

Financial Statements

31 March 2024

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Torus62 Developments Limited
Company Registration Number: 09687200



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BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Board Member	Category	Changes in the year
Steve Coffey	Board Member	(To 21 September 2023)
Peter Fieldsend	Board Member	
Gordon Hood	Board Member	
Robert Hepworth	Board Member & Chair	
Christine Fallon	Board Member	
Katie Dean	Board Member	(To 15 June 2023)

Director	Category	Changes in the year
Chris Bowen	Managing Director	

Company Secretary	Category	Changes in the year
Catherine Fearon	Company Secretary	

Registered office
Helena Central
4 Corporation Street
St Helens, Merseyside, WA9 1LD

Registered number
09687200

Auditors
BDO LLP
5 Temple Square
Temple Street
Liverpool, L2 5RH

Solicitors
Brabners LLP
Horton House
Exchange Flags
Liverpool, L2 3YL

Bankers
National Westminster Bank PLC
5 Ormskirk Street
St Helens, Merseyside, WA10 1DR

REPORT OF THE BOARD

The Board presents its report and audited financial statements for the year ended 31 March 2024.

Business Review

Torus62 Developments Limited (“the Company”) predominately provides development services for its parent company Torus62 Limited (“Torus”) to deliver new build affordable housing. On 1 January 2019 the Company became a subsidiary of Torus62 Limited. On 1 October 2021, the Company entered into a new five year contract with Torus62 Limited to deliver Development and Sales services up to 30 September 2026. In 2023/24, turnover stood at £108.1m (2023: £77.3m). Operating profits were £1.1m (2023: £0.5m).

In 2023/24 the Company completed 875 new homes of various tenures and 1,033 new homes started on site during the year. At year-end, Torus Developments had 52 schemes on site building 4,139 new homes. This represents both much improved performance on 2022/23 but also a stronger base for growth and delivery certainty in 2023/24. The Company also provides the development services associated with projects where Torus62 Limited is the contracting party not Torus62 Developments Limited. This has helped Torus62 Limited achieve its best ever year with 875 new homes completed in 2023/24.

Programme delivery saw good performance in 2023/24 which was affected by two main factors, namely cost inflation and rising mortgage rates. The construction market risk-issues were evidenced more by higher works than insolvencies. Torus taking a pragmatic approach to assisting with cost inflationary pressures on fixed price contracts was welcomed by contractors and provided Torus with greater certainty of contractors’ ability to complete schemes in the future. The Company has been able to secure restarts on site on all schemes affected by contractor insolvency during 2023/24. The weakness in the outright sale market through a steep rise in mortgage costs in the second half of 2022/23 created opportunities for Torus to acquire house builder stock in bulk but it also saw movements in demand to lower first tranche sales percentages due to mortgage costs.

Contractor solvency where schemes on site which have been affected by cost rises and delays continues to be the biggest single challenge to delivery. The Company took a pragmatic approach to supporting contractors experiencing financial uncertainty but broader factors beyond the viability of individual schemes caused a small number of contractor failures in 2023/24 which affected around 60 units in the programme. In each instance, Torus had been able to put plans in place to ensure the resumption of construction work and this has primarily been through the appointment of HMS or through negotiation with administrators and successor companies. 2023/24 saw continuing change in the nature of Torus’ development programme with less emphasis on land-led and works-contract projects and more towards property-based transactions with volume house builders and partnerships with developers such as Vistry Partnerships, Castle Green, Bloor Homes, Taylor Wimpey, Redrow and Barratt David Wilson. Torus62 Limited has been able to buy stock from volume house builders as a consequence of the challenges being faced in the outright sale market, driven by higher mortgage rates and affordability. 2023/24 saw Reserved Matters planning applications being submitted for the 1,200 home Peel Hall project in Warrington that Torus Developments secured with Vistry Partnerships, involving investment and membership of a formal Joint Venture in the form of a Limited Liability Partnership. The latter part of 2023/24 did see some levelling off and even a slight reduction in construction costs but throughout the year, inflation remained stubbornly high, and this was factored into a number of works contracts. Based on the events of 2023/24 affecting schemes on site and the greater certainty factored into new commitments made in year, Torus Developments has ended the financial year in a position where risks are far more visible and better mitigated than before.

REPORT OF THE BOARD (continued)

Further stability in the market and Torus' development programme are expected in 2024/25 and while the challenge of the financial performance of sites affected by contractor failure remains a risk, a number of these schemes completed in 2023/24 with more to complete in 2024/25.

The Shared Ownership market remained surprisingly resilient in 2023/24 despite the economic factors that affected the market as a whole; namely rapid and high interest rate rises, lack of mortgage availability and cost of living pressures on households seeking to move. These factors enabled Torus to take advantage of market volatility while making significant numbers of property purchases from volume house-builders. The ability of Torus to offer these homes for Shared Ownership compared to the house builder offer of Outright Sale resulted in Torus completing almost 300 sales in the financial year. The Shared Ownership mortgage market has recovered well from the influences seen in late 2022 and Torus Developments has ended the year with its best ever results in terms of property sales, sales income and profit with a positive outlook for 2023/24, particularly around Shared Ownership. Opportunities for continued bulk purchases from volume house builders is likely to continue into 2024/25 until mortgage rates reduce more significantly.

Principal Activities

Established in July 2015, the Company is a development company that delivers new-build housing developments and major conversion to deliver new supply services on behalf of the Group.

The Company supports the Group's new-build strategy, which targets the completion of at least 10,000 new homes by 2032 across North West England, predominately in the Group's heartland areas of Liverpool, St Helens and Warrington. The Company benefits from two strategic partnership arrangements with Homes England for delivery of 4,643 of Torus' overall Development Programme for delivery up to 2028. In March 2024 additional grant of £1.5m was received from the first strategic partnership as recognition of the impact of high inflation on housebuilding. The overall grant drawdown will be £220m by March 2026.

New-build homes include a combination of Affordable Rent and Affordable Home Ownership options, such as Shared Ownership and Rent to Buy, as well as homes for outright sale.

Donations

During 2023-24, the Company Gift Aided £0.5m to Torus Foundation (2022-23: £nil).

The Company has made no donations to political organisations during the period.

Post Balance Sheet Events

The Directors consider that there are no other events since the year-end that have had a significant effect on the Company's financial position. The Sales Programme delivered by Torus Developments has shown resilience throughout 2023/24 which is positive for future growth plans.

Board Members and Executive Directors

Details of the Board members who served throughout the year and up to the date of this report are shown in the schedule above. Insurance policies indemnify Board members and officers against liability when acting for the Company.

REPORT OF THE BOARD (continued)

Financial Risk Management

The Company uses various financial instruments including cash, trade debtors and trade creditors that arise directly from its operations. The Company manages its credit risk through its customer take-on procedures. It is not currently exposed to any currency risk. Primarily, the Company enters into Design & Build contracts with building contractors on a fixed price basis in order to deliver new homes. In 2023/24, the Company had to consider the indexation of future cost inflation to take a more shared risk and reward approach to this factor. This has become more common across the sector on high value contracts and shows an approach to risk management that is more balanced between clients and contractors.

During 2018/19 an intra group loan facility for £12m was agreed with Torus62 Limited, the terms were at fixed commercial rates over 5 years. In June 2023 the facility was repaid as it came to an end (2023: £4.0m). A working capital loan facility to fund outright sales was agreed in 2020/21 then increased further in 2022/23 to £21m and increased further in 2023/24 £30m. At the year-end £26.9m (2023: £10.0m) has been drawn against this facility. In 2022/23 a further facility was agreed with Torus62 Ltd to fund the investment into the Peel Hall joint venture. This loan facility is for £19m to be repaid by 30 June 2031. At the year-end £6.5m (2023: £11.0m) had been drawn against this facility.

Going Concern

The Company is an inherently sound and profitable company. There are recognised pressures arising from the current economic position, but this has also opened up opportunities to grow the business through partnership with commercial developers. The Torus Developments business plan shows continued profitable and cash generating activity.

In the medium term, Torus Developments has a strong pipeline of committed schemes and Strategic Partner status with Homes England puts it in a strong position to secure further development opportunities. Outright sales activity exposes Torus Developments to increased risk, but rigorous controls are in place to monitor expenditure and progress and robust appraisals would take place before any new schemes were accepted onto the programme.

Governance structures have been put in place to monitor Joint Venture performance including representation on the Joint Venture Board.

Intragroup loan facilities have been agreed with Torus which will ensure cash is available to meet its commitments.

After consideration of the above points, it is concluded that Torus Developments remains a going concern and accounts should be prepared on this basis.

Annual General Meeting

The Company is not required to hold an Annual General Meeting under its Articles of Association.

REPORT OF THE BOARD (continued)

Approval

The report of the Board was approved by the Company Board on 21st August 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R Hepworth', written in a cursive style.

Robert Hepworth
Chair

STRATEGIC REPORT

Background

The Company is a wholly owned subsidiary of Torus62 Limited and is a company limited by shares.

The Company has undertaken the provision of the following during the trading period:

- Building contract maintenance for the provision of new homes;
- Defect liability management; *and*
- Provision of multiple tenure types including rent to buy, shared ownership, affordable housing and outright sale.

New Developments

- During 2023/24 the Company had 58 live schemes at the end of the year (2023: 58), of which 6 were at pre-development stage. At year end there was a total of 4,139 homes on site and 664 approved pipeline units. During the financial year the Company completed 875 new homes.

The business team continued to review opportunities to develop new homes across North West England, with schemes now live in the Liverpool City, Knowsley, Sefton, St Helens, Warrington, Halton, Cheshire East, Cheshire West, West Lancashire and Wirral local authority areas.

STRATEGIC REPORT (continued)

Objectives and Strategy

The 2024/25 Business Plan has two key focuses, summarised below, which identify the strategic direction and focus of the organisation.

Corporate Plan Focus	Strategic Implementation
Investment	<p>Maximise the VAT efficiency for the Group on the building projects it undertakes.</p> <p>Meet business plan targets and deliver a positive rate of return.</p> <p>Ensure lean business and operational processes operate in association with effective IT systems.</p> <p>Deliver efficiency savings to maximise profit and commercial performance.</p>
Resilience	<p>Use the VAT efficiencies generated within Torus62 Developments to support further projects within Group communities.</p> <p>Provide high performance by fulfilling the expectations of Torus and meeting contractual targets.</p> <p>Develop a range of services that offer flexible solutions to meet changing needs, expectations and demands of clients.</p> <p>Provide opportunities for local suppliers and service providers to support the local economy.</p> <p>Ensure compliance with statutory and industry regulators.</p> <p>Establish relationships within the Torus Group.</p>

Service Performance

The approved Business Plan for 2023/24 forecast that net expenditure on works, fees and operating costs would reach £172.7m and that this could generate a total profit of £1.6m. The final out-turn (before tax) fell short of this target at £1.2m due to some delays with securing outright sales. 2023/24 saw Torus Developments complete its first outright sale completion and has 59 units in its outright sale programme on three sites alongside the Peel Hall Joint Venture which contains outright sale and affordable tenures.

STRATEGIC REPORT (continued)

Risks to Delivery of the Business Plan

Torus aims to become a leading house builder and provider of landlord services in the North West. With a strategic focus on driving growth and regeneration across Liverpool, St. Helens, Warrington and neighbouring areas of significant potential, it will build the right homes for the right people in the right places to create better places to live and to support economic growth and regeneration.

KEY RISK AREA	KEY CONTROLS IN PLACE	MITIGATING ACTIONS
<p>Failure to deliver the Development Programme</p>	<ul style="list-style-type: none"> • Annual Development Programme and Budget • Development Strategy • Development Committee • Progress against targets is monitored and reported at appropriate levels. • Strategic delivery partner for Homes England giving external oversight. • Skilled development team 	<ul style="list-style-type: none"> • Torus Contractors Framework • Re-forecast Development Programme • Revised Business Plan • Long-term Homes England funding and Liverpool City Region funding • Developing a plan for decarbonising new build

Approval

The Strategic Report was approved by the Board on 21st August 2024 and signed on its behalf by:



Robert Hepworth
Chair

STATEMENT OF THE RESPONSIBILITIES OF THE DIRECTORS FOR THE REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report and Report of the Board 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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 judgments 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.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; *and*
- The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approval

The Statement of the responsibilities of the Directors for the report and financial statements was approved by the Board on 21st August 2024 and signed on its behalf by:



Robert Hepworth
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORUS62 DEVELOPMENTS 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 2024 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 Torus62 Developments Limited ("the Company") for the year ended 31 March 2024 which comprise Statement of comprehensive income, Statement of financial position, 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 Strategic report and report of the Board, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORUS62 DEVELOPMENTS LIMITED

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.

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 Statement of 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORUS62 DEVELOPMENTS LIMITED

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:

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; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be the applicable accounting framework, FRS 102, UK tax legislation, etc.

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 the health and safety legislation and employment equity act etc.

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 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; and
- 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 Company's 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; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORUS62 DEVELOPMENTS LIMITED

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

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

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; and
- Selection of income recognised before and after the financial year end in order to assess whether the income has been recognised in the correct period.

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

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

28 August 2024

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024	Note	2024 £'000	2023 £'000
Turnover	3	108,083	77,314
Cost of sales		<u>(106,971)</u>	<u>(76,773)</u>
Gross profit	4	1,112	541
Interest receivable	5	758	-
Interest payable	6	<u>(713)</u>	<u>-</u>
Profit on ordinary activities before taxation		1,157	541
Tax on profit on ordinary activities	8	<u>(186)</u>	<u>108</u>
Profit for the financial year		971	649
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Income for the year		<u><u>971</u></u>	<u><u>649</u></u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Revenue Reserve	Share Capital	Total Reserves
	£'000	£'000	£'000
Balance at 31 st March 2022	888	250	1,138
Profit for the year	649	-	649
Gift aid	(1,111)	-	(1,111)
Balance at 31 st March 2023	<u>426</u>	<u>250</u>	<u>676</u>
Profit for the year	971	-	971
Gift aid	(541)	-	(541)
Balance at 31 st March 2024	<u><u>856</u></u>	<u><u>250</u></u>	<u><u>1,106</u></u>

Gift aid has been paid to Torus Foundation.

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

At 31 March 2024		2024	2023
	Note	£'000	£'000
Current assets			
Stock	9	24,655	14,783
Debtors - receivable after one year	10	7,395	11,038
Trade and other debtors	10	27,064	18,616
Cash and cash equivalents		1,907	1,190
		<u>61,021</u>	<u>45,627</u>
Creditors: amounts falling due within one year	11	<u>(26,478)</u>	<u>(19,914)</u>
Net current assets		34,543	25,713
Total assets less current liabilities		<u>34,543</u>	<u>25,713</u>
Creditors: amounts falling due after more than one year	12	(33,437)	(25,037)
Net assets		<u>1,106</u>	<u>676</u>
Reserves			
Share capital	13	250	250
Revenue reserve	14	856	426
Total Funds		<u>1,106</u>	<u>676</u>

The financial statements were approved by the Board on 21st August 2024 and signed on its behalf by:



Robert Hepworth

Chair

Company number: 09687200

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

Torus62 Developments Limited (“the Company”) is a company limited by shares and is registered in England under the Companies Act 2006. The company’s registered office is 4 Corporation Street, St. Helens, Merseyside, WA9 1LD.

2. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with UK accounting standards, including Financial Reporting Standard 102, “the Financial Reporting standard applicable in the United Kingdom and the Republic of Ireland”, and with the Companies Act 2006. The financial statements are presented in sterling (£).

The company has adopted the following disclosure exemptions as per FRS102:

- the requirement to present a statement of cash flows and related notes;
- the requirement to disclose key management personnel compensation; *and*
- financial instrument disclosures, including:
 - categories of financial instruments; *and*
 - items of income, expenses, gains or losses relating to financial instruments, and exposure to and management of financial risks.

This information is included in the consolidated financial statements of Torus62 Limited as at 31 March 2022 and these financial statements may be obtained from its registered office: 4 Corporation Street, St. Helens, Merseyside WA9 1LD.

Going Concern

Revised budgets and business plans have been produced, together with stress testing of the revised plan. It is projected that the company will remain profitable in 2024/25 and future years. The strong development pipeline and partnership status between Torus and Homes England should ensure certainty over work in the medium term.

Stress testing indicates that the company can withstand further adverse scenarios around cost increases, reductions in property values and delays in development and sales and remain profitable.

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. There have been no significant judgements or estimates made in the preparation of these accounts.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Stocks and work-in-progress

Stock and work-in-progress is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less all further costs to complete and all costs to be incurred in marketing and selling.

Debtors

Short-term debtors are measured at transaction price, less any impairment.

Creditors

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

Intra-group Loan

Torus62 Developments Limited had an intra-group loan with Torus62 Limited, its parent company, for the purchase of land at Rossfield Park. The initial loan was made on 29 June 2018 for £8,820k over 5 years with an interest rate of 5.4% per annum. Interest was paid monthly to Torus. The loan facility stood at £12m, with £4.0m draw at 2022-23, which was repaid in June 2023 as the facility came to an end. A further intra group loan, which is a revolving credit facility for £21m until March 2030 was agreed in 2020-21 to provide working capital for outright sales activity. The facility was increased in 2022-23 and 2023-24 and stands at £30m. Interest is 4.25% above the prevailing bank rate. The current balance drawn on this loan is £26.9m (2023: £10.0m). In 2022/23 a further facility was agreed with Torus62 Ltd to fund the investment into the Peel Hall joint venture. This loan facility is for £19m to be repaid by 30 June 2031. At the year-end £6.5m (2023: £11.0m) had been drawn against this facility. Drawdowns are expected next year as outright sales activity increases.

Taxation

The charge for taxation is based on the taxable profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

3. Turnover and Other income

All £108.1m turnover arose in the United Kingdom with £105.7m relates to the rendering of services and £2.4m relates to non-social housing outright sales.

4. Operating profit

Auditor's remuneration for the company is included within the fees to Torus62 Limited and charged to Torus62 Developments Limited via the service level agreement.

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent company.

5. Interest receivable

	2024	2023
	£'000	£'000
Interest receivable from JV	758	-
	<u>758</u>	<u>-</u>

6. Interest payable and financing costs

	2024	2023
	£'000	£'000
Intragroup loan	2,541	852
Interest payable capitalised on housing properties under construction	(1,828)	(852)
	<u>713</u>	<u>-</u>
Capitalisation rate used to determine the finance costs capitalised in the period	<u>9.30%</u>	<u>7.62%</u>

NOTES TO THE FINANCIAL STATEMENTS

7. Employees

Average monthly number of employees expressed in full time equivalents:

Employee costs:

	2024	2023
	Number	Number
Leadership	1	1
Development	49	47
	<u>50</u>	<u>48</u>

	2024	2023
	£'000	£'000
Wages and salaries	2,421	2,235
Social security costs	258	248
Other pension costs	196	178
	<u>2,875</u>	<u>2,661</u>

The full-time equivalent number of staff who received remuneration (excluding directors):

	2024	2023
	£'000	£'000
£60,001 to £70,000	6	4
£70,001 to £80,000	1	5
£80,001 to £90,000	2	1
£90,001 to £100,000	3	1
£100,001 to £110,000	1	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-

Torus62 Developments Limited (formally LMH Developments Limited) operates a Stakeholder Money Purchase Pension Scheme supplied by AVIVA. The charge for the year represents contributions payable by Torus62 Developments Ltd. Pension payments recognised as an expense during the year amount to £196,288 (2023: £178,284).

Board Members and Executive Directors Remuneration

The Chairman of the Torus62 Developments Limited Board is employed as a member of the Torus Group Board; no emoluments have been made from Torus62 Developments Limited for his services. The four other directors of Torus62 Developments Limited are employed by the Company's parent undertaking Torus62 Limited. There are no charges made for these services.

NOTES TO THE FINANCIAL STATEMENTS

8. Tax on ordinary activities

	2024 £'000	2023 £'000
Tax charge for the year		
UK corporation tax on surplus for the year	186	(108)
Total tax charge/(credit)	<u>186</u>	<u>(108)</u>
Current tax reconciliation		
Surplus on ordinary activities before tax	<u>1,157</u>	<u>541</u>
Theoretical tax at the standard rate of corporation tax in the UK of 25% (2023: 19%)	289	103
Effects of:		
Prior year movement of current tax for gift aid	(103)	(211)
Total tax charge for the year	<u>186</u>	<u>(108)</u>

The tax rate increased to 25% from 1 April 2023 (2023: tax rate 19%). Deferred tax has been calculated on the rate substantively enacted at the reporting date.

9. Stock

	2024 £'000	2023 £'000
Property for resale - work in progress	24,655	14,783
	<u>24,655</u>	<u>14,783</u>

10. Debtors

	2024 £'000	2023 £'000
Due within one year		
Trade debtors	68	67
Prepayments and accrued income	3,514	976
Amounts owed by group undertakings	23,482	17,573
	<u>27,064</u>	<u>18,616</u>

NOTES TO THE FINANCIAL STATEMENTS

	2024 £'000	2023 £'000
Due after more than one year		
Peel Hall LLP JV loan	7,395	11,038
	<u>7,395</u>	<u>11,038</u>
Total Debtors	<u>34,459</u>	<u>29,654</u>

There has been no impairment loss recognised against trade debtors during the year as construction is yet to begin and the JV forecasting model reports expected total profits on the scheme.

	2024 £'000	2023 £'000
Loan balance at beginning of the year	11,038	-
Additions	1,357	11,038
Repayments	(5,000)	-
Impairment	-	-
Loan balance at end of the year	<u>7,395</u>	<u>11,038</u>

11. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Trade creditors	1,476	665
Amounts owed to Group undertakings	3,501	4,588
Other creditors	130	172
Accruals and deferred income	21,082	14,386
Corporation tax	289	103
	<u>26,478</u>	<u>19,914</u>

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

	2024 £'000	2023 £'000
Amounts due to Group undertakings	33,437	25,037
	<u>33,437</u>	<u>25,037</u>

NOTES TO THE FINANCIAL STATEMENTS

	2024	2023
	£'000	£'000
Amounts owed to group undertakings		
Due within one to two years	-	-
Due within two to five years	-	-
Due in more than five years	33,437	25,037
Total amounts due to group undertakings	33,437	25,037

Torus62 Developments Limited entered into an intragroup loan facility for £12m at an interest rate of 5.4% over five years and was repaid on 29 June 2023. The current balance drawn is nil (2023: £4.0m).

A working capital loan facility was entered into for £21m in 2020/21 to support outright sales activity at an interest rate of 4.25% above Bank of England base rate. The facility was increased in 2022/23 to £21m and increased further in 2023/24 £30m. It is a revolving credit facility ending 31 March 2030. The current balance drawn on this loan is £26.9m (2023: £10.0m).

In 2022/23 a further facility was agreed with Torus62 Ltd to fund the investment into the Peel Hall joint venture. This loan facility is for £19m to be repaid by 30 June 2031. At the year-end £6.5m (2023: £11.0m) had been drawn against this facility.

13. Share capital

	2024	2024	2023	2023
	No. of	Share	No. of	Share
	shares	Capital	shares	Capital
		value		value
		£'000		£'000
At 31 March - Ordinary shares of £1 each, allotted, called up and fully paid	250,000	250	250,000	250

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends.

14. Reserves

Share capital represents the nominal value of shares that have been issued. Revenue reserve includes all current and prior period retained profits and losses.

15. Relationship with parent company

The immediate and ultimate parent company and controlling party is Torus62 Limited (Community Benefit Society 7973). The registered office of Torus62 Limited is Helena Central, 4 Corporation Street, St Helens, Merseyside, WA9 1LD.

NOTES TO THE FINANCIAL STATEMENTS

16. Related parties

The company has taken advantage of the exemption under Financial Reporting Standard 102 section 33 and not disclosed transactions with Torus62 Limited, Torus Foundation and Housing Maintenance Solutions Ltd on the grounds that all entities are wholly owned.

Torus62 Developments recognised £nil profit from Peel Hall JV LLP joint venture in the year (2023: £nil)

At the end of the period, there was £6,638,559 loan due from Peel Hall JV LLP. Loan interest receivable of £757,712 was accrued at the period end receivable from Peel Hall JV LLP.