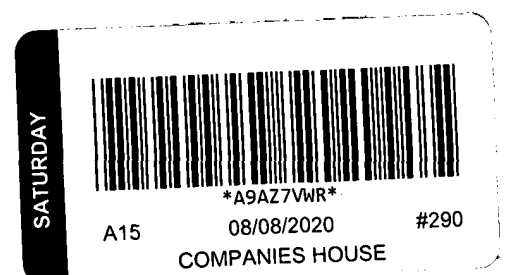


MONSON HOMES LIMITED

Report and Financial Statements
for the year ended
31 March 2020

Company registration number 5880788



MONSON HOMES LIMITED
Year Ended 31 March 2020

REPORT AND FINANCIAL STATEMENTS

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MONSON HOMES LIMITED
Year Ended 31 March 2020

DIRECTORS AND ADVISERS

Board Members

Mark Dickinson, Chair
Brendan Sarsfield
Francis Salway
Marian Ismail

Executive Management Team

Robert Heapy, Chief Executive
Jo Ellis, Operations Director
Colin Lissenden, Development Director

Registered Office

Monson House
Monson Way
Tunbridge Wells
Kent TN1 1LQ

Auditors

External

KPMG LLP
15 Canada Square
London
E14 5GL

Internal

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Bankers

Handelsbanken PLC
77 Mount Ephraim
Tunbridge Wells
Kent
TN4 8BS

Legal Status

Registered at Companies House. Company number 5880788

MONSON HOMES LIMITED
Year Ended 31 March 2020
REPORT OF THE BOARD

STRATEGIC REPORT

The Directors present the strategic report for Monson Homes Limited (Monson Homes) for the year ended 31 March 2020.

Principal activities

Monson Homes' principal activities are acting as an agent for the design, construction, development and regeneration of housing on behalf of its parent company, Town & Country Housing (TCH), and developing homes to be sold to its parent and for outright sale.

Business review

TCH merged with Peabody Trust on 9 May 2019 and will continue as an operating subsidiary of Peabody Group.

Monson Homes' turnover and profit increased during the year. 20 new homes were sold, most of which were from the final phase of the development at Lakewood, Tunbridge Wells. There was an increase in turnover and profit from agency work for the parent. During the year the company constructed for the parent 74 homes for TCH to rent and 31 homes for TCH to sell as shared ownership.

The pandemic crisis (Covid-19) caused a pause to Monson Homes' operations during March and April 2020, however it is expected that all aspects of the business will increase in the year ended 31 March 2021.

Key performance indicators (KPI's)

Monson Homes agrees annual key performance indicators with TCH, and these are monitored quarterly by the Board. The most significant KPI's are "starts on site" and "completions". Monson Homes substantially met its KPI's for the year.

Risk

The Board acknowledges that it has overall responsibility for establishing and maintaining the whole system of internal controls and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable, not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risk faced by Monson Homes is ongoing and has been in place throughout the period commencing 1 April 2019 up to the date of approval of the financial statements.

Monson Homes is integrated into the Group-wide approach to risk adopted by TCH Group and the wider Peabody Group. The risks faced by Monson Homes are considered in relation to both Monson Homes and their impact on TCH Group and Peabody Group.

The key risks identified by the Board affecting Monson Homes relate to the pandemic (Covid-19), and the external economic environment, especially in relation to contractor solvency and house price movement within its area of operation.

Subsequent event

The pandemic - Covid-19 began to impact Monson Homes operations from March 2020, further details are provided in note 20.

Approved by the Board and signed on its behalf by:



Mark Dickinson - Chair
6 July 2020

MONSON HOMES LIMITED

Year Ended 31 March 2020

DIRECTORS' REPORT

Directors

The Directors all served throughout the year. They are set out on page 1.

Dividends

The Directors do not recommend the payment of a dividend (2019: £Nil).

Results for the year

Monson Homes made a profit before tax of £1,073k (2019: £549k) for the year ended 31 March 2020, on a turnover of £33.5m (2019: £16.1m). The increase in turnover and profit arises from building more dwellings for sale on the open market and additional agency work for the parent. Monson Homes made a gift aid payment to its parent TCH of £343k during the year.

Governance

Monson Homes is governed by a board whose members are also Directors of TCH and Peabody Trust (its ultimate parent undertaking). The Board consists of four persons and the present Board Members are set out on page 1.

Disclosure of information to auditors

In the case of each person who was a Director at the time this report was approved:

- so far as that **Director** was aware, there was no relevant audit information of which Monson Homes' auditors were unaware; and
- the Director had taken all the steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that Monson Homes' auditors were aware of that information.

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

AUDITORS

A recommendation to reappoint KPMG as auditors will be proposed at the next Board meeting.

Approved by the Board and signed on its behalf by:



Mark Dickinson
Chair
6 July 2020

MONSON HOMES LIMITED
Year Ended 31 March 2020

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.

MONSON HOMES LIMITED
Year Ended 31 March 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONSON HOMES LIMITED

Opinion

We have audited the financial statements of Monson Homes Limited ("the company") for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income and Retained Earnings, Statement of Financial Position and related notes, including the principal accounting policies in note 4.

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 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").

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 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.

MONSON HOMES LIMITED

Year Ended 31 March 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONSON HOMES LIMITED

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.



Victoria Sewell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom
29 July 2020

MONSON HOMES LIMITED**Year ended 31 March 2020****STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS**

	Note	2020 £'000	2019 £'000
TURNOVER	5	33,484	16,062
Cost of sales		(31,229)	(14,325)
GROSS PROFIT		2,255	1,737
Administration costs		(737)	(500)
OPERATING PROFIT/(LOSS)	6	1,518	1,237
Interest payable	7	(453)	(562)
Interest receivable	8	8	2
PROFIT/(LOSS) BEFORE TAXATION		1,073	677
Taxation	11	65	(128)
TOTAL COMPREHENSIVE INCOME/(EXPENDITURE) FOR THE YEAR		1,138	549
STATEMENT OF CHANGES IN EQUITY			
		2020 £'000	2019 £'000
Retained earnings at the beginning of the year		243	(306)
Gift aid paid		(343)	-
Profit for the year		1,138	549
Retained earnings at the end of the year attributable to the owners		1,038	243

The notes on pages 9 to 14 form part of these financial statements.

All amounts relate to continuing activities.

MONSON HOMES LIMITED**Year ended 31 March 2020****STATEMENT OF FINANCIAL POSITION****as at 31 March 2020**

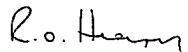
	Note	2020 £'000	2019 £'000
CURRENT ASSETS			
Stocks and work in progress	12	20,341	15,569
Debtors	13	5,698	745
Cash at bank and in hand		4,952	1,799
		30,991	18,113
Creditors: amounts falling due within one year	14	(4,437)	(2,137)
NET CURRENT ASSETS	6	26,554	15,976
Creditors: amounts falling due after one year	15	(516)	(12,733)
NET ASSETS		26,038	3,243
CAPITAL AND RESERVES			
Called-up share capital	17	25,000	3,000
Retained earnings	18	1,038	243
		26,038	3,243

The notes on pages 9 to 14 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board and signed on its behalf on 7 July 2020 by:



Mark Dickinson
Chair



Robert Heapy
Company Secretary

Monson Homes Limited - company registration number 5880788

MONSON HOMES LIMITED

Year Ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS

1. Company registration

Monson Homes Limited is a company limited by shares, incorporated in England and Wales, and its registered office is at Monson House, Monson Way, Tunbridge Wells, Kent TN11 1LQ. It is a subsidiary of a public benefit entity. Note 19, (Related Parties and Controlling Party) provides further information.

Basis of accounting

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' ('FRS102'), and with the Companies Act 2006.

Monson Homes has adopted the following disclosure exemptions under FRS102:

- the requirement not to present a statement of cash flows and related notes
- the requirement to not disclose financial instruments including financial instrument categories, income, expenses, gains and losses and the exposure to and the management of financial risks. Equivalent disclosures have been made in the consolidated financial statements presented alongside the parent company's (Town & Country Housing) own financial statements.

2. Going concern

The impact of the pandemic – Covid 19 creates uncertainty over Monson Homes turnover from construction for TCH and from dwelling sales. The Board has received regular re-forecasts and trading updates.

The directors, after reviewing the Company's budgets for 2020/21 and the Group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make judgements and estimates. The most significant are the anticipated costs to complete on a development scheme and the expected sales value of the properties upon completion. There is judgement involved in assessing the cost to complete based on the anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, management then determine the recoverable amount of the properties developed for outright sale and/or land held for sale. This judgement is based on third party valuations for the estimated sales values based on economic conditions within the area of development and is re-assessed on a regular basis. The impact of the pandemic – Covid 19 creates uncertainty over future sales values from dwelling sales.

4. Significant accounting policies

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of discounts, VAT and other sales related tax. The whole of Monson Homes' turnover is attributable to its activity as a building developer and contractor and is incurred solely in the United Kingdom.

Property sales

Properties are treated as sold and profits are recognised when sale contracts are completed. Profit on homes built for sale is recognised in proportion to the turnover achieved compared to the total estimated turnover for the scheme. The value of future sales is based on management estimates informed by independent valuations.

MONSON HOMES LIMITED

Year Ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Principal accounting policies – Turnover (continued)

Construction contracts

Turnover represents charges to Town & Country Housing in respect of the provision of design and build services and is recognised when the costs are incurred.

Interest

While the construction of stock is in progress, the interest attributable to the expenditure incurred on the asset is capitalised as part of the cost of the asset. The amount capitalised is derived from the weighted average cost of borrowing of Monson Homes, unless specific borrowings are taken out to finance the construction of the asset, in which case the rate applied is that of the specific borrowing.

Stock and work in progress

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell.

Value-added tax

Monson Homes makes taxable supplies and is able to recover the VAT it incurs on expenditure. The balance of VAT payable or recoverable at the year-end is included as a current asset or liability.

Financial Instruments

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other account receivables and payable, loans from group companies and other third parties and loans to group companies and other third parties.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible (within three months) into known amounts of cash and are subject to an insignificant risk of changes in value.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as Other Comprehensive Income or to an item recognised directly in equity is also recognised in Other Comprehensive Income or directly in equity respectively.

The current tax charge is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

MONSON HOMES LIMITED**Year ended 31 March 2020****NOTES TO THE FINANCIAL STATEMENTS (continued)****5. Turnover**

Monson Homes has determined its operating segments as:

Design, construction, development and regeneration for its parent company (TCH)

Residential house building

2020	2019
£'000	£'000
26,593	9,291
6,891	6,771
33,484	16,062

All turnover is derived in the United Kingdom.

6. Operating profit

Operating profit is stated after charging:

Cost of stock recognised as an expense

Auditor's remuneration:

- for audit services
- for taxation services

2020	2019
£'000	£'000
31,110	14,271
7	4
-	-

7. Interest payable

Interest on loan from parent

Borrowing costs capitalised

2020	2019
£'000	£'000
701	808
(248)	(246)
453	562

8. Interest receivable

Interest on short-term loan to parent

Bank interest receivable

2020	2019
£'000	£'000
2	-
6	2
8	2

9. Employee information

Monson Homes staff are employed under a joint contract of employment with TCH. Staff salary costs are incurred by TCH and they are recharged to Monson under a service-level agreement.

10. Executive Directors' and Board Members' emoluments

Monson Homes Directors receive no remuneration for their role with Monson Homes.

MONSON HOMES LIMITED

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Taxation

	2020	2019
	£'000	£'000
(a) Tax on profit on ordinary activities		
The tax charge/(credit) comprises:		
Current tax		
UK corporation tax	(65)	65
Deferred tax, reversal of timing differences	-	63
Total tax on profit/(loss) on ordinary activities	(65)	128
(b) Factors affecting the tax charge for the period		
Profit/(loss) on ordinary activities before tax	1,073	677
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK 19% (2018: 19%)	204	129
Effects of:		
Over-provision in prior year	(65)	(1)
Anticipated gift aid payment	(204)	-
Unrelieved tax losses	-	-
Total tax charge/(credit) for the period	(65)	128

12. Stock and work in progress

	2020	2019
	£'000	£'000
Completed properties	7,019	5,388
Properties under construction	13,322	10,181
	20,341	15,569

Capitalised interest included in the above is £248k (2019: £229k).

13. Debtors

	2020	2019
	£'000	£'000
Amounts recoverable on contracts: owed by parent	1,419	681
Amount due from parent	4,250	-
VAT receivable	29	64
Corporation tax	-	-
Deferred tax asset	-	-
	5,698	745

14. Creditors: amounts due within one year

	2020	2019
	£'000	£'000
Trade creditors	2,376	724
Amount payable to parent	95	66
Accruals and deferred income	1,456	847
Retentions	510	435
Corporation tax	-	65
	4,437	2,137

MONSON HOMES LIMITED**Year ended 31 March 2020****NOTES TO THE FINANCIAL STATEMENTS (continued)****15. Creditors: amounts due after more than one year**

	2020 £'000	2019 £'000
Loan from parent company due after more than five years	-	12,500
Retentions	516	233
	516	12,733

The loan from the parent company is a revolving facility of £60m, at LIBOR plus 2%. It is secured by a floating charge over all of Monson Homes' assets. It is repayable in March 2027. The loan was repaid in the year from TCH's additional £22m investment in Monson Homes, however the facility remains to fund Monson Homes future activities.

16. Long-term commitments**Long-term expenditure commitments were as follows:**

	2020 £'000	2019 £'000
Expenditure contracted for but not provided in the accounts	63,365	38,658
Expenditure authorised by the Board but not contracted	30,349	22,760
	93,714	61,418

These commitments will be financed through a combination of working capital, the loan from TCH and the inter-company framework development agreement with TCH, whereby TCH guarantees to pay Monson Homes any and all costs incurred in the delivery of build contracts that it has entered into on TCH's behalf.

17. Share capital

	2020 £	2019 £
Authorised share capital:		
25,000,000 ordinary shares at £1 each	25,000,000	3,000,000
Issued and fully paid:		
25,000,000 ordinary shares of £1 each	25,000,000	3,000,000

Each ordinary share of £1 is a voting share in the capital of the Company, is entitled to participate in the profits of the Company and on a winding-up is entitled to participate in the assets of the Company.

18. Reserves

Retained earnings relates to the cumulative retained earnings less amounts distributed to shareholders.

19. Related parties and controlling party

The immediate parent and controlling entity is Town & Country Housing, an entity incorporated in Great Britain. Copies of its financial statements can be obtained from the registered office: Monson House, Monson Way, Tunbridge Wells, Kent, TN1 1LQ.

The ultimate parent is Peabody Trust, an entity incorporated in Great Britain. Copies of its financial statements can be obtained from the registered office: 45 Westminster Bridge Road, London SE1 7JB

Monson Homes has taken advantage of the exemption provided by paragraph 33.1A of FRS102 not to disclose group related party transactions as it is wholly owned by its immediate parent company.

Key Management Personnel (the Executive Management Team) receive no compensation for their role with the Company.

MONSON HOMES LIMITED

Year ended 31 March 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Subsequent event

The Covid 19 pandemic began to impact Monson's operations in March 2020, with the Health Protection (Coronavirus, restrictions) (England) Regulations 2020 coming into force on 26 March. The restrictions have resulted in a number of impacts on Monson Homes and its customers:

- Developments on site were paused for a period (although all are now underway again)
- Sales of new homes were impacted, although we continued with virtual viewings, and received reservations on this basis which are expected to proceed to exchange and completion
- The majority of office based staff are working remotely
- The Board is meeting more frequently, remotely.