

Onward

Atrium City Living Limited

**Annual Report and Financial Statements for the year
ended 31 March 2022**

Companies House registration number 4710066

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BOARD AND ADVISORS

Members of the Board

Bronwen Rapley

Alexander Livingstone

Michael Gerrard

Matthew Saye (appointed April 2021)

Company Secretary

Catherine Farrington

Victoria Parr (Deputy)
(Resigned September 2021)

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 & Hamblins LLP

55 Princess Street, Manchester
M2 4EW

External auditor

BDO LLP

3 Hardman Street, Manchester, M3 3AT

Internal auditor

PricewaterhouseCoopers LLP

1 Hardman Square, Manchester
M3 3EB

STRATEGIC REPORT

Introduction

The Board presents its strategic report, containing the operating and financial review for the year ended 31 March 2022.

Overview and background

At Atrium City Living Limited's inception in 2003 the Company's main purpose was to manage non-core market rent and leasehold properties and to provide expertise in low cost home ownership development, sales and marketing across Onward Group ("the Group").

Following the Group reorganisation in 2018, Atrium City Living Limited ("the Company") is now used as a delivery vehicle for development investment. As well as its investment in the Greater Manchester Joint Venture (GMJV), the Company is a partner in CRDP Developments LLP – a joint venture with Seddon construction to build homes in Goosnargh, Preston.

Legal structure

Atrium City Living Limited is a Company registered at Companies House with registration number 4710066. Atrium is a wholly owned subsidiary of Onward Homes Limited.

Financial review

The Company is reporting a profit for the year of £115,000 (2021: loss £110,000). The Company ended the year with cash and short-term investments of £1,000 (2021: £2,000). This year the Company has recognised its share of the operating profit in the joint venture of £131,000 (2021: loss of £112,000). It has also recognised an interest cost this year reflecting the cost of the intercompany loan it has received from Onward Homes Ltd to fund the investment in the joint venture.

Operating review

The principal activities of the Company involve the facilitation of the development of properties as well as developing properties for outright sale. The Company was not directly active in these areas in 2022 as all activities were facilitated via joint venture arrangements.

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

Brexit

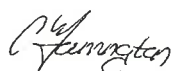
The exiting from the European Union (EU) on 31.01.21 means that new regulations are now in place for movement of goods and services across the EU/UK borders. Although the Group will not be directly impacted there will be an indirect impact on pricing of labour, materials, which will in turn impact our ability to deliver services such as building homes due to lack of certain materials.

Ukraine

Onward would like to express our solidarity with the Ukrainian people who are suffering as a consequence of the war. Whilst the war has not thus far impacted Onward we recognise that longer term there will be impacts felt throughout our customer base specifically cost of living inflation, fuel poverty and potentially shortages of certain foods.

Strategic report

The directors' report, including the financial statements, was approved by the Board on 3rd August 2022 and signed on its behalf by:



04/10/22

Catherine Farrington

Company Secretary

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

DIRECTORS' REPORT

The Board presents the Atrium City Living Limited Annual Report (the 'Annual Report') and the audited financial statements for the year ended 31 March 2022.

Principal activities

The Company's principal activity is investment in opportunities which facilitate development of new homes.

Board members

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

The Board members are the executive directors of 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. The Company 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

Atrium is governed by a Board who delegate day-to-day operational control as appropriate. The Board meets to make decisions about investments and approve the accounts. As a subsidiary of Onward Group, Atrium delegates responsibilities to five committees:

- Audit and Risk - oversight of audit and risk matters for the Group.
- Finance and Performance – oversight and scrutiny of Group finance and performance.
- Nominations and Remuneration – makes recommendations to the relevant Boards on nomination and remuneration matters.
- Development - oversight of the development programme including performance of development joint ventures
- Treasury - reviews funding and treasury matters and makes recommendations to the relevant Boards.

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, colleagues forum and trade union meetings (consultation through recognised the trade union body, the JNCC).

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.

DIRECTORS' REPORT (continued)

Corporate social responsibility

The Board are committed to being a socially responsible organisation by managing in a socially responsible way, ensuring adherence to legislation and operating ethically. One of its investment vehicles is building some new affordable homes for rent and low cost home ownership.

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

The Board acknowledges its ultimate responsibility for ensuring that the the Company 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.

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

DIRECTORS' REPORT (continued)

Statement of internal (continued)

Internal assurance activities

The process followed to identify, evaluate and manage significant risks faced by the Group 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 externally sourced internal audit function is used to provide assurance on the operation of the control framework and the management of risk. Internal audit are not responsible for the design and construction of control systems but provide an assessment as to their effectiveness.

The Audit and Risk Committee oversees the work of the internal auditor and reviews reports issued by them. The Committee is responsible for monitoring that actions identified as a result of internal audit findings and ensuring that they 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 Group 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 Group has a current policy on fraud which includes both fraud prevention and detection. Information with respect to frauds and losses is reported to the Audit and Risk Committee at each meeting.

Review of risk management and governance arrangements

Risk management arrangements should mitigate against risks materialising. A risk management framework has been established within Onward. The framework has operated during the year and is embedded within the business.

A risk appetite statement has been formally defined and is reviewed and updated on a six monthly basis by the Board.

Conclusion

The Board acknowledges that its responsibility applies to the full range of risks and controls across all Company activities.

The Board has considered the effectiveness of the system of internal control in place in the year ended 31 March 2022. The Board considers that governance, risk management and internal control arrangements are operating effectively.

Going concern

The Company's business activities, its current financial position (net assets of £225k (2021: £110k) and factors likely to affect its future investment activity are set out within the Directors' Report. The Company has in place debt facilities of £5.95m (2021: £5.95m), of which £1.66m is undrawn (2021: £2.27m) and cash and cash equivalents of £1.1k (2020: £129k).

The Company is supported by an intra-group loan agreement of £5.95m (2021: £5.95m) which provides adequate resources to planned investments in the two joint ventures, mainly to provide new homes. The Company has a long-term business plan which shows that it can service its intra-group loan.

This year's result have been impacted by the recent economic turbulence, corresponding inflation, interest rate rises and uncertainty in the supply chain. Given the strength of the balance sheet, 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, consider 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

DIRECTORS' REPORT (continued)

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 3rd August 2022 and signed on its behalf by:



04/10/22

Catherine Farrington

Company Secretary

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

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATRIUM CITY LIVING 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 2022 and of its profit 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 Atrium City Living Limited ("the Company") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Companies Act 2006 reporting

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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:

Based on our understanding of the Company and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the reporting framework (FRS 102 and the Companies Act 2006) and we considered the extent to which non-compliance might have a direct impact and material effect on the Company Financial Statements or their continued operation.

INDEPENDENT AUDITOR'S REPORT (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

The audit procedures to address the risks identified included:

- Agreement of financial statement disclosures to underlying supporting documentation;
- Challenging assumptions made by management in their significant accounting estimates and judgements, in particular the recoverability of trade debtors and intercompany balances;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meetings of those charged with governance;
- Identifying and testing journal entries, in particular Benford's Law, any unusual account postings, any journal entries posted with specific key words, any journals posted by unusual users and a random sample;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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:



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Hamid Ghafoor (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Liverpool, UK
Date: 12 October 2022

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 2022

	Notes	2022 £'000	2021 £'000
Turnover		-	-
Cost of sales		-	-
Operating costs		(3)	-
Operating (loss)	3	(3)	-
Share of operating profit/(loss) in joint venture	4	131	(112)
Interest receivable and similar income	5	157	114
Interest payable and similar charges	6	(170)	(112)
Profit/(Loss) on ordinary activities before taxation		115	(110)
Taxation on profit on ordinary activities	9	-	-
Profit/(loss) for the year after taxation		115	(110)
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		115	(110)

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
Balance at 31 March 2020	50	170	220
Total comprehensive income for the period			
Loss for the year	-	(110)	(110)
Balance at 31 March 2021	50	60	110
Total comprehensive income for the period			
Profit for the year	-	115	115
Balance at 31 March 2022	50	175	225

The accompanying notes form part of these financial statements.

FINANCIAL STATEMENTS (continued)

Statement of Financial Position

as at 31 March 2022

	Notes	2022 £'000	2021 £'000
Tangible fixed assets			
Investments	10	721	148
Debtors due after one year	11	-	3,494
Current assets			
Debtors due within one year	12	3,791	282
Cash and cash equivalents		1	2
		3,792	284
Creditors: amounts falling due within one year	13	(3,567)	(141)
Net current (liabilities)/assets		225	143
Total assets less current liabilities		946	3,785
Creditors: amounts falling due after one year	14	(721)	(3,675)
Total net assets		225	110
Capital and reserves			
Non-equity share capital	15	50	50
Revenue reserves		175	60
Total capital and reserves		225	110

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 3rd August 2022 and signed on its behalf by:



04/10/22

.....
Bronwen Rapley
Director



04/10/22

.....
Alexander Livingstone
Director



04/10/22

.....
Catherine Farrington
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Atrium City Living Limited is registered under the Companies Act 2006, registration number 4710066. The registered office is Renaissance Court, 2 Christie Way, Didsbury, Manchester, England, M21 7QY.

Atrium City Living 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;
- 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 2022 and these statements may be obtained from 3rd/4th Floor, Watson Building, 4 Renshaw Street, Liverpool, L1 2SA.

b) Measurement convention

The financial statements are prepared on the historical cost basis.

c) Going concern

The Company's business activities, its current financial position (net assets of £225k (2021: £110k) and factors likely to affect its future investment activity are set out within the Directors' Report. The Company has in place debt facilities of £5.95m (2021: £5.95m), of which £1.66m is undrawn (2021: £2.27m) and cash and cash equivalents of £1k (2021: £2k).

The Company is supported by an intra-group loan agreement of £5.95m (2021: £5.95m) which provides adequate resources to planned investments in the two joint ventures, mainly to provide new homes. The Company has a long-term business plan which shows that it can service its intra-group loan.

This year's result have been impacted by the recent economic turbulence, corresponding inflation, interest rate rises and uncertainty in the supply chain. Given the strength of the balance sheet 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting policies (continued)

c) Going concern (continued)

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) Judgements 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.

Joint venture investment; the following investments are held in joint ventures (JVs):

- Atrium City Living Limited has an investment in the Greater Manchester JV; Hive Homes of £2.6m split between £0.8m equity and £1.8m debt. It is one of 10 investors and therefore the accounting is as a minority shareholder
- Atrium City Living Limited has an investment in the Goosnargh JV. (£3.5m). There are only two investors and it is a 50/50 risk/reward relationship

Atrium City Living will account for these JVs in accordance to the accounting standards applicable to ensure appropriate disclosures. This year an operating profit of £131,000 (2021: loss £112,000) has been brought into the Statement of Comprehensive Income to recognise the 50% share of operating profit in the Goosnargh joint venture.

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.

Atrium City Living does not have any financial instruments which fall into the non-basic financial instrument category.

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting policies (continued)

e) Basic financial instruments (continued)

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. Other interest receivable and similar income includes interest receivable on funds invested.

g) Taxation

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

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) Value added tax

Atrium is part of the Onward Group Limited VAT group which is VAT registered. However, a large proportion of the Group's income, rents and service charges are exempt from VAT giving rise to a partial exemption calculation. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

i) Investment in joint ventures

In accordance to FRS 102 accounting standards where a separate entity is set up which represents the joint venture and the entity which has the interest is not a parent Company, all its interests in the jointly controlled entity shall be accounted for using either the costing model or at fair value, with changes in fair value being recognised in profit and loss.

Atrium City Living Ltd ("Atrium") has a 50% interest in the joint venture CRDP Developments LLP, with the other 50% being held by Seddon RDP Limited. Atrium has taken the decision to account for the interests in the joint venture at cost less any accumulated impairment losses.

In the year CRDP Developments LLP made the first distribution to Atrium. £405,600 was received in July 2021. This consisted of £350,400 of capital and £55,200 of interest. Atrium City Living Ltd has also recognised its share of the joint venture operating profit as at 31 March 2022 of £131,000 (2020: loss £12,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting policies (cont'd)

i) Investment in joint ventures (cont'd)

Atrium also has a minority interest in the Greater Manchester JV (Hive Homes). It is one of 10 investors and therefore the accounting will is as a minority shareholder.

3. Operating loss

Operating profit/(loss) is stated after charging:

2022	2021
£'000	£'000

Auditor's remuneration (excluding VAT):

In their capacity as auditors

-	-
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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. Share of Operating profit/loss in joint venture

	2022	2021
	£'000	£'000
Share of operating profit/(loss) in joint venture	131	(112)
	131	(112)

Share of operating profit with joint venture CRPD.

5. Interest Receivable

	2022	2021
	£'000	£'000
Joint venture loan Interest	157	114
	157	114

6. Interest Payable

	2022	2021
	£'000	£'000
Intercompany loan interest	(170)	(112)
	(170)	(112)

7. Board members

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

8. Employee information

There were no staffing costs attributable to Atrium City Living Ltd in the 21/22 or 20/21 financial years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Taxation

	2022 £'000	2021 £'000
UK corporation tax		
Current tax charge for the year	-	-
Adjustment in respect of previous years	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous years	-	-
Effect of tax change on opening balance	-	-
Total tax charge on profit/ (loss) on ordinary activities	-	-

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

9. Taxation (continued)

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% (2020: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit / (Loss) on ordinary activities before taxation	115	(110)
Current tax at standard corporation tax rate	22	(21)
Expenses not deductible for tax purposes	24	21
Income not deductible for tax purposes	(24)	-
Group relief surrendered / (claimed)	(22)	-
Adjustments in respect of prior periods	-	-
Losses utilised	-	-
Tax rate differences on deferred tax	-	-
Deferred tax timing differences	-	-
Total tax charge on profit/(loss) on ordinary activities	-	-

As of 31 March 2022, the main rate of corporation tax in the UK was 19%. This was due to fall to 17% on 01 April 2020 but a change to keep the rate at 19% was announced in the Budget in March 2020 and substantively enacted on 17 March 2020. In the 2021 Budget, it was announced that the main rate of corporation tax will increase from the current rate of 19% to 25% from 01 April 2023, which was substantively enacted in the Finance Bill 2021 on 10 June 2021.

Deferred taxation

The movement in the year is as follows:

	2022 £'000	2021 £'000
Net tax (asset)/liability at start of the year	-	-
Difference between accumulated depreciation and capital allowances	-	-
Unused tax losses	-	-
Other short-term timing differences	-	-
Net tax (asset)/liability at end of the year	-	-

The Company has additional unrecognised gross tax losses of £nil (2021: £nil) in respect of losses carried forward, short term timing differences and accelerated capital allowances.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Investments

	Joint Venture Investment £'000	Joint Venture Share of Profit / (Loss)	Total £'000
At 1 April 2021	298	(150)	148
Additions	442	-	442
Share of joint venture profit	-	131	131
At 31 March 2022	740	(19)	721

The investment in the year was the further instalment of equity investment into the Greater Manchester Joint Venture (GMJV) (Hive Homes).

11. Debtors: amounts falling due after one year

	2022 £'000	2021 £'000
Amounts falling due after one year:		
Owed by joint ventures	-	3,494
	-	3,494

Amounts owed by joint ventures are due on demand and charged interest of 4% above the Bank of England base rate by CRDP Developments LLP and 6% by Hive Homes. The balance represents contributions to the joint venture in the form of loans to support the project.

12. Debtors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Accrued loan interest from joint venture	300	142
Amounts owed by related parties	-	140
Owed by joint venture	3,491	-
	3,791	282

13. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to related parties	(2)	(141)
Loans owed to related parties	(3,565)	-
	(3,567)	(141)

Amounts owed to related parties are due on demand and interest free. The loans owed by related parties of £3,794k is due for repayment in full in 2022 as per the loan agreement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Creditors: amounts falling due after one year

	2022 £'000	2021 £'000
Loans owed to related parties	(721)	(3,675)
	(721)	(3,675)

The loans owed by related parties of £492k is due for repayment in full in 2026 as per the loan agreement.

15. Non-equity share capital

	2022 £	2021 £
Shares of £1 each fully paid and issued:		
At start of the year	50,001	50,001
At end of the year	50,001	50,001

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. Atrium City Living 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.

17. Capital commitments

There were no capital commitments as at 31 March 2022 (2021: £nil)

18. Contingent liabilities

There were no contingent liabilities as at 31 March 2022 (2021: £nil)

19. Ultimate parent Company and parent Company of larger group

The Company's immediate parent Company is Onward Homes Limited 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, a non-charitable Registered Society under the Cooperative and Community Benefit Societies Act 2014. 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: 3rd/4th Floor, Watson Building, 4 Renshaw Street, Liverpool, L1 2SA.

20. Post balance sheet events

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