

Forest Future Homes Limited

Company registration number: 8814651

Forest Future Homes Limited

Annual report and financial statements

For the year ended 31 March 2020

Forest Future Homes Limited

Contents

General Information	1
Strategic report of the board of directors	2
Report of the board of directors	3
Independent auditor's report	7
Statement of comprehensive income	11
Statement of financial position	12
Statements of changes in reserves	13
Notes to the financial statements	14

Forest Future Homes Limited

General information

Board of directors and executive directors:

The board members who held office during the year and to the date of signing the financial statements were as follows:

Valerie Knott - Chair	(appointed 25 October 2018)
Amanda Williams	(appointed 25 October 2018)
John Andrew	(appointed 27 September 2018)
Laura Johnson	(appointed 25 October 2018)

Registered office:	Western Peninsula Western Road Bracknell Berkshire RG12 1RF
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Company Secretary:	Valerie Lynch
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Auditor:	Mazars LLP 45 Church Street Birmingham B3 2RT
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Bankers:	Barclays plc One Churchill Place London E14 5HP
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Solicitors:	Trowers & Hamlins 3 Bunhill Row London EC1Y 8YZ
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Forest Future Homes Limited

Strategic report of the board of directors

The board of directors present their strategic report for Forest Future Homes Limited and the audited financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company is the provision of design and build contract services.

Business review, principal risks and uncertainties

Risks related to the design and build services provided to Silva Homes Limited are controlled under a standard contract and as such the risk is minimised.

Performance and outlook

The company provided Silva Homes Limited with design and build services during the year.

The company plans to provide design and build services on further schemes in 2020/21.

Forecasts and future plans

The company expects to continue to provide design and build services to support Silva Homes in the delivery of its plans to develop 1,100 new homes over the next five years.

The company expects that its volume of work will be reduced in 2020/21 due to the impact of Covid-19 but to return to higher volumes thereafter in line with the recovery of the UK housebuilding sector and the continuing need for more affordable homes.

Employees

The company does not employ its own staff. Management services are purchased from the parent Silva Homes Limited under a service level agreement which was last updated on 1 February 2020.

Approved by the board of directors and signed on its behalf by



Valerie Knott, Chair
23 July 2020

Forest Future Homes Limited

Report of the board of directors

The directors present their report and the financial statements for the year ended 31 March 2020.

Results and dividends

The profit for the year after taxation was £899,000. The board of directors do not recommend the payment of a dividend in respect of the year. The profit of £899,000 will be gift aided to the parent entity Silva Homes Limited.

Directors

The directors set out below have held office during the whole of the period from 1 April 2019 to the date of this report unless otherwise stated:

Valerie Knott - Chair (appointed 25 October 2018)

Amanda Williams (appointed 25 October 2018)

John Andrew (appointed 27 September 2018)

Laura Johnson (appointed 25 October 2018)

Exposure to price, credit and liquidity risk

Price risk

The company is exposed to price risk due to normal inflationary increases in the purchase price of goods and services in the UK but agrees fixed price development contracts wherever practical.

Credit risk

Checks of contractors are completed on behalf of the company by the Silva Homes Limited finance team before contracts are signed and appropriate arrangements are made to mitigate the financial risks as far as possible and reasonable.

Liquidity risk

The company has access to intercompany loan facilities with Silva Homes Limited to ensure the company has sufficient available funds for operations and planned expansions.

Going concern

After making appropriate enquiries, including particular consideration of the likely impact of Covid-19 and Brexit on its financial performance in 2020/21 and beyond, the board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the company's financial statements.

Forest Future Homes Limited

Report of the board of directors (continued)

Political and charitable contributions

The company gift aided its net profit for 2018/19 of £813k to its parent, Silva Homes Limited, during the year. The company has decided to make a similar gift aid of its net profit of £899k for 2019/20 to its parent, Silva Homes Limited. The company has made no political donations during the year.

External influences

The company operates in a challenging political, socio-economic environment with a significant emerging reduction in the likely volume of development, including social housing, during 2020/21 and possibly for some time to come due to the likely ongoing impact of the Covid-19 pandemic on the UK economy, public spending and fiscal policy.

In addition, the turmoil of the Brexit negotiations during 2019/20 ultimately culminated in the general election in December 2019 and the return of a Conservative government with an 80-strong majority. A modified Withdrawal Bill passed in January 2020 and moved into an 11-month transition period. Negotiations with the EU over a trade deal have been significantly hampered by the impact of Covid-19.

Research commissioned by the National Housing Federation, the Chartered Institute of Housing and the Local Government association has said that more than eight million people (one in seven) live in unsuitable homes. To meet demand 340,000 new homes are needed each year including 145,000 new affordable homes (over half of which should be at social rents). We welcomed the additional resources allocated by the Government to the affordable housing programme in the spring budget in March 2020. However, a reduction in the Government's own housebuilding target from 300,000 to 200,000 homes a year for five years means it falls well short of what is required.

Accounting policies

The company's principal accounting policies are set out on page 7 of the financial statements.

Director's indemnity

The company's articles of association provide, subject to the provisions of UK legislation, an indemnity for directors of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the company.

Appropriate directors' liability insurance cover is in place in respect of all of company's directors.

Forest Future Homes Limited

Report of the board of directors (continued)

Disclosure of information to the auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Statement of the responsibilities of the board for the report and financial statements

The board is responsible for preparing the strategic report, the report of the board of directors 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 applicable law and 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 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 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.

Approved by the board of directors and signed on its behalf by:



Valerie Knott - Chair
23 July 2020

Forest Future Homes Limited

Independent auditor's report to the members of Forest Future Homes Limited

Opinion

We have audited the financial statements of Forest Future Homes Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statements of changes in reserves and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter - going concern and the impact of the COVID-19 outbreak on the financial statements

In forming our opinion on the financial statements, which is not modified, we draw your attention to the directors' view on the impact of COVID-19 as disclosed on page 2 and the consideration in the going concern basis of preparation on page 3 and page 14.

During the latter part of the financial year, there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

Forest Future Homes Limited

Independent auditor's report to the members of Forest Future Homes Limited (continued)

The impact of COVID-19 is still evolving and, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and reflected the directors' conclusion that adopting the going concern basis for preparation of the financial statements is appropriate.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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.

Forest Future Homes Limited

Independent auditor's report to the members of Forest Future Homes Limited (continued)

Matters on which we are required to report by exception

In 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 report of the directors.

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 statement set out on page 5, 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.

Forest Future Homes Limited

Independent auditor's report to the members of Forest Future Homes Limited (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



Vincent Marke (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

Date: 24 September 2020

Forest Future Homes Limited

Statement of comprehensive income for the year ended 31 March 2020

	<i>Note</i>	2020	2019
		£'000	£'000
Turnover		22,578	17,547
Cost of sales		(21,516)	(16,710)
Operating costs		<u>(163)</u>	<u>(24)</u>
Operating profit		899	813
		<hr/>	<hr/>
Profit before taxation		899	813
Taxation	6	<u>-</u>	<u>-</u>
Profit for the year	3	<u>899</u>	<u>813</u>
		<hr/>	<hr/>
Total comprehensive income for the year		<u>899</u>	<u>813</u>

All amounts relate to continuing activities

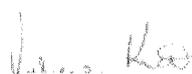
The notes on pages 13 to 17 form part of these financial statements

Forest Future Homes Limited

Statement of financial position
As at 31 March 2020

	<i>Note</i>	2020 £'000	2019 £'000
Current assets			
Debtors	7	1,704	3,174
Cash at bank and in hand		641	673
		<u>2,345</u>	<u>3,847</u>
Creditors: amounts falling due within one year	8	<u>(1,445)</u>	<u>(3,033)</u>
Net current assets		900	814
		<u>900</u>	<u>814</u>
Net assets			
		<u>900</u>	<u>814</u>
Capital and reserves			
Share capital	9	1	1
Revenue reserves		<u>899</u>	<u>813</u>
Shareholders' funds		<u>900</u>	<u>814</u>

These financial statements were approved by the board of directors on 23 July 2020 and signed on its behalf by:



Valerie Knott
Chair



Valerie Lynch
Company Secretary

Company registered number: 8814651

Forest Future Homes Limited

Statement of changes in reserves for the year ended 31 March 2020

	Share capital £'000	Revenue reserves £'000	Total £'000
As at 1 April 2019	1	813	814
Profit for the year	-	899	899
Gift aid distribution to Silva Homes	-	(813)	(813)
As at 31 March 2020	<u>1</u>	<u>899</u>	<u>900</u>

Statement of changes in reserves for the year ended 31 March 2019

	Share capital £'000	Revenue reserves £'000	Total £'000
As at 1 April 2018	1	350	351
Profit for the year	-	813	813
Gift aid distribution to Silva Homes	-	(350)	(350)
As at 31 March 2019	<u>1</u>	<u>813</u>	<u>814</u>

Forest Future Homes Limited

Notes to the financial statements

31 March 2020

1. Basis of preparation of financial statements

Future Forest Homes Limited is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business are as disclosed on page 1 of these financial statements.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (March 2018) (FRS 102) issued by the Financial Reporting Council.

The March 2018 edition of FRS 102 includes amendments arising from the Financial Reporting Council's triennial review of the standard.

The financial statements are presented in sterling which is also the company's functional currency.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The entity is a qualifying entity and has also taken advantage of the exemption to prepare a statement of cashflows under section 1.12 of FRS 102 given it is a 100% owned subsidiary of Silva Homes Limited who prepare publicly available consolidated financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Turnover

Turnover represents design and build fees and is stated net of VAT. Fees charged for the provision of design and build services are recognised as turnover on a continuous basis over the life of the contract, to the extent that the right to consideration has been earned in exchange for performance.

Value added tax (VAT)

The company is able to recover VAT in full, therefore expenditure is recorded exclusive of VAT and the amount recoverable included in debtors.

Work in progress

Costs incurred in respect of development of properties are accrued and carried forward as work in progress at the lower of costs and net realisable value.

Notes to the financial statements (continued)

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Going concern

After reviewing the company's forecasts and projections, and considering the implications of the Covid-19 pandemic on cashflows, the board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the company continues to adopt the going concern basis in preparing its financial statements.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires the board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the board believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

Provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

3. Profit for the year

	2020 £'000	2019 £'000
<i>Profit for the year is stated after charging:</i>		
Auditor's remuneration:		
- audit fee	-	-
- non audit fees	-	-

In 2020 and 2019 auditor's remuneration was borne by the parent company Silva Homes Limited.

Forest Future Homes Limited

Notes to the financial statements (continued)

4. Remuneration of directors and board members

The board of directors of the company is shown on page 1. There were no emoluments payable to the board of directors of Forest Future Homes Limited.

5. Employees

The company has no employees. The company is invoiced for work completed on its behalf by staff employed by its parent, Silva Homes Limited.

6. Taxation on profit on ordinary activities

	2020 £'000	2019 £'000
Profit on ordinary activities before taxation	899	813
Profit on ordinary activities multiplied by the standard rate of UK corporation tax 19.00% (2019: 19.00%)	171	154
Effects of: Gift aid distribution	(171)	(154)
Current tax charge for the year	-	-

Forest Future Homes Limited will pay gift aid of £899k to its parent Silva Homes Limited thus reducing the taxable profit and, in turn, the associated tax liability in this company to nil.

Factors that may affect future tax charges

Forest Future Homes Limited intends to gift aid up any taxable profits in future periods to reduce taxable profits to nil and ensure that no tax liability arises within this company.

Forest Future Homes Limited

Notes to the financial statements (continued)

7. Debtors

	2020 £'000	2019 £'000
Other amounts owed by group undertakings	1,677	3,160
VAT recoverable	26	13
Share capital receivable	1	1
	<u>1,704</u>	<u>3,174</u>

All debtors fall due within one year.

8. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Capital accruals	1,261	3,009
Accruals and deferred income	<u>184</u>	<u>24</u>
	<u>1,445</u>	<u>3,033</u>

All creditors are payable within one year.

9. Called up share capital

	2020 £'000	2019 £'000
Allotted, issued and unpaid:		
1,000 ordinary shares of £1 each	1	1
At 31 March	<u>1</u>	<u>1</u>

10. Ultimate parent undertaking

The board regards Silva Homes Limited as the ultimate parent company and the ultimate controlling party. Copies of the consolidated financial statements of Silva Homes Limited can be obtained from the company secretary, Silva Homes Limited, Western Peninsula, Western Road, Bracknell, RG12 1RF.

Forest Future Homes Limited

Notes to the financial statements (continued)

11. Capital Commitments

	2020 £'000	2019 £'000
Capital commitments not provided in financial statements	50,237	47,395

12. Related party transactions

The company is exempt from disclosing transactions with other group undertakings under section 33.1A of Financial Reporting Standard 102, being a wholly owned subsidiary undertaking of Silva Homes Limited which prepares publicly available consolidated financial statements.