

**O n w a r d**

# **Onward Build Limited**

**Annual Report and Financial Statements for the year  
ended 31 March 2023**

Companies House registration number 10665852

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# BOARD AND ADVISORS

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## Members of the Board

Paul High (Resigned February 2023)

Dena Burgher (Chair)

Michael Gerrard

Alexander Livingstone

Michael Verrier (Resigned January 2023)

Diana Hampson (Appointed March 2023)

Karl Tupling (Appointed April 2023)

## Company Secretary

Catherine Farrington

## Principal Banker

**NatWest Group PLC**

1 Hardman Boulevard,  
Manchester, M3 3AQ

## Principal Solicitors

**Devonshires Solicitors LLP**

Park House, Park Square West, Leeds, LS1  
2PW

**Trowers & Hamlins LLP**

55 Princess Street, Manchester M2 4EW

## External Auditor

**BDO LLP**

3 Hardman Street, Spinningfields, Manchester,  
M3 3AT

## Internal Auditor

**Beever and Struthers LLP**

One Express, 1 George Leigh Street,  
Ancoats, Manchester, M4 5DL

# STRATEGIC REPORT

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## Introduction

The Board presents its strategic report, containing the operating and financial review for the year ended 31 March 2023.

## Overview and background

Onward Group Limited (“the Group”) set up Onward Build Limited (“the Company”) as a development subsidiary in March 2019. Prior to joining the Group, the Company was dormant. Its purpose is to develop new affordable and open market homes and provide development services to the Group.

## Legal structure

Onward Build Limited is a Company registered at Companies House with registration number 10665852. The Company is a wholly owned subsidiary of Onward Homes Limited, which in turn is a wholly owned subsidiary of Onward Group Limited.

## Financial review

During the year Onward Build Limited has faced a challenging economic climate of increased inflation and contractor viability risk. In February 2023 the main contractor of the Basford East (Phase 1 & 2) and Helsby schemes fell into financial hardship. As a result, work has been suspended on site and an appraisal has been conducted to understand the expected cost to complete both schemes, allowing for increased contractor costs and further delays. This appraisal has resulted in an impairment of £3,533,000 to bring the carrying value of the schemes back in line with the recoverable amount.

The Company is reporting a deficit before tax for the year of £5,165,000 (2022: £457,000). This relates largely to the aforementioned impairment and the release of £1,226,000 of interest charge which was previously capitalised against the land purchased for Basford phase 3 & 4. This plot of land currently remains undeveloped, but market testing is underway to source a new contractor. As such the capitalised costs associated with the land have been released.

The Company ended the year with cash and short-term investments of £2,796,000 (2022: £1,647,000).

## Operating review

The principal activity of the Company in the year was development. During the year 37 social housing units under development were transferred to Onward Homes as part of a Golden Brick arrangement. This has generated sales proceeds in the Company of £4,448,000 (2022: nil).

The Company utilises the group risk management framework to ensure all known risks are identified and assessed before any financial commitments are entered into.

## Strategic report

The strategic report including the operating and financial review was approved by the Board on 29<sup>th</sup> August 2023 and signed on its behalf by:



### **Catherine Farrington**

Company Secretary

Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY

# DIRECTOR'S REPORT

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The Board presents the Onward Build Limited Annual Report (the 'Annual Report') and the audited financial statements for the year ended 31 March 2023.

## Principal activities

The Company's principal activities are development of new homes and provision of development agency services to the Group.

## Board members and executive directors

The current Board members of the Company are set out on page 2.

The Board members are a combination of non-executive and executive directors from Onward Group and have a wide background bringing together professional, commercial and other experiences. No remuneration was paid to the directors on the Board in their capacity as directors of the Company.

## Statement of compliance

The Board report and financial statements have been prepared in accordance with applicable reporting standards and legislation.

## Health and safety

Health and Safety is an integral part of the proper management of all the undertakings over which the Company has control. The Company promotes safe practices and continuous improvement through a health and safety group, and regional health and safety forums on which all parts of the group are represented. Onward Build Limited is committed to ensuring:

- The health, safety and welfare of all its customers, leaseholders, colleagues, contractors and third parties involved in the operations of the Company.
- The safety of the general public who use or have access to premises or sites under its control.
- The way in which it operates contributes to the wellbeing of the community at large.

## Corporate Governance

### What process is in place to identify should the entity be underperforming?

The Company is governed by a Board who delegate day-to-day operational control as appropriate. The Board meets to consider key risks and approve the accounts. As a subsidiary of the Onward Group, the Company delegates responsibilities to five committees:

- Audit and Risk - oversight of audit and risk matters for the Group.
- Finance & Treasury – oversight and scrutiny of Group finance, performance and treasury strategy.
- Property & Development - oversight of portfolio management, landlord compliance and the development programme with some delegations to approve development schemes and land purchases.
- Governance & People – makes recommendations to the Common Board on nomination and remuneration matters.
- Customer – oversight of customer engagement and customer voice.

The committee structure was changed from 1st April 2023 to the structure outlined above. The main changes were;

- The combining of finance, performance and treasury to consolidate all financial matters into one forum,
- The creation of a customer specific committee to put customers at the heart of everything we do,
- The renaming of the Nominations and Remunerations committee to the Governance and People committee
- Property was previously covered by the Finance and Performance committee but now it has been combined with development to form the Property and Development committee.

## **DIRECTOR'S REPORT (continued)**

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### **Employee involvement**

The Board recognises that its employees are its greatest asset and that it cannot achieve its aims and objectives without their involvement and contribution towards running the organisation.

The Company communicates and consults with its employees through a variety of structures including regular team briefings, employee emails, newsletters and colleague forum.

The Group is committed to developing a culture in which equality and diversity is integral to all of its activities, including the recruitment and development of colleagues. There is a Diversity Strategy in place which aims to achieve an inclusive culture that respects and values differences and eliminates discrimination in all areas.

### **Corporate social responsibility**

The Board is committed to being a socially responsible organisation by managing in a socially responsible way, ensuring adherence to legislation and operating ethically. Its flagship development schemes at Basford East & Helsby will offer affordable rented homes for people on low incomes and affordable home ownership for those who struggle to access the open market.

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

So far as each of the directors of the Company is aware, at the time this report is approved:

- There is no relevant information which the Company's auditor is unaware; and
- The directors have 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.

### **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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of internal control**

The Board acknowledges its ultimate responsibility for ensuring that the Group has in place a system of internal control and risk management that is appropriate to the various business environments in which it operates and for the review of the effectiveness of that system during the year.

The Audit and Risk Committee is responsible to the Onward Board for monitoring this system and reporting on its effectiveness.

# DIRECTOR'S REPORT (continued)

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## Statement of internal control (cont'd)

Internal controls are designed to identify and manage, rather than eliminate, risks which may prevent an organisation from achieving its objectives.

The system of internal control is designed to manage risk and give reasonable rather than absolute assurance with respect to:

- The achievement of key business objectives and expected outcomes.
- The preparation and reliability of financial and operational information used within the organisation and for publication.
- The maintenance of proper accounting and management records.
- The safeguarding of assets against unauthorised use or disposition.

## Internal assurance activities

The process followed to identify, evaluate and manage significant risks faced by the Company is ongoing and has been in place during the past financial year and up to the date of the annual report and financial statements.

## Internal audit assurance

The Group's in-house internal audit function is used to provide assurance on the operation of the control framework and the management of risk. Internal audit is not responsible for the design and construction of control systems but provide an assessment as to their effectiveness.

The Group worked with Price Waterhouse Coopers (PwC), it's Internal auditors during 2022 – 23, to establish an internal audit plan for 2022 – 23 which is aligned to the strategic risk register. As of 1<sup>st</sup> April 2023 Beever and Struthers were appointed as the Groups internal auditors.

The Audit and Risk Committee oversee the work of the internal auditor and review reports issued by them. The committee is responsible for monitoring that actions identified as a result of internal audit findings are implemented in a timely fashion.

## External audit assurance

The work of the external auditor provides some independent assurance over the adequacy of the internal control environment. The Company receives a management letter from the external auditor which identifies any internal control weaknesses. The Board itself and through the activities of the Audit and Risk Committee has reviewed the outcome of external audit work and the external audit management letter.

## Fraud

The Company has a current policy on fraud which includes both fraud prevention and detection. A register of frauds and losses is maintained and is reported to the Audit and Risk Committee.

## Review of risk management and governance arrangements

Risk management arrangements should mitigate against risks materialising.

## Conclusion

The Board acknowledges that its responsibility applies to the full range of risks and controls across all Company activities and is to ensure that planned remedial and improvement actions agreed were implemented in a timely and comprehensive manner.

The Board has considered the effectiveness of the system of internal control in place in the year ended 31 March 2023. The Board considers that systems of internal control, governance and risk management arrangements are working effectively.

## Going concern

During the year Onward Build Limited has faced a challenging economic climate of increased inflation, high interest rates and contractor viability risk. In February 2023 the main contractor of the Basford East (Phase 1 & 2) and Helsby schemes fell into financial hardship. As a result, work has been suspended on site and an appraisal has been conducted to understand the expected cost to complete both schemes, allowing for increased contractor costs and further delays. This appraisal has resulted in an impairment of £3,533,000 to bring the carrying value of the schemes back in line with the recoverable amount. All contracts and schemes will be regularly reviewed to minimise overspend.

## DIRECTOR'S REPORT (continued)

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### Going concern (cont'd)

The Company is reporting a deficit before tax for the year of £5,165,000 (2022: £457,000). This relates largely to the aforementioned impairment and the release of £1,226,000 of interest charge which was previously capitalised against the land purchased for Basford phase 3 & 4. This plot of land currently remains undeveloped, but market testing is underway to source a new contractor. As such the capitalised costs associated with the land have been released.

The Company has in place debt facilities of £54,000,000 (2022: £49,000,000), of which £12,025,000 is undrawn (2022: £14,950,000) and cash and cash equivalents of £2,796,000 (2022: £1,647,000). The inter-group loan has been assessed for potential credit risk following the impairment of the Company's assets. As the loans do not fall due for several years and are being serviced in accordance with their terms we do not believe there risk of irrecoverability.

The Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Company's ability to continue as a going concern. The Board, therefore, considers it appropriate for the accounts to be prepared on a going concern basis.

On this basis, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### Independent auditor

BDO LLP were appointed as auditors in the year. A resolution to appoint the Group's auditor will be proposed at a forthcoming Board Meeting. BDO LLP have indicated their willingness to continue in office should a resolution concerning their reappointment be agreed by the Board.

The Directors' Report, including the financial statements, was approved by the Board on 29<sup>th</sup> August 2023 and signed on its behalf by:



### Catherine Farrington

Company Secretary

Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY



# INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ONWARD BUILD LIMITED

### Opinion on the financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Onward Build Limited ("the Company") for the year ended 31 March 2023 which comprise Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

# INDEPENDENT AUDITOR'S REPORT (continued)

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We have nothing to report in this regard.

## Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## Responsibilities of Directors

As explained more fully in the Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## INDEPENDENT AUDITOR'S REPORT (continued)

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### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the company and the industry in which it operates;
- Discussion with management and those charged with governance (including also consider legal counsel, board of directors and compliance manager);
- Obtaining and understanding of the Companies policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be FRS 102, UK Tax legislation & the VAT Act.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;

### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Companies policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and revenue recognition, in particular the existence of the income.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Considered recognition of income throughout the year.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## INDEPENDENT AUDITOR'S REPORT (continued)

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Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.

DocuSigned by:

*Hamid Ghafoor*

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Hamid Ghafoor (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Manchester, UK

05 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# FINANCIAL STATEMENTS

## Statement of Comprehensive Income for the year ended 31 March 2023

		2023	2022
	Notes	£'000	£'000
<b>Turnover</b>		4,448	-
Cost of sales		(4,416)	-
Operating costs		(3,754)	(184)
Movement on fair value of investment land		-	-
<b>Operating loss</b>		(3,722)	(184)
Interest receivable and similar income	6	8	-
Interest payable and similar charges	7	(1,451)	(273)
<b>Loss on ordinary activities before taxation</b>		(5,165)	(457)
Taxation on loss on ordinary activities	8	(363)	125
<b>(Loss) for the year after taxation</b>		(5,528)	(332)
<b>Other comprehensive income</b>		-	-
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive (loss) for the year</b>		(5,528)	(332)

The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits are the same as those shown in the statement of comprehensive income.

## Statement of Changes in Equity

	Non-equity share capital £'000	Revenue reserves £'000	Total reserves £'000
<b>Balance at 31 March 2021</b>	-	(149)	(149)
Loss for the year	-	(332)	(332)
<b>Balance at 31 March 2022</b>	-	(481)	(481)
Total comprehensive loss for the period			
Loss for the year	-	(5,528)	(5,528)
<b>Balance at 31 March 2023</b>	-	(6,009)	(6,009)

The accompanying notes form part of these financial statements.

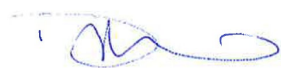
# FINANCIAL STATEMENTS (continued)

## Statement of Financial Position as at 31 March 2023

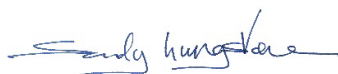
	Notes	2023 £'000	2022 £'000
<b>Tangible fixed assets</b>			
Other tangible fixed assets	9	8,007	-
<b>Current assets</b>			
Properties for sale and work in progress	10	27,617	32,577
Debtors due within one year	11	11	383
Cash and cash equivalents		2,796	1,647
		<b>30,424</b>	34,607
Creditors: amounts falling due within one year	12	(1,989)	(836)
<b>Net current assets</b>		<b>28,435</b>	33,771
<b>Total assets less current liabilities</b>			
		<b>36,442</b>	33,771
Creditors: amounts falling due after one year	13	(42,451)	(34,252)
<b>Total net liabilities</b>			
		<b>(6,009)</b>	(481)
<b>Capital and reserves</b>			
Non-equity share capital	15	-	-
Revenue reserves		(6,009)	(481)
<b>Total capital and reserves</b>		<b>(6,009)</b>	(481)

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 29<sup>th</sup> August 2023 and signed on its behalf by:



.....  
Dena Burgher  
Chair



.....  
Alexander Livingstone  
Director



.....  
Catherine Farrington  
Company Secretary

# NOTES TO THE FINANCIAL STATEMENTS

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## 1. Legal status

Onward Build Limited is registered under the Companies Act 2006, registration number 10665852. The registered office is Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY.

Onward Build Limited is a trading subsidiary of Onward Homes Limited, a charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. It is registered with the Financial Conduct Authority, registration number of 17186R.

## 2. Accounting policies

### a) Basis of accounting

The financial statements of the Company are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102).

The financial statements are presented in sterling (£) and have been rounded to the nearest £1,000 unless stated otherwise.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.8; and
- the requirements of section 33 Key Management Personnel Compensation 33.6.

The Company's ultimate parent undertaking is Onward Group Limited. This information is included in the consolidated financial statements of Onward Group Limited as at 31 March 2023 and these statements may be obtained from Renaissance Court, 2 Christie Way, Didsbury, Manchester, M21 7QY.

### b) Measurement convention

The financial statements are prepared on the historical cost basis.

### c) Going concern

During the year Onward Build Limited has faced a challenging economic climate of increased inflation, high interest rates and contractor viability risk. In February 2023 the main contractor of the Basford East (Phase 1 & 2) and Helsby schemes fell into financial hardship. As a result, work has been suspended on site and an appraisal has been conducted to understand the expected cost to complete both schemes, allowing for increased contractor costs and further delays. This appraisal has resulted in an impairment of £3,533,000 to bring the carrying value of the schemes back in line with the recoverable amount. All contracts and schemes will be regularly reviewed to minimise overspend.

The Company is reporting a deficit before tax for the year of £5,165,000 (2022: £457,000). This relates largely to the aforementioned impairment and the release of £1,226,000 of interest charge which was previously capitalised against the land purchased for Basford phase 3 & 4. This plot of land currently remains undeveloped. This plot of land currently remains undeveloped, but market testing is underway to source a new contractor. As such the capitalised costs associated with the land have been released.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### c) Going concern (continued)

The Company has in place debt facilities of £54,000,000 (2022: £49,000,000), of which £12,025,000 is undrawn (2022: £14,950,000) and cash and cash equivalents of £2,796,000 (2022: £1,647,000). The inter-group loan has been assessed for potential credit risk following the impairment of the Company's assets. As the loans do not fall due for several years and being services in accordance with their terms we do not believe there is a credit risk.

The Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Company's ability to continue as a going concern. The Board, therefore, considers it appropriate for the accounts to be prepared on a going concern basis.

On this basis, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### d) Judgement and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements, estimates and assumptions have had the most significant effect in amounts recognised in the financial statements.

**Basic financial instruments:** The assessment of certain loans and interest rate fixes as basic financial instruments requires judgement. Such instruments have been reviewed in detail and have been assessed as basic because key clauses indicate that funders will not suffer a loss on breakage.

**Impairment:** A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the statement of comprehensive income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

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### d) Judgement and estimates (continued)

**Costs to complete:** The anticipated costs to complete on a development scheme based on anticipated construction cost, the effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, the recoverability of property developed for outright sale and/or land held for sale can then be determined. This judgement is also based on the best estimate of sales value based on economic conditions within the area of development.

**Recoverability of the cost of properties developed for outright sale:** Properties developed for outright sale are held at the lower of costs of developing the unit or at the estimate of fair value less cost to sell. Fair value less cost to sell is only used when the Company cannot fully recover through sales the cost of developing the units or when there is impairment of the property. The difference between the costs of the development and the estimated fair value less cost to sell are accounted as part of the cost of sales. The estimated fair value is based on the market price the Company will generate from the properties and the costs to sell are the estimated transaction costs of completing the sales.

**Establishing the useful economic lives ("UEL") of Other Fixed Assets;** The UELs are estimated based on sector norms and actual performance. The only assets within the entity are land which is not depreciated.

### e) Basic financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. These include bank loans. Onward Build does not have any financial instruments which fall into the non basic financial instrument category.

#### Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### f) Interest

Interest payable and similar charges include interest payable and finance charges on liabilities recognised in the statement of comprehensive income using the effective interest method and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of housing properties that take a substantial time to be prepared for use are capitalised as part of the cost of that asset. Other interest receivable and similar income includes interest receivable on funds invested.

### g) Taxation

The tax charge for the year is based on the loss for the year end and includes current tax on any taxable losses for the year and deferred taxation.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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### **g) Taxation (continued)**

Current tax is the expected tax payable or receivable on the taxable income or deficit for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

### **h) Other tangible fixed assets**

Other tangible fixed assets include those assets with a continued economic benefit to the group.

Depreciation is provided on a straight line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

### **i) Value added tax**

The Company is VAT registered and it not part of the Onward Group Limited VAT Group.

### **j) Turnover**

Turnover represents the cost recovery along with an agreed mark up of development of social housing units.

Income is first recognised at the point units reach the “golden brick” stage of development and continues through to practical completion. Income is recognised once costs have been certified by a surveyor.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. Operating loss

Operating loss is stated after charging:	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Operating lease payments	-	-
Auditor's remuneration (excluding VAT):		
In their capacity as auditors	7	5

Audit fees and fees to the auditors for other services were paid by Onward Group Limited in the year and recharged via group charges to all subsidiaries.

### 4. Board members

No remuneration was paid to the directors on the Board in their capacity as directors of the Company.

### 5. Employee information

Onward Build Ltd does not have any employees but is supported by staff from Onward Homes Ltd. Staffing costs are recharged to Onward Build Ltd based on 1% of works and 1% of the land purchased with a 4% mark up. These costs are capitalised in line with the accounting policy. There are no full time equivalent staff whose remuneration (including salaries, benefits in kind, pension contributions paid by the employer and any termination payments) exceeded £60,000.

### 6. Interest receivable and similar income

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	8	-
	<b>8</b>	<b>-</b>

### 7. Interest payable and similar charges

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Intra-group loan interest	(2,425)	(961)
Non utilisation fees	(51)	(66)
	<b>(2,476)</b>	<b>(1,027)</b>
Capitalised interest	1,025	754
	<b>(1,451)</b>	<b>(273)</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. Taxation

	2023 £'000	2022 £'000
<b>UK corporation tax</b>		
Current tax charge for the year	-	-
Adjustment in respect of previous years	-	-
	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	211	(85)
Adjustment in respect of previous years	152	27
Effect on tax change on opening balance	-	(67)
	-	(125)
<b>Total tax loss/(credit) on loss on ordinary activities</b>	<b>363</b>	<b>(125)</b>

All amounts of taxation are recognised in the statement of comprehensive income.

#### Factors affecting the tax charge for the period

The current rate of tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
Loss on ordinary activities before taxation	(5,165)	(457)
Current tax at standard corporation tax rate	(289)	(87)
Adjustments in respect of prior periods – deferred tax	152	27
Group relief surrendered	-	22
Deferred tax not recognised	591	-
Tax rate differences on deferred tax	(91)	(87)
<b>Total tax charge/(recovery) on loss on ordinary activities</b>	<b>363</b>	<b>(125)</b>

As of 31 March 2023, the main rate of corporation tax in the UK was 19%. This will rise to 25% with effect from 1 April 2023, which was substantively enacted in the Finance Bill 2021 on 10 June 2021.

#### Deferred taxation

<b>The movement in the year is as follows:</b>	2023 £'000	2022 £'000
Net tax (asset) at start of the year	(363)	(238)
Difference between accumulated depreciation and capital allowances	-	-
Unused tax losses	-	(125)
Deferred tax charges in statement of comprehensive income	363	-
Other short-term timing differences	-	-
<b>Net tax (asset) at end of the year</b>	<b>-</b>	<b>(363)</b>

No further deferred tax asset has been recognised in the accounts. At the rate of 25%, the additional deferred tax asset, if recognised, would amount to £591,000 (2022: nil).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. Other fixed assets

	Land £'000	Total £'000
Land transferred from WIP	8,007	8,007
	<b>8,007</b>	<b>8,007</b>

### 10. Properties for sale and work in progress

	2023 £'000	2022 £'000
Development under construction	39,157	32,577
Impairment of development under construction	(3,533)	-
Land transferred to OFA	(8,007)	-
	<b>27,617</b>	<b>32,577</b>

In February 2023 the main contractor of the Basford East (Phase 1 & 2) and Helsby schemes fell into financial hardship. As a result, work has been suspended on site and an appraisal has been conducted to understand the expected cost to complete both schemes, allowing for increased contractor costs and further delays. This appraisal has resulted in an impairment of £3,533,000 to bring the carrying value of the schemes back in line with the recoverable amount.

### 11. Debtors due within one year

	2023 £'000	2022 £'000
Other taxation and social security	5	12
Deferred tax	-	363
Prepayments and sundry debtors	6	8
	<b>11</b>	<b>383</b>

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

	2023 £'000	2022 £'000
Loans from related parties	1	1
Trade creditors	1	49
Accruals and deferred income	1,184	301
Amounts owed to related parties	803	485
	<b>1,989</b>	<b>836</b>

Amounts owed to related parties are due on demand and interest free.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 13. Creditors: amounts falling due after one year

	2023 £'000	2022 £'000
Loans from related parties	41,975	34,050
Capital creditors and retentions	476	202
	<b>42,451</b>	<b>34,252</b>

The intercompany loans held become repayable on the 10th anniversary of the development for which the fund were intended. The interest rates are set at The Bank of England base rate +4%

### 14. Financial instruments

The carrying amounts of the financial assets and liabilities include:	2023 £'000	2022 £'000
Financial assets measured at transaction price adjusted for transaction costs (historic cost):		
Other receivables	11	383
Cash and cash equivalents	2,796	1,647
<b>Total financial assets</b>	<b>2,807</b>	<b>2,030</b>
Financial liabilities measured at transaction price adjusted for transaction cost (historic cost):		
Loan payable (note 13)	41,976	34,050
Trade creditors (note 12)	1	49
Other creditors	2,464	989
<b>Total financial liabilities</b>	<b>44,441</b>	<b>35,088</b>

### 15. Non-equity share capital

	2023 £	2022 £
Shares of £1 each fully paid and issued:		
At start of the year	100	100
<b>At end of the year</b>	<b>100</b>	<b>100</b>

This note is shown in £s rather than £'000s

### 16. Transactions with related parties

There are no related party transactions during the year, with the exception of transactions with wholly owned members of the group. Onward Build Ltd has opted to take the disclosure exemption under the requirements of section 33 Related Party Disclosures paragraph 33.8 of FRS102 and as such do not need to report of these transactions.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 17. Capital commitments

	2023 £'000	2022 £'000
Capital expenditure contracted for but not provided for in the financial statements general balance	72,791	84,234
Capital expenditure authorised by the Board but not yet contracted for general balance	38,887	-
	<b>111,678</b>	84,234

Capital expenditure commitments are funded through future grant funding of £15,224,065, with £96,454,372 provided by internal funding.

### 18. Contingent liabilities

There were no contingent liabilities as at 31 March 2023 (2022: £ Nil).

### 19. Ultimate parent Company and parent Company of larger group

The Company's immediate parent Company is Onward Homes Limited (LH0250) a charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. The Company's ultimate parent undertaking and controlling party is Onward Group Limited (31216R), a Registered Provider of social housing. This is the smallest and largest group of undertakings for which consolidated financial statements are prepared. Copies of the consolidated financial statements can be obtained from its registered office: Renaissance Court, 2 Christie Way, Didsbury, Manchester M21 7QY.

### 20. Post balance sheet events

There were no significant post balance sheet events requiring adjustment to the financial statements.