



Chorus Homes

Part of Places for People

Chorus Homes Developments Limited

Financial Statements

For the year ending 31 March 2020



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Chorus Homes Developments Limited
Board of Management, Executives and Advisers
For the year ending 31 March 2020

Board of Management

Mike Forrest
Nigel Finney
Andy Winstanley

Secretary

C Martin

Registered Office

80 Cheapside
London
EC2V 6EE

Banker

Barclays Bank Plc
38 Fishergate
Preston
PR1 2AD

Registered Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Registration of Company

The company is incorporated under the Companies Act 2006 (Company Number 4581669)

Chorus Homes Developments Limited
Strategic Report
For the year ending 31 March 2020

Report of the Board

The board of Directors is pleased to present its report and the audited financial statements for the year ended 31 March 2020.

Activities of the Company

Chorus Homes Development Limited is a wholly owned subsidiary of Chorus Homes Group Limited, which itself is a subsidiary of Places for People Group Limited, the ultimate parent company. The company is involved in land and remedial project development on behalf of members of the Group and external parties.

Review of the year

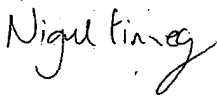
Turnover has decreased by 74% to £962k (2019: £3,710k). Profit on ordinary activities after taxation for the year was £300k (2019: £130k).

The company's key performance indicators are aligned with those of the ultimate parent undertaking, Places for People Group Limited, and are included in the consolidated Group accounts. All the company's risks are monitored closely and managed to an acceptable level through a robust control environment and a high degree of scrutiny and challenge.

Dividend

The directors do not propose to pay a dividend in the year (2019: £nil).

By Order of the Board



N Finney
Director

05 August 2020

Chorus Homes Developments Limited
Report of the Board
For the year ending 31 March 2020

Directors

The directors who served during the year are shown on page 2.

Statement of Disclosure to the Auditor

At the time of approval of this report:

- a) so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- b) the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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
- 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.

Chorus Homes Developments Limited
Report of the Board
For the year ending 31 March 2020

GOING CONCERN STATEMENT

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis. The global Covid-19 pandemic has introduced significant levels of uncertainty into most businesses. The Board are paying close attention to the evolving situation and to mitigating the risks for the Group and have assessed the going concern in light of the risks raised by the pandemic.

At 31 March 2020 the Places for People Group ("Group") had cash and undrawn facilities of £918.3m. The Group continues to actively manage its cash flows in order to mitigate any reductions in income.

The Group has reviewed all of its business forecasts and projections and has produced a revised business plan for the year ending 31 March 2021. Although the full impact of Covid-19 is still unknown, the Group has produced its forecasts on the latest information and experience in the markets in which it operates. In addition to the reviewed forecasts, the directors have also undertaken stress testing on these forecasts to understand the impact of an increasing severity of the implications from the pandemic.

The directors have reviewed the projected cash flows and the compliance with debt covenants of the Group and have overlaid a number of scenarios reflecting the potential impact of the Covid-19 pandemic. These scenarios include a 10% reduction in rent received for 12 months and a 5% reduction in rent for the following 12 months, no property sales for the remainder of the year with a 20% price reduction for the following 12 months and leisure centres to remain closed until 31 March 2021 with a phased re-opening over the following 12 months. As a result of these assumptions, and before any cost reductions are applied, management believe the liquidity of the Group at 31 March 2021 would be £566m and £346m at 31 March 2022 if the Group did not raise any additional finance to that which is currently available.

The Parent is part of the Group's cash-pooling arrangement and so has access to the Groups liquidity position, thus enabling it to access adequate resources. Therefore the liquidity position of the Group supports the going concern assumption for Chorus Homes Developments.

On the basis described above, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

VIABILITY STATEMENT

The UK Corporate Governance Code requires the directors to make a statement with regard to the viability of the Group. This requires consideration of solvency and liquidity over a longer period than the going concern assessment. The Group's strategic plan covers a 10-year period, over which the directors have made assumptions regarding revenues, operating costs and cash requirements.

The projections for the first three years of the plan are based on current opportunities and include an expectation of the rental incomes. There is inherently less certainty in the projections from years four to ten. Consistent with prior years, the directors have therefore determined that three years is an appropriate period for this viability statement.

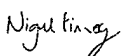
In assessing the Group's prospects and resilience, the management produced projections which considered the current business position and risk appetite. Despite the rent reductions imposed by the Government on social housing rents which came to an end in 2020, the Group has continued to undertake rigorous single and multi-variate stress testing exercises on its projections, which have included considering the impact of challenging economic conditions including a downturn in the housing market. The results confirmed that the Group would continue to be able to settle projected liabilities as they fall due over a three-year period.

This year, the directors have also considered specifically the impact of the COVID-19 pandemic. This is considered a principal risk given the more immediate nature of the situation, has been considered in more detail within the shorter term going concern considerations above. While the impacts of COVID-19 may well be felt in the longer as well as the shorter term, the prospects of economic recovery taking place after the severe economic shock modelled in the going concern assessment period is complete, are considered strong. The directors have considered several different severe yet plausible scenarios including potentially challenging outcomes such as considerable reductions in turnover. The directors also considered additional impacts, such as restrictions in supply chains, and were satisfied that measures were in place to mitigate significant risks to the Group's operations. The stress testing again demonstrated the ability of the Group to continue to operate effectively.

Having assessed the prospects of the Group and company, including the current funding, forecast requirements and existing committed borrowing facilities, the directors have a reasonable expectation that the Group and company will be able to continue in operation and meet its liabilities as they fall due over the period to March 2023.

In making this statement the directors understand that there is inherent uncertainty in all business planning and therefore as a result it is not possible to take into account every risk and eventuality that the Group may face. The Board is satisfied that the stress testing that is performed on the business plan includes all of the major risks that the Group and association may face and therefore provides strong assurance of the Group's financial viability.

The report of the Board was approved on 05 August 2020 and signed on its behalf by:



Nigel Finney
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHORUS HOMES DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Chorus Homes Developments Limited ("the company") for the year ended 31 March 2020 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Reserves 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 *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").

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 a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and Directors' Report. Our opinion on the financial statements does not cover these reports and we do not express an audit opinion thereon.

Our responsibility is to read the Reports 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 Directors' Report;
- in our opinion the information given in that reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, 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.

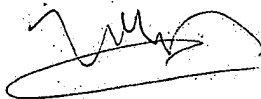
Auditor's responsibilities

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.



Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
18 September 2020

Chorus Homes Developments Limited
Statement of Comprehensive Income
For the year ending 31 March 2020

	Notes	2020 £'000	2019 £'000
Turnover	2	962	3,710
Cost of sales		(680)	(3,108)
Operating Costs		(32)	(126)
Surplus on sale of fixed assets		-	-
Gain on revaluation of investment properties		50	-
Operating Profit		300	476
Interest receivable and similar income		-	2
Interest payable and similar charges		-	(348)
Profit on ordinary activities before taxation		300	130
Tax on profit on ordinary activities	8	-	-
Total comprehensive income		300	130

The notes on pages 12 to 21 form an integral part of these financial statements.

Chorus Homes Developments Limited
Statement of Financial Position
As at 31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investment properties	9	1,083	1,030
Housing properties	10	35	-
		1,118	1,030
Current assets			
Stock	11	7,198	7,646
Debtors	12	17	89
Cash and cash equivalents		703	83
		7,918	7,818
Creditors: amounts falling due within one year	13	(7,428)	(7,540)
Net current assets		490	278
Net Assets		1,608	1,308
Capital and reserves			
Share capital		40,000	40,000
Profit & loss reserve		(38,392)	(38,692)
Total equity		1,608	1,308

The notes on pages 12 to 21 form an integral part of these financial statements.

The financial statements on pages 9 to 21 were approved by the Board on 05 August 2020, and signed on its behalf by:

Nigel Finney

N Finney
Director

Company no: 4581669

Chorus Homes Developments Limited
Statement of Changes in Reserves
For the year ending 31 March 2020

	Share Capital £'000	Profit & loss reserve £'000	Total Reserves £'000
Balance at 1 April 2019	<u>40,000</u>	<u>(38,692)</u>	<u>1,308</u>
Profit for the year	-	300	300
Balance at 31 March 2020	<u>40,000</u>	<u>(38,392)</u>	<u>1,608</u>

The notes on pages 12 to 21 form an integral part of these financial statements.

Chorus Homes Developments Limited
Notes to the Financial Statements
For the year ending 31 March 2020

1. PRINCIPAL ACCOUNTING POLICIES

General information

Chorus Homes Developments Limited ("the Company") is a private limited company domiciled and incorporated in England and Wales.

The address of the Company's registered office is 80 Cheapside, London, England, EC2V 6EE and the address of the principal place of business is Brook House, Ouse Walk, Huntingdon, Cambs, PE29 3QW.

Basis of accounting

A summary of the principal accounting policies, which have been applied consistently, is set out below.

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 the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of investment properties. The Company is considered to be a qualifying entity for the purposes of FRS 102 and has applied the exemptions available under FRS 102.1.11 and FRS 102.1.12 (preparation of statement of a cash flows and related notes).

The financial statements are presented in Sterling (£000's).

Consolidated financial statements

The Company has taken advantage of the exemption in section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the Company as a single entity.

Going concern

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Company receives funding from Places for People Homes through an on-lending facility. Places for People Homes is part of the Places for People Guarantor Group and can access funding from this Group pool. Consequently, the liquidity position of the Places for People Group (the PpP Group) supports the going concern assumption for the Company.

The PpP Group has reviewed all of its business forecasts and projections and has produced a revised 10-year business plan that was approved by the PpP Board in August 2020. Although the full impact of Covid-19 is still unknown, the PpP Board has produced its forecasts on the latest information and experience in the markets in which it operates. In addition to the reviewed forecasts, the PpP Board has also undertaken stress testing on these forecasts to understand the impact of severe but plausible downside scenarios.

The PpP Board has reviewed the projected cash flows and the compliance with debt covenants of the PpP Group and has overlaid a number of scenarios reflecting the potential impact of the Covid-19 pandemic. These scenarios include a 10% reduction in rent received for 12 months and a 5% reduction in rent for the following 12 months, no property sales for the remainder of the year with a 20% price reduction for the following 12 months and leisure centres to remain closed until 31 March 2021 with a phased reopening over the following 12 months. As a result of these assumptions, and before any cost reductions are applied, the PpP Board believes that the PpP Group has sufficient funding in place to meet its liabilities as they fall due and expects the PpP Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the sale of land and properties, the management of development sites and the rental of car parking spaces, in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Turnover is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

Rental income

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Other rental income includes the rental of car parking spaces and is recognised when it falls due.

Chorus Homes Developments Limited
Notes to the Financial Statements
For the year ending 31 March 2020

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Rental income

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Other rental income includes the rental of car parking spaces and is recognised when it falls due.

Sale of land and properties developed for sale

Turnover arising from the sale of land and properties developed for sale is recognised when the land/property has been delivered and legal title has passed and the Company has no continuing managerial involvement associated with ownership or effective control of the land/properties sold.

Management of development sites

Turnover from the management of development sites is recognised at times appropriate to the stage of completion when the outcome of the contract can be assessed with reasonable certainty.

Stock

Stock relates to land and properties built for sale, which are in the course of construction, and are valued at the lower of cost and estimated selling price less all estimated costs to complete and sell. Cost is determined using the cost of direct materials and labour costs and those overheads that have been incurred in bringing work in progress to its present location and condition.

At each reporting date, the Group assesses whether work in progress is impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of work in progress over its estimated selling price less costs to complete and sell is recognised as an impairment loss in income and expenditure. Reversals of impairment losses are also recognised in income and expenditure.

Fixed asset investments

Long term investments are treated as concessionary loans. The investment made is initially recorded at the amount invested and subsequently measured at cost less any accumulated impairment loss.

Investments in subsidiary companies are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Entities in which the Company has a long term interest and shares control under a contractual arrangement are classified as joint ventures. Investments in joint ventures are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Fixed assets investments are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition and construction of land and properties developed for sale are added to the cost of those developments until such a time as the land/properties are ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on land and properties developed for sale is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed as incurred.

Investment properties

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

Chorus Homes Developments Limited
Notes to the Financial Statements
For the year ending 31 March 2020

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Value added tax

The Company charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recovered from HM Revenue & Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade, group or other debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade, group and other creditors

Trade, group and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade, group or other creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

De-recognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

Critical Judgements

The following are the significant judgements, apart from those involving estimations (which are set out separately below), that have been made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Going Concern

In order to assess whether it is appropriate for the Company to be reported as a going concern, the management apply judgement, having undertaken appropriate enquiries and having considered the business activities and the principal risks and uncertainties. In arriving at this judgement there are a large number of assumptions and estimates involved in calculating future cash flow projections. This includes management's expectations of both property sales and rental turnover, operating costs, timing and quantum of future capital expenditure and estimates and cost of future funding. Sensitivity testing, involving challenging scenarios including reasonable worst case scenarios in respect of Covid-19, has been undertaken in respect of the assumptions used within the going concern assessment. As a result of these considerations the financial statements have been prepared on a going concern basis.

Chorus Homes Developments Limited
Notes to the Financial Statements
For the year ending 31 March 2020

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Critical Judgements (Continued)

Investment properties

The Company owns a range of different property types. This requires the Company to assess which properties should be classified as investment properties as these properties are held at a market valuation, not at depreciated cost.

The Company considered the FRS 102 definition of investment property which refers to property held to earn rentals for capital appreciation, rather than for administrative purposes or for sale in the ordinary course of business. The Company has also reviewed Section 16 of FRS 102 that precludes the classification of property held primarily for the provision of social benefits being classified as investment property. The Company has applied this by judging that rental properties without public subsidy attached to them are investment properties.

Accounting estimates

The nature of estimation means that actual outcomes may differ from the estimates made.

Investment properties

In addition to judging whether or not properties are categorised as investment properties, the Company is also required to estimate the fair value of investment properties on an annual basis. To facilitate this estimation, the Company engaged Savills, a leading professional adviser, to use RICS guidance and the requirements of the Red Book to complete a full valuation of the Company's investment properties. The results of the valuation exercise have been subjected to management scrutiny and challenge.

Recoverability of Stock

The Company has £7.2m of stock at 31 March 2020 (2019: £7.7m). FRS 102 section 13 requires stock to be measured at the lower of cost and estimated selling price less costs to complete and sell.

The Company monitors development projects and properties held for sale on an ongoing basis and uses rigorous appraisal techniques to estimate the recoverable amount of stock. Realistic financial projections are used on an individual site basis to allow management to estimate that land and property are held at the appropriate amount. The Company makes judgements to assess the achievable selling price for properties including assessing the views of specialist advisers on the UK housing market and future house price inflation. Management also consider detailed information relating to geographical area and property type. As such the Company judges that stock is held at the lower of cost and estimated selling price less costs to complete and sell.

Chorus Homes Developments Limited
Notes to the Financial Statements
For the year ending 31 March 2020

2. TURNOVER

	2020	2019
	£'000	£'000
Rental income	39	40
Car park and parking bay income	222	244
Contract management income	38	523
Sale of properties	650	2,883
Other income	13	20
	962	3,710

Turnover is derived from continuing operations and is wholly attributable to the principle activity of the company. Turnover arises solely within the United Kingdom.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2020	2019
	£'000	£'000
Auditors remuneration:		
Statutory audit of the company	5	8

4. DIRECTORS EMOLUMENTS

The directors, who are considered to be key management personnel of the company, are remunerated through Chorus Homes Group Limited and not Chorus Homes Developments Limited.

5. EMPLOYEE INFORMATION

The company had no employees during the year ended 31 March 2020 or 2019.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£'000	£'000
Bank interest receivable	-	2

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£'000	£'000
On financial liabilities not at fair value through income and expense:		
On bank loans and overdrafts	-	348

Chorus Homes Developments Limited
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8. TAXATION

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on profit of the period	-	-
Adjustments in respect of prior periods	-	-
Group relief payable	-	-
Group relief - in respect of prior periods	-	-
Total current tax on profit on ordinary activities	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities (note 10b)	<u>-</u>	<u>-</u>

b) Factors affecting tax charge for period

The tax assessed is lower than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

Profit on ordinary activities before tax	<u>300</u>	<u>130</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	57	25
Effects of:		
Income not deductible for tax purposes	(10)	-
Group relief surrendered	-	10
Adjust closing deferred tax to average rate of 19%	-	785
Adjust opening deferred tax to average rate of 19%	-	(789)
Movement in unrecognised deferred tax	-	-
Adjustments in respect of prior periods	(47)	(31)
Tax charge for period (note 10a)	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

At the Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. A further reduction to 17% for the year starting 1 April 2020 was announced at Budget 2016. 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 remain at 19%.

(d) Provision for deferred tax

Deferred tax (Asset)/liability not recognised

Losses and other deductions	<u>(7,411)</u>	<u>(6,673)</u>
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Chorus Homes Developments Limited
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9. FIXED ASSET INVESTMENTS

	2020	2019
	£'000	£'000
External investments and investment in related undertakings (a)	-	-
Investment property (b)	1,083	1,030
Total fixed asset investments	1,083	1,030
(a) External investments and investment in related undertakings	2020	2019
	£'000	£'000
Cost		
At 1 April	21,000	21,000
At 31 March	21,000	21,000
Accumulated impairment		
At 1 April and 31 March	21,000	21,000
Net book value at 31 March	-	-

Interest was received on the above long term investments (which are considered to be concessionary loans) at a rate of 0% for the year ended 31 March 2020 (2019: 0%). These investments are secured by a debenture with a fixed and floating charge over all of the assets of the Company in which the money is invested, and are repayable by 2036.

(b) Investment properties	£'000
At 1 April 2019	1,030
Additions	3
Change of Tenure	-
Revaluation in year	50
Disposals	-
At 31 March 2020	1,083

For the year ended 31 March 2020, the Company has obtained an independent valuation of the investment property portfolio. This was performed in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors (a 'red book' valuation). The valuation was undertaken by Savills, who are independent, RICS qualified, have a strong professional reputation with and considerable experience in producing red book valuations.

A discounted cash flow method was used to estimate the fair value of the portfolio. This used up-to-date information on net operating cash flows and applied an appropriate yield to this data based on an understanding of the market and the individual circumstances of each part of the portfolio. Comparisons have also been made with similar properties in recent transactions to give additional comfort around the valuations. Where applicable, an assessment is made on a similar basis for any related commercial income in respect of these properties. Management interrogation and challenge has been applied to both the valuation method and the assumptions used, including in respect of cash flows, CPI and HPI as appropriate. The valuation was performed as at 31 December 2019. Management has considered the roll forward of the valuation to year end and have carried out an impairment

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10. HOUSING PROPERTIES

	Housing properties in the course of construction £'000	LSE & Shared Ownership properties in the course of construction £'000	Total housing properties £'000
Cost			
At 1 April 2019	-	-	-
Additions	19	16	35
Change of tenure	-	-	-
Transfer to completed schemes	-	-	-
Transfer to sales account on disposal	-	-	-
At 31 March 2020	19	16	35
Net book value at 31 March 2020	19	16	35
Net book value at 1 April 2019	-	-	-

11. STOCK

	2020 £'000	2019 £'000
Housing properties for sale		
Buildings - Completed	618	1,139
Buildings - In Progress	6,580	6,507
	7,198	7,646

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade debtors	17	84
Less: provision for bad and doubtful debts	-	-
	17	84
Agency leases		
Other trade debtors	-	5
	17	89

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	4	78
Amounts due to group companies	7,336	7,403
Other creditors and accruals	77	45
Deferred income	2	11
Other tax and social security	9	3
	7,428	7,540

14. FINANCIAL INSTRUMENTS

	2020 £'000	2019 £'000
Financial assets: debt instruments measured at amortised cost	17	88
Financial liabilities: measured at amortised cost	7,417	7,526

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15. CALLED UP SHARE CAPITAL AND RESERVES

	Number	Number	Allotted, called up & fully paid	Allotted, called up & fully paid
	2020	2019	2020	2019
	'000	'000	£ '000	£ '000
Ordinary shares of £1 each	1	1	-	-
0% - 7% Cumulative preference shares of £1 each	50,000	50,000	40,000	40,000
	50,001	50,001	40,000	40,000

100 £1 Ordinary shares are allotted, called up and fully paid as at 31 March 2020 and 2019.

The preference shares are redeemable at the discretion of Chorus Homes Developments Limited. There is no fixed date for redemption or premiums payable thereon.

Profit & loss reserve

The profit & loss reserve represents the cumulative profits and losses of the Company as at 31 March 2020.

16. SUBSIDIARIES

The Company's subsidiary undertakings are:

Name	Activity	Investment shares	Shares available	Proportion held
Hope Social Enterprises Limited	Recycling & ground maintenance facilities to the Group	£1 - Ordinary shares	1	100%

17. ULTIMATE AND IMMEDIATE PARENT COMPANY

The immediate parent company is Chorus Homes Finance Limited and the ultimate parent company is Places for People Group Limited, both of which are companies registered in the UK. Copies of the consolidated financial statements of the immediate parent company and ultimate parent company are available from its registered office, 80 Cheapside, London, England, EC2V 6EE.

18. RELATED PARTY TRANSACTIONS

Transactions and balances with companies that are wholly owned members of the Chorus Homes Group Limited are not disclosed, as permitted by FRS 102 Chapter 33, 33.1A.

19. EVENTS AFTER THE REPORTING DATE

There are no significant events to report on that have occurred after the reporting date.