

Orbit Homes (2020) Limited

Financial statements

For the year ended 31 March 2018

Company Registration Number 06950748

Orbit Homes (2020) Limited

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Orbit Homes (2020) Limited

Executive Officers and Advisors

Directors

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

Name	Role	Appointed	Resigned
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	3 October 2017
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 (2017: 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	Principal Solicitors	Registered office
KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH	Trowers and Hamblins 3 Bunhill Row London EC1Y 8YZ	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 2018.

Review of the business

The principal activities of the company comprise the provision of a design and build service to Orbit Group Limited and its subsidiary entities ("Orbit") and development of homes for sale within the UK. The company operates as the in-house building company of Orbit, building a range of tenures for different markets.

The company's annual business plan is aligned with that of Orbit 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 2017-18 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 1,831 (2017: 1,578), homes built in the year representing a 16% increase. This includes developing 76 units in partnership for other registered providers as we aim to deliver as many homes as possible to the UK.

We monitor our performance closely against our contracts with Homes England and the Greater London Authority, 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 2020 Vision to deliver 12,000 homes. At the end of the year Orbit had completed 7,956 (2017: 5,926) 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 seven years ago. A total of 225 market sales (199 built) were completed during 2018 from a total of thirteen sites. This represents an increase in units of 7.7% compared to last year. We expect this number to grow again in 2018-19 to a budgeted 287 units.

Average sales prices for the year were £247,129. Gross margins have improved to 18.6% compared to 18.5% budgeted. Profits are re-invested back into the wider business demonstrating the 'profit for a purpose' vision of the Group.

At the end of the year, the company had capital and reserves of £0.1 million (2017: £5.9 million) and long term liabilities of £60.5 million (2017: £73.6 million), represented by fixed assets of £0.2 million (2017: £0.4 million) and net current assets of £60.4 million (2017: £79.1 million).

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 six times a year to review progress and help to manage risk. The Senior Management team and the Executive team maintain a detailed risk register that is reviewed by the Orbit Homes Board and the Orbit Group Board bi-annually. A member of the Orbit Homes board also sits on the Group's Audit and Risk Assurance Committee (ARAC) 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 the Royal Bank of Scotland of up to £30 million. 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 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 which can be found on the group website at www.orbit.org.uk.

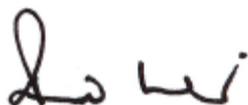
Key performance indicators (KPIs)

The managing director of Orbit Homes is a member of the Executive team of Orbit and the performance of Orbit Homes is closely scrutinised by the Group. The KPIs that we monitor, in addition to those already described in the review of the business section, are set out below.

	17/18	16/17
New homes built	2,030	1,788
Market Sale homes sold	225	209
Return on capital employed - market sales (ROCE)	13.7%	15.1%

The market sale ROCE has reduced due to increased investment in new land during the year, which will lead to future sales growth and profit generation. 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.

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



Richard Wright
Company Secretary

12 July 2018

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 2018.

Results and dividends

The profit before tax for the financial year was £5,481,000 (2017: £5,875,000) after deducting the payment of a dividend on the redeemable preference share capital of £1,700,000 (2017: £1,700,000). The directors do not recommend payment of a dividend on the ordinary share capital (2017: £Nil).

Charitable donations

The financial statements include gift aid donations to Orbit Group Limited this year totalling £11,239,000 (2017: £nil). In addition, the company made charitable donations totalling £2,000 (2017: £1,000) to support charitable organisations outside of Orbit, all of which were made to local good causes in areas where we are actively developing.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of required finance and the related finance costs.

- **Liquidity risk**
The company closely monitors its future loan requirements to ensure sufficient funds will be available to cover the development of new homes for sale and for commitments to purchase land to facilitate future development programmes.
- **Interest rate risk**
The funding provided by the parent company, Orbit Group Limited, bears interest at rates linked to LIBOR. Exposure to the effects of movements in interest rates is regularly monitored, and future interest rate assumptions are reflected in the appraisal of future development schemes.

Future prospects

Our ambitions for 2018-19 will be to help Orbit 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, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Orbit Homes (2020) Limited

Directors' Report

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.

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 they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

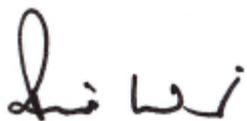
Orbit Homes (2020) Limited

Directors' Report

Independent auditors

KPMG LLP were appointed as the company's auditors for the year ended 31 March 2018. A resolution to re-appoint the company's auditor for external audit services will be proposed at the Orbit Group Limited Annual General Meeting.

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

A handwritten signature in black ink, appearing to read 'Richard Wright', is written on the page.

Richard Wright
Company Secretary

12 July 2018

Orbit Homes (2020) Limited

Independent Auditors' report to the Members of Orbit Homes (2020) Limited For the year ended 31 March 2018

Opinion

We have audited the financial statements of Orbit Homes (2020) Limited ("the company") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cash Flows 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 2018 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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

Orbit Homes (2020) Limited

Independent Auditors' report to the Members of Orbit Homes (2020) Limited For the year ended 31 March 2018

- 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 pages 4 - 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

2 August 2018

Orbit Homes (2020) Limited

Statement of Comprehensive Income

For the year ended 31 March 2018

	Note	2018 £000	2017 £000
Turnover	3	169,627	200,844
Cost of sales		(158,147)	(189,501)
Gross profit		11,480	11,343
Administrative expenses		(2,833)	(2,232)
Operating profit	4	8,647	9,111
Interest receivable and similar income		21	121
Interest payable and similar charges	5	(3,187)	(3,436)
Movement in fair value of financial instruments		-	79
Profit on ordinary activities before tax		5,481	5,875
Tax on profit on ordinary activities	6	-	-
Profit for the financial year		5,481	5,875
Other comprehensive income		-	-
Total comprehensive income for the financial year		5,481	5,875

The accompanying notes form part of these financial statements.

Orbit Homes (2020) Limited

Statement of Changes in Equity

As at 31 March 2018

	Profit and loss account £000	Total £000
As at 1 April 2016	6	6
Profit for the year	5,875	5,875
Gift aid donations	-	-
Balance at 31 March 2017	5,881	5,881
Profit for the year	5,481	5,481
Gift aid donations	(11,239)	(11,239)
Balance at 31 March 2018	123	123

The accompanying notes form part of these financial statements.

Orbit Homes (2020) Limited

Statement of Financial Position

For the year ended 31 March 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	7	253	381
Current assets			
Stocks	8	84,854	66,589
Debtors	9	22,339	30,809
Cash at bank and in hand		4,775	5,810
		111,968	103,208
Creditors: amounts falling due within one year	10	(51,598)	(24,103)
Net current assets		60,370	79,105
Total assets less current liabilities		60,623	79,486
Creditors: amounts falling due after more than one year	11	(60,500)	(73,605)
Net assets		123	5,881
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account		123	5,881
Total shareholders' funds		123	5,881

The accompanying notes form part of these financial statements.

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



Christopher Crook
Chair

12 July 2018

Company Registration Number 06950748

Orbit Homes (2020) Limited**Statement of Cash Flows****For the year ended 31 March 2018**

	Note	2018 £000	2017 £000
Cash (outflow) / inflow from operating activities	15	(7,011)	9,092
Cash flows from investing activities			
Purchase of tangible assets	7	(14)	(189)
Interest received		21	121
Net cash inflow / (outflow) from investing activities		7	(68)
Cash flows from financing activities			
Donations paid		(4,061)	-
Interest paid	5	(3,187)	(3,436)
Repayment of loans		-	(6,425)
Loans received		13,217	1,935
Net cash used in financing activities		5,969	(7,926)
Net (decrease) / increase in cash and cash equivalents		(1,035)	1,098
Cash and cash equivalents at the beginning of year		5,810	4,712
Cash and cash equivalents at end of year		4,775	5,810

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the year ended 31 March 2018

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 statement of comprehensive income.

Liquid resources

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

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the year ended 31 March 2018

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

	2018 £000	2017 £000
Aggregate emoluments paid to or received by directors who are not executive staff members including salaries, honoraria and other benefits	21	24
Aggregate emoluments paid to or received by directors who are executive staff members including salaries, honoraria and other benefits **	51	52

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

3. Turnover

	2018 £000	2017 £000
Sale of new homes	55,604	50,407
Help to buy income	4,509	3,475
Design and build fees	107,671	138,219
Sale of land	1,815	8,691
Other	28	52
	169,627	200,844

4. Operating profit

	2018 £000	2017 £000
Operating profit is stated after charging		
Fixed assets:		
- Depreciation - owned assets	142	150
Auditor's remuneration:		
- In their capacity as auditors	11	11
Other auditor's remuneration:		
- Tax compliance services	1	6
Other operating lease rentals	94	66

Orbit Homes (2020) Limited

Notes to the Financial Statements

For the year ended 31 March 2018

5. Interest payable and similar charges

	2018 £000	2017 £000
On bank loans, overdrafts and other loans		
Repayable, other than by instalments, within 5 years	759	782
On loans from Group undertakings		
Redeemable preference shares	1,700	1,700
Repayable, other than by instalments, within 5 years	728	954
	3,187	3,436
Interest released from work in progress	-	-
	3,187	3,436

6. Tax on profit on ordinary activities

	2018 £000	2017 £000
(a) Analysis of charge/(credit) in year:		
Current tax:		
UK Corporation Tax on profits of the year	-	547
Adjustments in respect of prior years	-	(547)
Total current tax	-	-

There is no deferred tax for the year, either recognised or unrecognised (2017: £Nil).

The current tax charge for the year is lower (2017: lower) than the standard rate of Corporation Tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £000	2017 £000
(b) Factors affecting tax charge for current year:		
Profit on ordinary activities before tax	5,481	5,875
Tax due at 19% (2017: 20%) thereon	1,041	1,175
Accelerated capital allowances and other differences	(1,017)	330
Adjustments in respect of prior years	-	(547)
Group losses	(24)	(958)
Current tax charge for the year	-	-

(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 2018

7. Tangible assets

	Leasehold improvements £000	Furniture, fixtures and equipment £000	Total £000
Cost			
At 1 April 2017	287	449	736
Additions	-	14	14
At 31 March 2018	287	463	750
Less: accumulated depreciation			
At 1 April 2017	76	279	355
Charge for year	66	76	142
At 31 March 2018	142	355	497
Net book amount			
At 31 March 2018	145	108	253
At 31 March 2017	211	170	381

8. Stocks

	2018 £000	2017 £000
Work in progress	84,854	66,589

No impairment loss (2017: £nil) was recognised in cost of sales against work in progress during the year.

9. Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	9,117	16,778
Other debtors	12,057	6,915
Amounts due from development partners	464	6,993
Taxation and Social Security	701	123
	22,339	30,809

Amounts due from development partners of £464,000 (2017: £6,993,000) 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 2018

10. Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Bank loans	26,322	-
Trade creditors	12,929	20,000
Amounts owed to group undertakings	10,035	3,022
Taxation and social security	-	66
Accruals and deferred income	2,312	1,015
	51,598	24,103

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

	2018	2017
	£000	£000
Bank loans and overdrafts	-	14,179
Loans from group companies	26,500	25,426
Redeemable preference shares	34,000	34,000
	60,500	73,605

12. Loans and other borrowings

	2018	2017
	£000	£000
Loans from group undertakings	26,500	25,426
Other loans	26,322	14,179
Redeemable preference shares	34,000	34,000
	86,822	73,605

Maturity of financial liabilities

	2018	2017
	£000	£000
In one year or less, or on demand	26,322	-
In more than one year, but not more than two years	60,500	73,605
In more than two years, but not more than five years	-	-
	86,822	73,605

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 2018

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 £30 million 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.	2018 £	No.	2017 £
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

	2018 £000	2017 £000
Capital expenditure which has been contracted for but has not been provided for in the financial statements	373,457	385,238
Capital expenditure which has been authorised under authority from the Orbit Board but has yet to be contracted for	397,832	428,964

The company expects these commitments to be financed with:

	2018 £000	2017 £000
Proceed from sale of new homes	429,550	305,621
Proceeds from sale of inter company housing	341,739	508,581
	771,289	814,202

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 2018

15. Cash flows from operating activities

	2018	2017
	£000	£000
Cash flows from operating profit	8,647	9,111
Depreciation charge on other tangible assets	142	150
(Increase) in stocks	(18,265)	(4,348)
Decrease in debtors	8,470	4,421
(Increase)/decrease in creditors	(6,005)	349
Fair value	-	79
Cash from operations	7,011	9,762
Taxation	-	(670)
Net cash generated from operating activities	7,011	9,092

16. Financial assets and liabilities

	2018	2017
	£000	£000
Financial assets measured at fair value through profit or loss	-	341

17. Leasing commitments

The future minimum operating lease payments are as follows:

	2018	2017
	£000	£000
Within one year	73	68
Within two and five years	118	186

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 2018. 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.