

**Orbit Homes (2020) Limited**

**Financial statements**

**For the year ended 31 March 2017**

**Company Registration Number 06950748**

# Orbit Homes (2020) Limited

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## 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	Role	Appointed	Resigned
Richard Wright	Company Secretary	2 July 2009	
Anthony Crook	Non Executive Director	6 April 2011	
Christopher Crook	Non Executive Director/Chair	6 December 2011	
Helen Devy	Non Executive Director	1 February 2013	
Richard Berrett	Non Executive Director	10 July 2013	
Shirley Watson	Non Executive Director	1 October 2015	
Wendy Colgrave	Non Executive Director	1 November 2015	

#### Executive officers

The company had no employees during the year other than directors (2016: 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 Snow Hill Snow Hill Queensway Birmingham B4 6GH United Kingdom	Trowers and Hamblins 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 2017.

#### 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 four key outcomes:

- Service
- Property and profit
- People
- Compliance

The performance of Orbit Homes is managed against objectives related to these outcomes and in 2016-17 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.

We have delivered 1,578 (2015-16: 1,543) homes built in the year representing a 2.3% increase. This includes developing 23 units in partnership for other registered providers as we aim to deliver as many homes as possible to the UK. Affordable development starts in the year totalled 1,758 (2015-16: 2,477), a reduction of 29%. This number fluctuates year on year depending on the timing of the HCA and GLA grant funding programmes.

We monitor our performance against our contracts with the HCA and GLA closely, and at the end of the year we had completed and had exceeded all of our targets for our grant funded programmes.

We will continue to grow affordable development in pursuit of the Orbit Group 2020 Vision to deliver of 12,000 homes to Britain. At the end of the year Orbit had completed 5,926 (2015-16: 4,138) new homes in pursuit of this target since 1 April 2013. The development pipeline currently shows that we are on course to meet the 2020 objective.

#### Market sale development

The company started to build homes for sale 6 years ago. A total of 209 market sales (210 built) were completed during 2016-17 from a total of eleven sites. This represents a decrease in units of 6.3% compared to last year. The budget had been set anticipating a small increase to 228 unit sales however this target was missed due to handover of units from partner sites running behind schedule. We expect this number to grow again in 2017-18 to a budgeted 250 units.

Average sales prices for the year have increased by £14,000 (6.0%) to £246,000 compared to the budgeted prices. Build cost has also increased by on average £9,000 (4.5%) to £208,000. Margin has therefore grown with gross margin reaching 19.3% compared to 17.8% budgeted. Profits are re-invested back into the wider business demonstrating the 'profit for a purpose' vision of the Group.

The overall company return on capital employed (ROCE) has seen an increase in each of the last three years moving from 7.4% in 2014-15 to 7.9% in 2015-16 and 11.5% in 2016-17. The average ROCE employed across all of the market sales sites sold from during the year is 20.9%

At the end of the year, the Company had capital and reserves of £5.9m (2016: £0.006m) and long term liabilities of £73.6m (2016: £78.1m), represented by fixed assets of £0.4m (2016: £0.3m) and net current assets of £79.1m (2016: £77.8m).

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

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

### **Strategic report**

#### **Risks and uncertainties**

As a house building company selling homes outright in the open market and on a shared ownership basis, we are exposed to the market conditions that prevail in the wider housing market. The board meet at least 6 times a year to review progress and help to manage risk. The Senior Management team and the Executive team maintain a detailed risk register that is reviewed by the Orbit Homes Board and the Orbit Group Board bi-annually. A member of the Orbit Homes board also sits on the Group's Audit, Risk and Compliance (ARAC) Committee who meet three times a year.

Funding for the company is currently provided by a combination of investment and two loan facilities from Orbit Group Limited, the parent company, and development funding from RBS of up to £30m. The overall level of financing in place is commensurate to the current size of the development pipeline and is managed through the finance and treasury function at a Group level. Currently there is an adequate level of headroom in the funding available to Orbit Homes and this position is actively managed with a view towards the future requirements of the subsidiary.

#### **Treasury policy**

The board recognises that it is important to consider treasury policy given its funding structure. The Treasury function operates within a framework of clearly defined Orbit board approved policies, procedures and delegated authorities. The fundamental principle underlying the Company's approach is to treat treasury activities as a means of controlling risk rather than for profit generation. For Orbit Homes (2020) Limited this involves minimising loans drawn, cash held at bank and investing surplus cash in short term cash deposits.

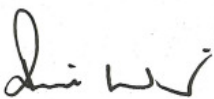
#### **Taxation strategy**

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 by March 2018 will be adhered to and will be published on the group website at [www.orbit.org.uk](http://www.orbit.org.uk) by that date.

#### **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 and financial review statement in the Group's annual report.

Approved by the board of directors and signed by order of the board:



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

**13 July 2017**

## **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 2017.

### **Results and dividends**

The profit before tax for the financial year was £5,875k (2016: £1,598k) after deducting the payment of a dividend on the redeemable preference share capital of £1,700k (2016: £1,700k). The directors do not recommend payment of a dividend on the ordinary share capital (2016: £Nil).

### **Charitable donations**

The financial statements do not include a provision for gift aid donations to Orbit Group Ltd this year (2016: £485k). Profits are available to gift aid, however Group losses are also available to relieve the tax position and it is considered prudent to grow the reserves position of Orbit Homes as these were previously heavily reduced by the impact of FRS 102 accounting changes. In addition, the Company made charitable donations totalling £1k (2016: £3k) 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 loan requirements to ensure sufficient funds will be available to cover the development of new homes for sale and for commitments to purchase land to facilitate future development programmes.
- **Interest rate risk**  
The funding provided by the parent company, Orbit Group Limited, bears interest at rates linked to LIBOR. Exposure to the effects of movements in interest rates is regularly monitored, and future interest rate assumptions are reflected in the appraisal of future development schemes.

### **Future prospects**

Our ambitions for 2017-18 will be to help Orbit Group to achieve its 2020 Vision through our service, property and profit, people and compliance, providing a wide range of homes to meet need and aspiration. We will grow our turnover and profit from market sales and seek new business in other related fields.

### **Directors**

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

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

The directors are responsible for preparing the strategic report, 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). 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 subsidiary have adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in the financial statements.

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

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

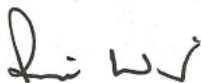
- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish 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 2017. A resolution to re-appoint the company's auditor for external audit services will be proposed at the Orbit Group Limited Annual General Meeting.

Approved by the board of directors and signed by order of the board:



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

**13 July 2017**

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

### **Independent auditors' report to the members of Orbit Homes (2020) Limited For the year ended 31 March 2017**

We have audited the financial statements of Orbit Homes (2020) Limited for the year ended 31 March 2017 set out on pages 8 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 Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 2017 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 is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.



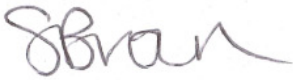
## Orbit Homes (2020) Limited

### Independent auditors' report to the members of Orbit Homes (2020) Limited For the year ended 31 March 2017

#### 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; and
- we have not received all the information and explanations we require for our audit.



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

25<sup>th</sup> July 2017

## Orbit Homes (2020) Limited

### Statement of comprehensive income

For the year ended 31 March 2017

		2017 £000	2016 £000
<b>Turnover</b>	<b>3</b>	<b>200,844</b>	174,662
Cost of sales		(189,501)	(166,663)
<b>Gross profit</b>		<b>11,343</b>	7,999
Administrative expenses		(2,232)	(1,936)
<b>Operating profit</b>	<b>4</b>	<b>9,111</b>	6,063
Interest receivable and similar income		121	63
Interest payable and similar charges	<b>5</b>	(3,436)	(4,855)
Movement in fair value of financial instruments		79	327
<b>Profit on ordinary activities before tax</b>		<b>5,875</b>	1,598
Tax on profit on ordinary activities	<b>6</b>	-	(837)
<b>Profit for the financial year</b>		<b>5,875</b>	761
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the financial year</b>		<b>5,875</b>	761

**Orbit Homes (2020) Limited**

**Statement of changes in equity**

**As at 31 March 2017**

	<b>Income &amp; expenditure reserve £000</b>	<b>Total £000</b>
<b>As at 1 April 2015</b>	(270)	(270)
Profit for the year	761	761
Gift aid donations	(485)	(485)
<b>Balance at 31 March 2016</b>	<b>6</b>	<b>6</b>
Profit for the year	5,875	5,875
Gift aid donations	-	-
<b>Balance at 31 March 2017</b>	<b>5,881</b>	<b>5,881</b>

## Orbit Homes (2020) Limited

### Statement of financial position

For the year ended 31 March 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Tangible assets	7	381	342
<b>Current assets</b>			
Stocks	8	66,589	62,238
Debtors	9	30,809	35,106
Cash at bank and in hand		5,810	4,712
		103,208	102,056
<b>Creditors: amounts falling due within one year</b>	10	(24,103)	(24,298)
<b>Net current assets</b>		79,105	77,758
<b>Total assets less current liabilities</b>		79,486	78,100
<b>Creditors: amounts falling due after more than one year</b>	11	(73,605)	(78,094)
<b>Net assets/(liabilities)</b>		5,881	6
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account		5,881	6
<b>Total shareholders' funds</b>		5,881	6

The financial statements on pages 8 to 18 were approved by the board of directors and signed on its behalf by:



Christopher Crook  
Chair

19 July 2017

Company Registration Number 06950748

## Orbit Homes (2020) Limited

### Statement of cash flows

For the year ended 31 March 2017

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>	15	<b>9,092</b>	6,482
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		(189)	(242)
Interest received		121	63
<b>Net cash from investing activities</b>		<b>(68)</b>	(179)
<b>Cash flows from financing activities</b>			
Interest paid		(3,436)	(3,557)
Share capital issued in the year		-	-
Repayment of loans		(6,425)	(7,987)
Loans received		1,935	8,744
<b>Net cash used in financing activities</b>		<b>(7,926)</b>	(2,800)
<b>Net increase in cash and cash equivalents</b>		<b>1,098</b>	3,503
<b>Cash and cash equivalents at the beginning of year</b>		<b>4,712</b>	1,209
<b>Cash and cash equivalents at end of year</b>		<b>5,810</b>	4,712

# Orbit Homes (2020) Limited

## Notes to the financial statements

For the year ended 31 March 2017

### 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.

#### 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

Gift aid is 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 2017

##### 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

	2017 £000	2016 £000
Aggregate emoluments paid to or received by directors who are not executive staff members including salaries, honoraria and other benefits	24	18
Aggregate emoluments paid to or received by directors who are executive staff members including salaries, honoraria and other benefits **	52	62

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

##### 3. Turnover

	2017 £000	2016 £000
Sale of new homes	50,407	49,496
Help to buy income	3,475	2,997
Design and build fees	138,219	122,089
Sale of land	8,691	-
Other	52	80
	200,844	174,662

##### 4. Operating profit

	2017 £000	2016 £000
<b>Operating profit is stated after charging</b>		
<b>Fixed assets:</b>		
- Depreciation - owned assets	150	64
<b>Auditor's remuneration:</b>		
- In their capacity as auditors	11	12
<b>Other auditor's remuneration:</b>		
- Tax compliance services	6	7
Other operating lease rentals	66	32

## Orbit Homes (2020) Limited

### Notes to the financial statements

For the year ended 31 March 2017

#### 5. Interest payable and similar charges

	2017	2016
	£000	£000
<b>On bank loans, overdrafts and other loans</b>		
Repayable, other than by instalments, within 5 years	782	761
<b>On loans from Group undertakings</b>		
Redeemable preference shares	1,700	1,700
Repayable, other than by instalments, within 5 years	954	1,096
	3,436	3,557
Interest released from work in progress	-	1,298
	3,436	4,855

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

	2017	2016
	£000	£000
<b>(a) Analysis of charge/(credit) in year:</b>		
<b>Current tax:</b>		
UK Corporation Tax on profits of the year	547	548
Adjustments in respect of prior years	(547)	289
<b>Total current tax</b>	-	837

There is no deferred tax for the year, either recognised or unrecognised (2016: £Nil).

The current tax charge for the year is lower (2016: higher) than the standard rate of Corporation Tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£000	£000
<b>(b) Factors affecting tax charge for current year:</b>		
Profit on ordinary activities before tax	5,875	1,598
Tax due at 20% (2016: 20%) thereon	1,175	319
Accelerated capital allowances and other differences	330	229
Adjustments in respect of prior years	(547)	289
Group losses	(958)	-
<b>Current tax charge for the year</b>	-	837

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

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



## Orbit Homes (2020) Limited

### Notes to the financial statements

For the year ended 31 March 2017

#### 7. Tangible assets

	<b>Leasehold improvements £000</b>	<b>Furniture, fixtures and equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 April 2016	186	361	547
Additions	101	88	189
<b>At 31 March 2017</b>	<b>287</b>	<b>449</b>	<b>736</b>
<b>Less: accumulated depreciation</b>			
At 1 April 2016	10	195	205
Charge for year	66	84	150
<b>At 31 March 2017</b>	<b>76</b>	<b>279</b>	<b>355</b>
<b>Net book amount</b>			
<b>At 31 March 2017</b>	<b>211</b>	<b>170</b>	<b>381</b>
<b>At 31 March 2016</b>	<b>176</b>	<b>166</b>	<b>342</b>

#### 8. Stocks

	<b>2017 £000</b>	<b>2016 £000</b>
Work in progress	66,589	62,238

No impairment loss (2016: £1,661k) was recognised in cost of sales against work in progress during the year.

#### 9. Debtors

	<b>2017 £000</b>	<b>2016 £000</b>
Amounts owed by group undertakings	16,778	21,616
Other debtors	6,915	8,005
Amounts due from development partners	6,993	5,485
Taxation and Social Security	123	-
	<b>30,809</b>	<b>35,106</b>

Amounts due from development partners of £6,993k (2016:£5,485k) are to enable the construction and sale of homes at certain sites. The debts are repaid from the sales receipts, and are appropriately secured.

## Orbit Homes (2020) Limited

### Notes to the financial statements

#### For the year ended 31 March 2017

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	20,000	19,119
Amounts owed to group undertakings	3,022	3,504
Taxation and social security	66	544
Accruals and deferred income	1,015	1,131
	<b>24,103</b>	<b>24,298</b>

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	14,179	12,244
Loans from group companies	25,426	31,850
Redeemable preference shares	34,000	34,000
	<b>73,605</b>	<b>78,094</b>

##### 12. Loans and other borrowings

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Loans from group undertakings	25,426	31,850
Other loans	14,179	12,244
Redeemable preference shares	34,000	34,000
	<b>73,605</b>	<b>78,094</b>

##### Maturity of financial liabilities

	<b>2017</b>	<b>2016</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	73,605	78,094
In more than two years, but not more than five years	-	-
	<b>73,605</b>	<b>78,094</b>

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

## Orbit Homes (2020) Limited

### Notes to the financial statements

#### For the year ended 31 March 2017

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

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

The company 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.	2017 £	No.	2016 £
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

	2017 £000	2016 £000
Capital expenditure which has been contracted for but has not been provided for in the financial statements	<b>385,238</b>	478,015
Capital expenditure which has been authorised under authority from the Orbit Board but has yet to be contracted for	<b>428,964</b>	451,954

The company expects these commitments to be financed with:

	2017 £000	2016 £000
Proceed from sale of new homes	<b>305,621</b>	288,845
Proceeds from sale of inter company housing	<b>508,581</b>	641,124
	<b>814,202</b>	929,969

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

## Orbit Homes (2020) Limited

### Notes to the financial statements

For the year ended 31 March 2017

#### 15. Cash flows from operating activities

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Cash flows from operating profit	9,111	6,063
Depreciation charge on other tangible assets	150	64
(Increase)/decrease in stocks	(4,348)	10,237
Decrease/(increase) in debtors	4,421	(8,084)
Decrease/(increase) in creditors	349	(1,836)
Fair value	79	327
<b>Cash from operations</b>	<b>9,762</b>	<b>6,771</b>
Taxation	(670)	(289)
<b>Net cash generated from operating activities</b>	<b>9,092</b>	<b>6,482</b>

#### 16. Financial assets and liabilities

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Financial assets measured at fair value through profit or loss	341	493

#### 17. Leasing commitments

The future minimum operating lease payments are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Within one year	68	48
Within two and five years	186	254

#### 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 2017. 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 FRS 102.