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

### **Directors' Report**

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Going Concern**

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

### **Disclosure of information to Auditor**

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

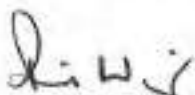
- (1) so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- (2) each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Independent Auditors**

KPMG LLP were appointed as the company's auditors for the year ended 31 March 2016. A resolution to re-appoint the Company's Auditor for external audit services will be proposed at the Annual General Meeting.

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



**Richard Wright**  
Company Secretary

14 July 2016

## Orbit Homes (2020) Limited

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORBIT HOMES (2020) LIMITED FOR THE YEAR ENDED 31 MARCH 2016

We have audited the financial statements of Orbit Homes (2020) Limited for the year ended 31 March 2016 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

#### Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

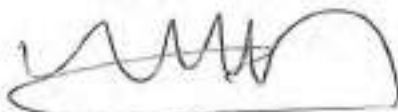
#### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



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

9 August 2016



Orbit Homes (2020) Limited

Statement of Comprehensive Income

For the Year Ended 31 March 2016

		2016 £000	2015 £000
<b>Turnover</b>	3	174,662	164,141
Cost of sales		(166,663)	(158,931)
<b>Gross profit</b>		7,999	5,210
Administrative Expenses		(1,936)	(1,390)
<b>Operating Profit</b>	4	6,063	3,820
Interest Receivable and Similar Income		63	7
Interest Payable and Similar Charges	5	(4,855)	(163)
Movement in fair value of financial instruments		327	167
<b>Profit on Ordinary Activities before Taxation</b>		1,598	3,831
Tax on Profit on Ordinary Activities	6	(837)	26
<b>Profit for the Financial Year</b>		761	3,857
<b>Other Comprehensive Income</b>		-	-
<b>Total comprehensive income for the financial year</b>		761	3,857

Orbit Homes (2020) Limited

Statement of Changes in Equity

As at 31 March 2016

	Income & Expenditure reserve £000	Total £000
<b>As at 1 April 2014</b>	(16)	(16)
Profit for the year	3,857	3,857
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>3,841</b>	<b>3,841</b>
Gift Aid Donations	(4,111)	(4,111)
<b>Balance at 31 March 2015</b>	<b>(270)</b>	<b>(270)</b>
Profit for the year	761	761
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>761</b>	<b>761</b>
Gift Aid Donations	(485)	(485)
<b>Balance at 31 March 2016</b>	<b>6</b>	<b>6</b>

Orbit Homes (2020) Limited

Statement of Financial Position

For the Year Ended 31 March 2016

	Note	2016 £000	2015 £000
<b>FIXED ASSETS</b>			
Tangible Assets	7	342	164
<b>Current Assets</b>			
Stocks	8	67,723	73,774
Debtors	9	29,621	27,026
Cash at Bank and in Hand		4,712	1,209
		<b>102,056</b>	102,009
<b>Creditors: Amounts falling due within one year</b>	10	<b>(24,298)</b>	(27,743)
<b>NET CURRENT ASSETS</b>		<b>77,758</b>	74,266
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>78,100</b>	74,430
<b>Creditors: Amounts falling due after more than one year</b>	11	<b>(78,094)</b>	(74,700)
<b>NET ASSETS/(LIABILITIES)</b>		<b>6</b>	(270)
<b>Capital and Reserves</b>			
Called up share capital	13	-	-
Profit and Loss account		6	(270)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>6</b>	(270)

The financial statements on pages 7 to 18 were approved by the Board of Directors and signed on its behalf by:



Christopher Crook  
CHAIR

14 July 2016

Company Registration Number 06950748

Orbit Homes (2020) Limited

Statement of Cash Flows

For the Year Ended 31 March 2016

	Note	2016 £000	2015 £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	15	<b>6,482</b>	<b>(29,164)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of tangible assets		(242)	(66)
Interest received		63	7
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(179)</b>	<b>(59)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest Paid		(3,557)	(2,581)
Share capital issued in the year		-	12,000
Repayment of loans		(7,987)	-
Loans received		8,744	20,306
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(2,800)</b>	<b>29,725</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>3,503</b>	<b>502</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>		<b>1,209</b>	<b>707</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>4,712</b>	<b>1,209</b>

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

#### For the Year Ended 31 March 2016

##### 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.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 20 for an explanation of the transition.

Exemption has been taken under FRS102 to not disclose related party transactions.

###### 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 VAT and other sales related taxes. All turnover arises in the UK only.

###### Revenue Recognition

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

###### Leases

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

In line with recent changes to charitable reporting guidelines, Gift Aid is now presented as a distribution of reserves rather than being shown in the Profit and Loss account.

###### Liquid resources

Liquid Resources comprise loans from Group Undertakings and from the Homes and Communities Agency.

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

#### For the Year Ended 31 March 2016

#### 1. Accounting Policies (continued)

##### Going Concern

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

#### 2. Directors' and Executive Officers' Emoluments

	2016 £000	2015 £000
Aggregate emoluments paid to or received by Directors who are not executive staff members including salaries, honoraria and other benefits	18	15
Aggregate emoluments paid to or received by Directors who are executive staff members including salaries, honoraria and other benefits **	62	63

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

#### 3. Turnover

	2016 £000	2015 £000
Sale of new homes	49,496	27,259
Sale of part exchange homes	-	524
Help to Buy income	2,997	2,475
Design and Build fees	122,089	133,723
Other	80	160
<b>Total</b>	<b>174,662</b>	<b>164,141</b>

#### 4. Operating Profit

	2016 £000	2015 £000
<b>Operating Profit is stated after charging</b>		
<b>Fixed Assets:</b>		
- Depreciation – Owned Assets	64	58
<b>Auditor's Remuneration:</b>		
- In their Capacity as Auditors	12	16
<b>Other Auditor's Remuneration:</b>		
- Tax compliance services	7	7
Other operating lease rentals	32	32

**Orbit Homes (2020) Limited**

**Notes to the Financial Statements**

**For the Year Ended 31 March 2016**

**5. Interest Payable and Similar Charges**

	2016 £000	2015 £000
<b>On Bank Loans, Overdrafts and Other Loans</b>		
Repayable, other than by instalments, within 5 years	761	591
<b>On Loans from Group Undertakings</b>		
Redeemable preference shares	1,700	1,361
Repayable, other than by instalments, within 5 years	1,096	724
	3,557	2,676
Interest released/(charged) from/to Work in Progress	1,298	(2,513)
	4,855	163

At 31<sup>st</sup> March 2016 all interest costs incurred during the development period have been expensed in the Statement of Comprehensive Income. Previously interest costs incurred during the development period were held within Work in Progress, and expensed upon plot sale. This change in accounting estimate has resulted in an increased interest expense of £4,678k for the year ended 31<sup>st</sup> March 2016. It would be impracticable to state the effect on future periods, ultimately the change in accounting estimate is a timing change.

**6. Tax on Profit on Ordinary Activities**

	2016 £000	2015 £000
<b>(a) Analysis of charge/(credit) in year:</b>		
<b>Current tax:</b>		
UK Corporation Tax on profits of the year	548	-
Adjustments in respect of prior years	289	(26)
<b>Total Current Tax</b>	<b>837</b>	<b>(26)</b>

There is no deferred tax for the year, either recognised or unrecognised (2015: £Nil).

The current tax charge for the year is higher (2015: lower) than the standard rate of Corporation Tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £000	2015 £000
<b>(b) Factors affecting tax charge for current year:</b>		
Profit on ordinary activities before tax	1,598	3,831
Tax due at 20% (2015: 21%) thereon	319	805
Accelerated capital allowances and other differences	229	(805)
Adjustments in respect of prior years	289	(26)
<b>Current Tax Charge for the Year</b>	<b>837</b>	<b>(26)</b>

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

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%.

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the Year Ended 31 March 2016

7. Tangible Assets

	Leasehold Improvements £000	Furniture, Fixtures and Equipment £000	Total £000
<b>Cost</b>			
At 1 April 2015	33	272	305
Additions	153	89	242
<b>At 31 March 2016</b>	<b>186</b>	<b>361</b>	<b>547</b>
<b>Less: Accumulated Depreciation</b>			
At 1 April 2015	7	134	141
Charge for Year	3	61	64
<b>At 31 March 2016</b>	<b>10</b>	<b>195</b>	<b>205</b>
<b>NET BOOK AMOUNT</b>			
<b>At 31 March 2016</b>	<b>176</b>	<b>166</b>	<b>342</b>
<b>At 31 March 2015</b>	<b>26</b>	<b>138</b>	<b>164</b>

8. Stocks

	2016 £000	2015 £000
Work in Progress	67,723	73,774

An impairment loss of £1,661k (2015: Nil) was recognised in cost of sales against work in progress during the year due to decrease in sales value.

9. Debtors

	2016 £000	2015 £000
Amounts owed by Group Undertakings	21,616	22,498
Other Debtors	8,005	4,528
	<b>29,621</b>	<b>27,026</b>



## Orbit Homes (2020) Limited

### Notes to the Financial Statements

#### For the Year Ended 31 March 2016

##### 10. Creditors: Amounts Falling Due Within One Year

	2016	2015
	£000	£000
Loans from Homes & Communities Agency	-	2,637
Trade Creditors	19,119	17,614
Amounts owed to Group Undertakings	3,504	6,482
Taxation and Social Security	544	-
Accruals and Deferred Income	1,131	1,010
	<u>24,298</u>	<u>27,743</u>

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

	2016	2015
	£000	£000
Bank Loans and overdrafts	12,244	3,500
Loans from group companies	31,850	37,200
Redeemable Preference Shares	34,000	34,000
	<u>78,094</u>	<u>74,700</u>

##### 12. Loans and Other Borrowings

	2016	2015
	£000	£000
Loans from Group Undertakings	31,850	37,200
Other Loans	12,244	6,137
Redeemable Preference Shares	34,000	34,000
	<u>78,094</u>	<u>77,337</u>

##### Maturity of Financial Liabilities

	2016	2015
	£000	£000
In one year or less, or on demand	-	2,637
In more than one year, but not more than two years	78,094	71,200
In more than two years, but not more than five years	-	3,500
	<u>78,094</u>	<u>77,337</u>

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

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

#### For the Year Ended 31 March 2016

#### 12. Loans and Other Borrowings (continued)

During the year Orbit Homes issued nil (2015: 12m) 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 entered into a £30m development finance facility with the Royal Bank of Scotland plc in May 2014. During the year drawdowns have been made against various development schemes. Each drawdown is secured by a fixed charge over the market sales assets of the scheme.

#### 13. Called up Share Capital

	No.	2016 £	No.	2015 £
Authorised ordinary shares of £1 each	100	100	100	100
Issued and Fully Paid Shares of £1 each	1	1	1	1

#### 14. Capital Commitments

	2016 £000	2015 £000
Capital Expenditure which has been contracted for but has not been provided for in the financial statements	478,015	302,866
Capital Expenditure which has been authorised under authority from the Orbit Board but has yet to be contracted for	451,954	509,298

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

#### 15. Cash flows from operating activities

	2016 £000	2015 £000
Cash Flows from operating profit	6,063	3,820
Depreciation charge on other tangible assets	64	58
Decrease/(increase) in Stocks	4,752	(23,943)
Decrease/(increase) in Debtors	(2,599)	(8,984)
Decrease/(increase) in Creditors	(1,838)	182
Fair Value	327	163
<b>Cash from operations</b>	<b>6,771</b>	<b>(28,704)</b>
Taxation	(289)	(460)
<b>Net cash generated from operating activities</b>	<b>6,482</b>	<b>(29,164)</b>

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

#### For the Year Ended 31 March 2016

#### 16. Financial assets and liabilities

	2016	2015
	£000	£000
Financial assets measured at fair value through profit or loss	493	166

#### 17. Leasing commitments

The future minimum operating lease payments are as follows:

	2016	2015
	£000	£000
Within one year	48	32
Within two and five years	254	37

#### 18. 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 2016. The consolidated financial statements of Orbit Group Limited are published on the Orbit website [www.orbit.org.uk](http://www.orbit.org.uk).

#### 19. 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 FRS102.

## Orbit Homes (2020) Limited

### Notes to the Financial Statements

#### For the Year Ended 31 March 2016

#### 20. Transition to FRS102

The Company has adopted FRS102 for the year ended 31 March 2016 and has restated the comparative prior year amounts.

#### Explanations

1. Sales & Marketing costs are written off as they are incurred rather than including in stock and writing off as a cost of sale
2. Total present value of estimated future cash inflows in respect of a build contract. The inflows relate to interest and a share of sales proceeds.
3. An accrual is now made for the entitlement to holiday at the year end which has not been taken by employees up to a maximum of five days. This has been calculated based on payroll records as being an adjustment to opening reserves of £7k.

<b>Restated statement of financial position</b>	<b>31 March 2015 £'000</b>	<b>1 April 2014 £'000</b>
Original shareholders funds	19	1,572
Stock valuation adjustment (Note 1)	(449)	(1,555)
Stock valuation adjustment (Note 2)	166	-
Creditors: Amounts falling due after more than one year (Note 3)	(6)	(33)
Restated shareholders funds	<u>(270)</u>	<u>(16)</u>

#### Restated profit and loss for the year ended 31st March 2015

	<b>£'000</b>
Original profit on ordinary activities before tax	4,120
Remove stock valuation adjustment (Note 1)	(449)
Add stock valuation adjustment (Note 2)	166
Holiday Pay accrual (Note 3)	(6)
	<u>3,831</u>
Original tax on Ordinary Activities	26
Restated profit for the financial year	<u>3,857</u>