

Orbit Homes (2020) Limited

Financial statements

For the year ended 31 March 2021

Company Registration Number 06950748

Orbit Homes (2020) Limited

CONTENTS

	PAGE
Executive Officers and Advisors	1
Strategic Report	2
Directors' Report	6
Independent Auditor's Report	10
Statement of Comprehensive Income	13
Statement of Changes in Equity	14
Statement of Financial Position	15
Notes to the Financial Statements	16

Orbit Homes (2020) Limited

Executive Officers and Advisors

Directors

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

Name	Role	Appointed	Resigned/Retired
Richard Berrett	Non-Executive Director	10 July 2013	
Shirley Watson	Non-Executive Director	1 October 2015	1 November 2020
Wendy Colgrave	Non-Executive Director	1 November 2015	1 November 2020
Charlotte Constance	Non-Executive Director	1 August 2018	1 November 2020
Jane Healey Brown	Non-Executive Director	1 November 2018	1 November 2020
Stephen Stone	Non-Executive Director/Chair	1 April 2019	
Jonathan Wallbank	Group Finance Director	1 November 2020	
Mark Hoyland	Chief Executive	1 November 2020	
Richard Wright	Company Secretary	2 July 2009	

Executive officers

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

Advisors

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

Orbit Homes (2020) Limited

Strategic Report

The Directors present their strategic report on Orbit Homes (2020) Limited (Orbit Homes) for the year ended 31 March 2021.

Review of the business

The principal activities of the Company comprise the provision of a design and build service to Orbit Group Limited and its subsidiary entities ("Orbit") and development of homes for sale within the UK. The Company operates as the in-house building company of Orbit, building a range of tenures for different markets. The Company also builds homes on behalf of other 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 and the management of risk. 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
3. Return on Capital Employed (ROCE)

Orbit Homes delivered 848 homes during the year (2020: 1,520), 79% for social purpose. A £1.5 million profit (2020: £1.3 million) has been delivered which will be retained to fund future housing delivery.

Affordable development

We have delivered 668 (2020: 1,187) affordable homes in the year. This includes developing 9 units (2020: 79 units) in partnership with other registered providers as we aim to deliver as many homes as possible in the UK.

In March 2019, Orbit signed a Strategic Partnership with Homes England to deliver 2,762 homes. We have registered 737 starts on site, this is lower than our original forecast reflecting the impact of the pandemic which has delayed our start on sites. We have received £100.9m grant from Homes England since the start of the programme

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

Market sale development

During 2021, the Company completed the sale of 228 homes (2020: 183 homes) from a total of 14 sites (2020: 14 sites). The Company built 180 market homes in 2021 (2020: 269).

Average sales price achieved for the year was £332k (2020: £281k). Gross margins reduced to 19.7% compared to 20.2% last year. Profits are re-invested back into the wider business demonstrating the 'profit for a purpose' vision of the Orbit Group.

Customer satisfaction is an important measure for Orbit and Orbit Homes had a successful year achieving both an Outstanding Achievement Award and Gold Award for Customer Satisfaction by In House Research, who conduct independent customer satisfaction surveys.

Orbit Homes (2020) Limited

Strategic Report (continued)

At the end of the year, the Company had capital and reserves of £15.0 million (2020: £13.5 million). Long term liabilities were £69.6 million (2020: £166.6 million), represented by fixed assets of £0.3 million (2020: £0.3 million) and net current assets of £84.4 million (2020: £179.7 million). Stock and Work in Progress has reduced to £119.4 million (2020: £150.7 million) reflecting the delay to land acquisition during the pandemic and considerable reduction in unsold stock. Return on capital employed (ROCE) was 11.3% (2020: 6.7%). ROCE is calculated by applying the gross margin achieved in the year on market sales revenue, divided by the average value of opening and closing stocks.

Risks and uncertainties

As a house building company selling homes outright in the open market and on a shared ownership basis, we are exposed to the market conditions that prevail in the wider housing market, which this year will include the impacts of the coronavirus on this market, in both the immediate and medium term. The Board 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 and the Orbit Group Board bi-annually.

Treasury policy

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

Taxation strategy

The Company follows the Group's taxation strategy which can be found on the group website at www.orbit.org.uk.

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 matter (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 in 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

Strategic Report (continued)

Section 172 Statement (continued)

General

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 2021, 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.
 - Protecting our finances has been a key priority during the uncertain times following the Covid 19 Pandemic. Through our direct build, land led strategy we have been able to tightly control our working capital commitments across several sites. We took the decision to suspend land acquisition until we had assessed the full impact of the pandemic on the housing market (construction and sales).
- We have created our own Design Standards, Standard Housetypes and Specification providing sector leading design quality combined with cost and operational efficiencies.
- We efficiently and effectively created covid secure Health & Safety Procedures for both our construction and sales environments to protect our staff and customers and allowing us to continue to deliver our Business Plan throughout the pandemic.
- We have focused on engaging with appointing more Social Enterprises to work with us; ensuring greater value for every pound we spend.
- We have approved the Annual Budget and reviewed the Financial Plan
 - These business plans play an important role in communications with shareholders, Homes England and focusing regional teams on performance driven delivery.
- The benefits associated with the Orbit Group £300m Bond issue, with the increased funding providing a strong liquidity position for the business to maintain sustainable growth and take advantage of opportunities within the land market as they arise.

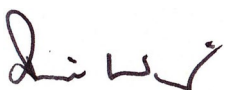
Stakeholders Their importance to us	The Board's approach to stakeholder engagement	Stakeholder consideration in the Board's decision making
Shareholders Orbit Group are vital to the future success of our business, providing funds which aid business growth reinvested back into providing social housing.	The ultimate shareholder is Orbit Group Limited. Monthly performance update is provided to Orbit Group including a review of Early Warning Indicators.	We aim to provide clear information to Group, being honest and transparent as to the performance of the business. Value is generated by delivering our business plan to provide shared ownership and rented affordable housing and reinvesting the profits

Orbit Homes (2020) Limited

Strategic Report (continued)

		generated from market sale homes back into the provision of future affordable housing.
<p>Customers 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 – ranging from 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.</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>Workforce Orbit Homes do not directly employ our people these are all employed by Orbit Group. We engage with our people 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>Great Place to work:</p> <ul style="list-style-type: none"> • Promoting the personal growth, development and wellbeing of our people. • Inclusive employer.
<p>Suppliers 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>Community 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 profit for purpose. 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>Environment 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>The Board are focused on driving forward the low carbon agenda.</p>

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



Richard Wright
Company Secretary
20 July 2021

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 2021.

Results and dividends

The profit before tax for the financial year was £2.4 million (2020: £1.3 million) after deducting the payment of a dividend on the redeemable preference share capital of £1.7 million (2020: £1.7 million). The Directors do not recommend payment of a dividend on the ordinary share capital (2020: £Nil).

Charitable donations

The Company made charitable donations totalling £nil (2020: £1,900).

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 2021-22 are to help Orbit achieve its vision, delivering high quality homes of mixed tenures in the areas in which we operate. The Company aims to build 6,500 properties in the next 5 years. This will be achieved through robust processes, risk management and in consideration of the wider economic environment.

Directors

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

Orbit Homes (2020) Limited

Directors' Report

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.

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

Subsequent events

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

The Directors have not identified any subsequent events to report.

Going concern

After making enquiries the Orbit Homes Board has a reasonable expectation the Group and subsidiary have adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in the financial statements. Further information around the going concern assessments and stress testing undertaken are referenced within note 1, the 'Basis of preparation', under 'Going Concern' on page 15.

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.

Orbit Homes (2020) Limited

Directors' Report

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

Independent auditors

KPMG LLP were appointed as the Company's auditors for the year ended 31 March 2021. This is the final year of the current contract for external audit services and this service will be retendered later this year. A resolution to re-appoint the Group's auditors will be proposed at the Annual General Meeting.

Orbit Homes Energy Report 2020-21

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).

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

Energy Performance

The table below shows Orbit Homes' energy performance for the past two years as required under SECR. The table shows that total energy consumption by Orbit Homes in 2020-21 was 5,874,544 kWh (2020: 9,831,779), a 40% reduction on 2019-2020 resulting largely from the effects of covid. Orbit Homes has chosen to normalise this data using the total number of plots completed to allow comparison. The number of plots completed was 848 (2020: 1474). This means that energy consumption per plot was 6928 kWh (2020: 6670), a 4% increase suggesting the decrease in completions outpaced the reduction in energy-consuming activities. This is because offices and sites would have remained occupied to maintain minimum operations and security even when plots were not being completed resulting in an increase in energy intensity in 2020-21.

		2020		2021	
Category	Sub-category	Consumption (kWh)	Emissions (tCO ₂ e)	Consumption (kWh)	Emissions (tCO ₂ e)
Scope 1	Natural Gas	6,178,050	1,136	3,554,265	654
	Offices	No gas	0	No gas	0
	Pre-Sale Plots	6,178,050	1,136	3,554,265	654
	Fuels	1,023,604	262	829,350	221
	Red Diesel	1,003,657	258	805,919	216
	Butane	9,414	2	3,376	1
	Propane	10,533	2	20,056	4
Scope 2	Electricity: location-based	2,066,672	528	1,391,675	324
	Offices	29,717	8	29,717	7
	Pre-Sale Plots	1,589,370	406	914,373	213
	Construction sites	447,584	114	447,584	104
Scope 3	Business Travel	563,454	161	99,254	26
	Petrol	-	-	12,018	3
	Diesel	-	-	86,073	23
	Business travel	563,454	161	1,163	0
	TOTAL:	9,831,779	2,087	5,874,544	1,225
NORMALISED (PER PLOT):	6,670	1.42	6,928	1.45	

Orbit Homes (2020) Limited

Directors' Report

Methodology

The primary methodology used in compiling this energy performance data was the Greenhouse Gas Reporting Protocol – Corporate Standard. This was supplemented by data validation and audit activities performed as part of the Energy Savings Opportunity Scheme regulations. It has been prepared using an adapted version of a tool created on behalf of Orbit Group Limited by the Carbon Trust in 2018-2019. The emissions factors have been sourced from BEIS using the 2019 and 2020 'Greenhouse gas reporting: conversion factors' tools.

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

Energy Efficiency Measures

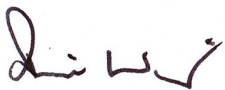
Orbit Homes utilises a range of measures to improve its energy efficiency operationally. These include:

- 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 power generation;
- Eco-training as part of our driver safety e-learning module;
- Regular site walks to ensure energy waste is prevented;
- Low set temperatures in pre-sale plot and show homes to reduce energy consumption;
- Agile working to reduce travel requirements.

Orbit Homes has performed an energy audit in 2021 and identified a range of measures to further reduce its energy consumption and carbon footprint. Representatives from Orbit Homes attend Orbit Group's Environmental Steering Group and a Carbon Forum, which is currently tasked with developing a Net Zero Carbon strategy.

The business has also committed to connect all new plots to green energy tariffs and provide the power supply for on plot electric vehicle charging. This will make our pre-sale and show home supply net zero carbon and make it easier for customers to choose affordable and green energy supply contracts and promote the use of electric cars on completion.

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



Richard Wright
Company Secretary

20 July 2021

Orbit Homes (2020) Limited

Independent Auditor's report to the Members of Orbit Homes (2020) Limited For the year ended 31 March 2021

Opinion

We have audited the financial statements of Orbit Homes (2020) Limited ("the company") for the year ended 31 March 2021 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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, internal audit and legal and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit 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.

Orbit Homes (2020) Limited

Independent Auditor's report to the Members of Orbit Homes (2020) Limited For the year ended 31 March 2021

As required by auditing standards, and taking into account possible pressures to meet loan covenants / our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from property sales is recorded in the wrong period and may be overstated.

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 association's fraud risk management controls

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to unusual and seldom used accounts.
- Sample testing of sales relating to the period prior to 31 March 2021 to determine whether income is recognised in the correct accounting period.

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 from inspection of the Company's regulatory and legal correspondence 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.

Firstly, 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.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and GDPR requirements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Strategic report and directors' report

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Orbit Homes (2020) Limited

Independent Auditor's report to the Members of Orbit Homes (2020) Limited For the year ended 31 March 2021

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 7, 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.

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

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



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

28 July 2021

Orbit Homes (2020) Limited

Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 £000	2020 £000
Turnover	3	158,828	190,534
Cost of sales		(148,237)	(180,700)
Gross profit		10,591	9,834
Administrative expenses		(3,300)	(2,871)
Operating profit	4	7,291	6,963
Interest receivable and similar income		14	18
Interest payable and similar charges	5	(4,949)	(5,710)
Profit on ordinary activities before tax		2,356	1,271
Tax on profit on ordinary activities	6	(825)	17
Profit for the financial year		1,531	1,288
Other comprehensive income		-	-
Total comprehensive income for the financial year		1,531	1,288

The accompanying notes form part of these financial statements.

Orbit Homes (2020) Limited

Statement of Changes in Equity

As at 31 March 2021

	Income & Expenditure Reserve £000	Share Capital £000	Total £000
As at 1 April 2019	2,219	-	2,219
Profit for the year	1,288	10,000	11,288
Balance at 31 March 2020	3,507	10,000	13,507
Issue of share capital	-	-	-
Profit for the year	1,531	-	1,531
Balance at 31 March 2021	5,038	10,000	15,038

The accompanying notes form part of these financial statements.

Orbit Homes (2020) Limited

Statement of Financial Position

For the year ended 31 March 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	7	290	343
Current assets			
Stocks	8	119,418	150,727
Debtors	9	19,545	46,340
Cash at bank and in hand		2,861	3,595
		141,824	200,662
Creditors: amounts falling due within one year	10	(57,467)	(20,851)
Provisions: falling due within one year	11	-	(96)
Net current assets		84,357	179,715
Total assets less current liabilities		84,647	180,058
Creditors: amounts falling due after more than one year	13	(69,609)	(166,551)
Net assets		15,038	13,507
Capital and reserves			
Called up share capital	15	10,000	10,000
Profit and loss account		5,038	3,507
Total shareholders' funds		15,038	13,507

The accompanying notes form part of these financial statements.

The financial statements on pages 13 to 23 were approved by the Board of Directors and signed on its behalf by:



Stephen Stone
Chair

20 July 2021

Company Registration Number 06950748

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the year ended 31 March 2021

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 2021 and these financial statements are available at www.orbit.org.uk.

Going concern

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

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

Tangible fixed assets

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

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

Stocks and work in progress

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

Redeemable preference shares

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

Turnover

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

Revenue recognition

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

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the year ended 31 March 2021

1. Accounting policies (continued)

Leases

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

Taxation

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

Gift aid

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

Liquid resources

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

2. Directors' and executive officers' emoluments

	2021	2020
	£000	£000
Aggregate emoluments paid to or received by Directors who are not executive staff members including salaries, honoraria and other benefits	22	30

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

Expenses paid during the year on behalf of Board members amounted to £3,000 (2020: £11,000).

3. Turnover

	2021	2020
	£000	£000
Sale of new homes	75,706	51,515
Sale of affordable homes to development partner	1,770	-
Help to buy income	-	2,858
Design and build fees	80,998	135,703
Other	354	458
	158,828	190,534

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the year ended 31 March 2021

4. Operating profit

	2021	2020
	£000	£000
Operating profit is stated after charging		
Fixed assets:		
- Depreciation - owned assets	53	132
Auditor's remuneration:		
- In their capacity as auditors	13	13
- In respect of other services	12	12
Total audit services	25	25
Other operating lease rentals	134	134

5. Interest payable and similar charges

	2021	2020
	£000	£000
On bank loans, overdrafts and other loans		
Repayable, other than by instalments, within 5 years	1,295	1,549
On loans from Group undertakings		
Redeemable preference shares	1,700	1,700
Repayable, other than by instalments, within 5 years	1,954	2,461
	4,949	5,710

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the year ended 31 March 2021

6. Tax on profit on ordinary activities

	2021 £000	2020 £000
(a) Analysis of charge/(credit) in year:		
Current tax:		
UK Corporation Tax on profits of the year	781	587
Adjustments in respect of prior years	-	(604)
Deferred tax liability	44	-
Total current tax	825	(17)

There is a deferred tax charge for the year of £5k and a deferred tax liability of £44k (2020: £nil).

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

	2021 £000	2020 £000
(b) Factors affecting tax charge for current year:		
Profit on ordinary activities before tax	2,356	1,271
Tax due at 19% (2020: 19%) thereon	448	243
Accelerated capital allowances and other differences	333	344
Deferred tax liability	49	-
Deferred tax charge for the period	(5)	-
Adjustments in respect of prior years	-	(604)
Current tax charge/ (credit) for the year	825	(17)

(c) Factors that may affect future tax charges:

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

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the year ended 31 March 2021

7. Tangible assets

	Leasehold improvements £000	Furniture, fixtures and equipment £000	Total £000
Cost			
At 1 April 2020	464	611	1,075
Additions	-	-	-
Disposals	-	-	-
At 31 March 2021	464	611	1,075
Less: accumulated depreciation			
At 1 April 2020	(285)	(447)	(732)
Charge for year	(25)	(28)	(53)
Eliminated on Disposal	-	-	-
At 31 March 2021	(310)	(475)	(785)
Net book amount			
At 31 March 2021	154	136	290
At 31 March 2020	179	164	343

8. Stocks

	2021 £000	2020 £000
Work in progress	119,418	150,727

9. Debtors

	2021 £000	2020 £000
Amounts owed by group undertakings	10,679	29,370
Other debtors	6,027	13,685
Taxation and social security	2,839	3,285
	19,545	46,340

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the year ended 31 March 2021

10. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank loans	42,850	-
Trade creditors	8,186	16,755
Amounts owed to group undertakings	3,712	3,585
Taxation and social security	724	192
Accruals and deferred income	1,951	319
Deferred tax liability	44	-
	57,467	20,851

11. Provisions: falling due within one year

	At beginning of the year £000	Increase in provision during the year £000	At end of the year £000
Office dilapidations	96	(96)	-

12. Deferred Taxation

	2021 £000	2020 £000
As at 1 April 2020	-	-
Deferred tax liability arising from timing differences	45	-
Deferred tax charge for the period	(5)	-
Total liabilities at 31 March 2021	40	-

Deferred taxation is provided for in the financial statements at a rate of 19%.

13. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Bank loans (note 14)	-	49,342
Loans from group undertakings (note 14)	35,609	83,209
Redeemable preference shares (note 14)	34,000	34,000
	69,609	166,551

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the year ended 31 March 2021

14. Loans and other borrowings

	2021	2020
	£000	£000
Bank loans	42,850	49,342
Loans from group undertakings	35,609	83,209
Redeemable preference shares	34,000	34,000
	112,459	166,551

	2021	2020
	£000	£000
Maturity of financial liabilities		
In one year or less, or on demand	42,850	-
In more than one year but not more than two years	34,000	166,551
In more than two years but not more than five years	35,609	-
	112,459	166,551

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

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

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

15. Called up share capital

	2021	2020
	£	£
Issued and fully paid shares of £1 each	1	1
Issued and unpaid shares of £1 each	10,000,099	10,000,099
At 31 March 2021	10,000,100	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 2021 and an amount of £10,000,000 is included in Debtors as 'Amounts owed by group undertakings'.

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the year ended 31 March 2021

16. Capital commitments

	2021	2020
	£000	£000
Capital expenditure which has been contracted for but has not been provided for in the financial statements	598,921	505,922
Capital expenditure which has been authorised under authority from the Orbit Board but has yet to be contracted	231,297	328,987
	2021	2020
	£000	£000
The Company expects these commitments to be financed with:		
Proceeds from sale of new homes	346,783	357,945
Proceeds from sale of housing to other Group undertakings	483,435	476,964
	830,218	834,909

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

17. Leasing commitments

The future minimum operating lease payments are as follows:

	2021	2020
	£000	£000
Within one year	66	51
Within two and five years	77	-

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 2021. The consolidated financial statements of Orbit Group Limited are published on the Orbit website 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.