



FINANCIAL  
STATEMENTS  
FOR THE YEAR  
ENDED 31 MARCH 2018

One Housing Group Limited

Registered under the Co-operative and  
Community Benefit Societies Act ( 20453R)

Registered with the Regulator of Social  
Housing (number LH0171)



# One Housing Group Limited

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## Financial statements for the year ended 31 March 2018

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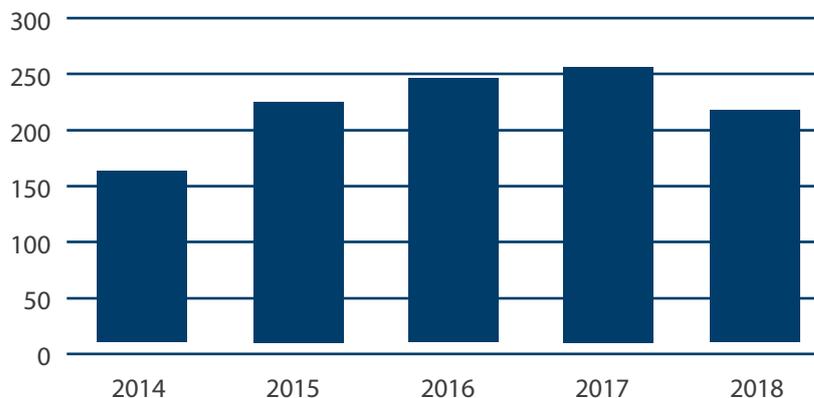
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# One Housing Group Limited

Our results at a glance

## Turnover growth

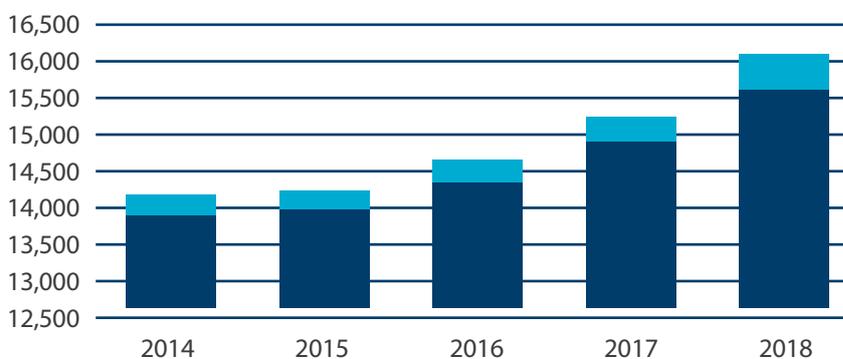
(£'000)



## Unit growth

('000)

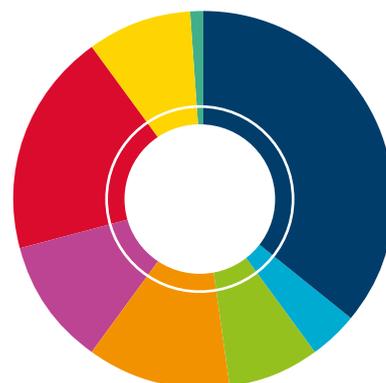
- Social housing
- Non-Social Housing



## Cash income

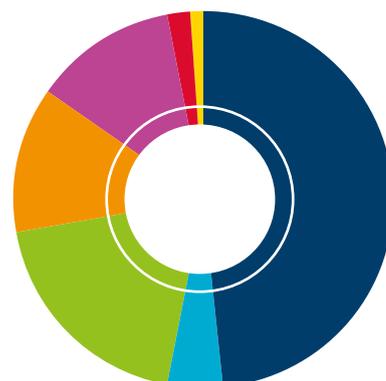
(£'000)

- Social housing lettings, £110,981 (36%)
- Market rent and commercial lettings, £11,706 (4%)
- Supporting people contracts, £25,545 (8%)
- Shared ownership first tranche sales, £35,776 (12%)
- Sales of properties developed for outright sale, £34,686 (11%)
- New bank loans, £58,202 (19%)
- Sale of housing properties, £26,341 (9%)
- Other, £1,739 (1%)



## Units under management

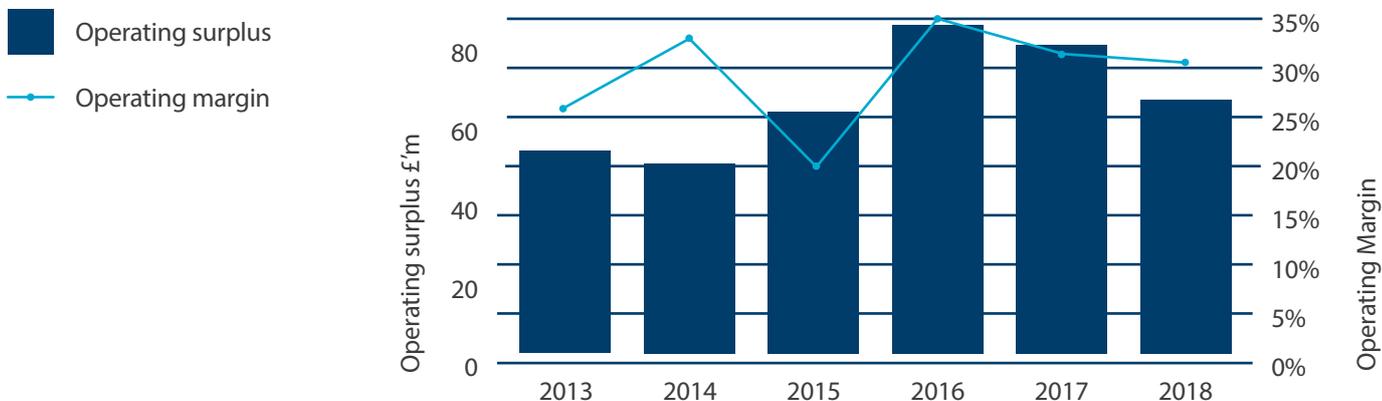
- Social
- Affordable
- Leaseholder
- Shared ownership
- Supported housing
- Market rent
- Care Homes



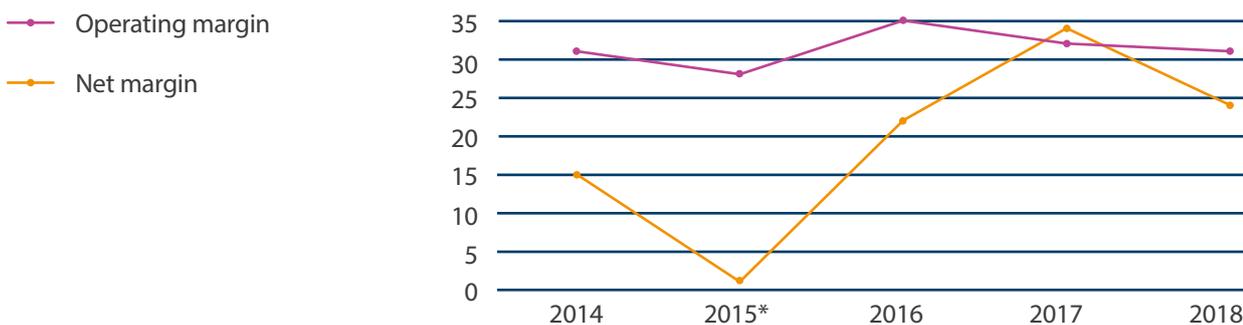
# One Housing Group Limited

Our results at a glance

## Operating surplus from 2014-2018 and operating margin

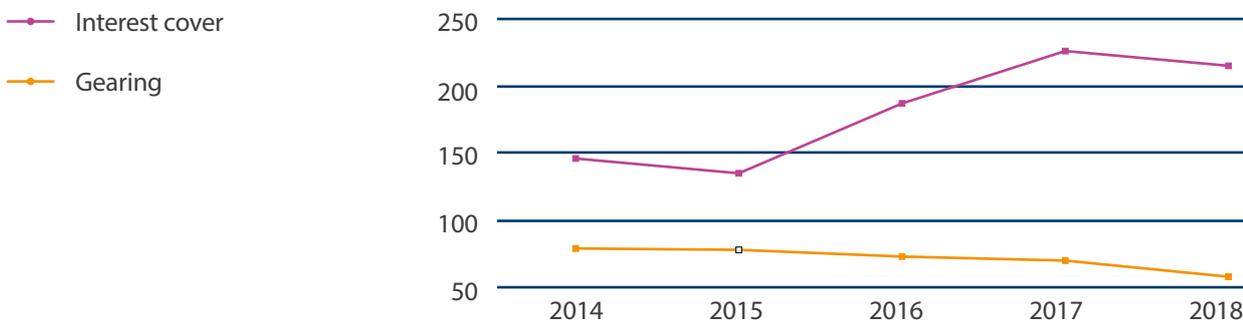


## Operating and net margins (%)



\*2015 includes conversion from UKGAAP to FRS102.

## Interest Cover and Gearing (%)



# One Housing Group Limited

## Introduction from the Chair

As at 31 March 2018

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This year One Housing embarked on a major journey of transformation and I am particularly delighted to have joined the organisation as its Chair as this starts to gain momentum.

Why are we changing? Because we need to.

The housing world, the political world and the economic world are all by their nature turbulent but the pace of change over recent years has been staggering. Elections, Brexit, new housing ministers, and even global political uncertainty affect the housing and land markets. The impact of this is particularly acute in London and the South East where we operate.

There is no question that One Housing has had a very successful track record thanks to the buoyant housing market of recent years. This enabled us to raise considerable funds on the property market which we have reinvested in affordable homes and services. But the market has slowed and this has meant we have had to adapt with a change of emphasis in our approach to development. This means a stronger emphasis on managing risk, working in partnership and most importantly delivering affordable homes first and foremost.

Against this background the tragic fire at Grenfell Tower a year ago has also shaken the housing world. We have played our part by redoubling our efforts to ensure the safety of our residents in light of what we now know about the risks associated with some forms of cladding and with tall buildings more generally. But the Grenfell Tower fire has also, rightly, prompted widespread discussion around the purpose and value of social housing. There are signs that attitudes towards social housing are changing for the better in the aftermath and I hope that society will start to embrace, value and support investment in affordable homes with renewed energy. If this comes to fruition then it will hopefully act as a lasting and fitting tribute to those who lose their lives.

All these external factors are important and we must adapt and tackle both the challenges and opportunities they present. But we are also changing because we can and must do better.

Last year we put in place a new Executive Team to bring new approaches and new energy to our work. Led by our new Chief Executive, Richard Hill, they have launched the One Future programme. This is a wide-ranging programme of investment and reform with the vision of making One Housing a true 'best in class' organisation with a renewed focus of our vital role as a landlord.

As well as necessary improvements in the technology and infrastructure that underpins our work, we have identified areas of work where we know we can be more efficient, more effective and deliver better value for money. We also want to improve quality with a widespread 'right first time' approach and a commitment to helping all our residents to live better. These changes will take time to fully implement but things have got off to a promising start. One of our first successes has been to work with our staff as well as residents to set out a new vision and values for the organisation.

## Vision

We create places for people to call home and support them to live well.

## Our values

- We keep our promises.
- We do a great job.
- We work together.
- We value diversity.
- We look for ways to improve.

This provides all of us with a clear benchmark for what we need to do and how we should do it. We see this renewed focus as key to our success.

# One Housing Group Limited

## Introduction from the Chair

As at 31 March 2018

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We have also undertaken a lot of work over the last year to review our governance systems. We are working closely with the regulator on this and are confident that we can return to our G1 governance rating in due course. We see this as vital to build confidence among those we work with already, and those we hope to collaborate with in future.

One Housing has been part of my professional world in one way or another since its formative days as Community Housing Association. I've long admired the organisation and its work. Now I'm proud to be part of it as we move confidently towards an even more successful future.

Finally I would like to thank my predecessor, Anthony Mayer, as well as those Board members and senior executives who left us over the last year. Anthony served two terms as Chair through a period of intense change and growth for One Housing and for the housing sector more generally. He has left me, and the new team, a strong base from which One Housing can continue to develop and grow.

Steve Douglas  
Chair

# One Housing Group Limited

## Board members, executive directors, advisers, and bankers

As at 31 March 2018

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### Board members:

Chair	Anthony Mayer Steve Douglas Vijay Sodiwala	(resigned on 18 April 2018) (appointed 27 January 2018) (Senior Independent Director)
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### Ordinary members

Kevin Brush Nigel Fee Paul Rickard Carol Yarde Caroline Corby Stewart Davenport Richard Hill Mike Taylor Julie Price Kevin Beirne Roger Davies John Gregory Mike Taylor Alan Williams	(appointed on 1 January 2018) (appointed 1 January 2018) (appointed on 1 September 2017) (resigned on 13 March 2018) (appointed 1 January 2018) (resigned 30 December 2017) (resigned 16 May 2018) (resigned 1 January 2018) (resigned 13 March 2018) (resigned 7 July 2017)
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### Executive Team:

Chief Executive	Richard Hill	(appointed 1 September 2017)
Deputy Chief Executive	John Gregory	(resigned 1 January 2018)
Chief Financial Officer	Paul Rickard	
Group Director Development	Alan Williams Mike Johnson	(resigned 27 March 2018) (appointed 2 January 2018)
Group Director Housing Services	Matthew Saye	
Group Director Housing Care & Support	Kevin Beirne	(resigned 30 December 2017)
Interim Group Director Housing Care & Support	Martin D'Mello	(appointed 1 November 2017)
Group Director People and Change	Ria Bailes	(appointed 1 December 2017)
Chief Information Officer	Tony Blows	(appointed 19 February 2018)

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### Company Secretary

Louisa Loizou Hannah Taylor	(resigned 1 September 2017) (appointed 1 September 2017)
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Registered office	100 Chalk Farm Road, London, NW1 8EH
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Principle bankers:	Barclays Bank PLC, 1 Churchill Place, London, E14 5HP
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Auditors:	BDO LLP, 2 City Place, Beehive Ring Road Gatwick, West Sussex, RH6 0PA
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Principal solicitors:	Trowers & Hamblins LLP, 3 Bunhill Row, London, EC1Y 8YZ
	Devonshires Solicitors, Salisbury House, London Wall, London, EC2M 5QY
	Lewis Silkin LLP, 5 Chancery Lane, Clifford's Inn, London, EC4A 1BC

# One Housing Group Limited

## Report of the Board of Management for the year ended 31 March 2018

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The Board presents its report and the Group's audited financial statements for the year ended 31 March 2018.

### Review of the business

One Housing Group Limited (OHGL, the Association) is a charitable registered provider of social housing administered by a board of directors. When we refer to 'the Group' we mean the consolidated Group inclusive of all subsidiaries. Our subsidiaries and joint ventures are listed in notes 18 and 19.

We are regulated by the Regulator of Social Housing (formerly the Homes and Communities Agency).

The Association is the parent company responsible for the strategic planning and direction of the Group, along with central and development services. For clarity and simplicity in this report (as in our day-to-day communication) we refer to the Group as simply One Housing.

Subsidiaries of OHGL are all limited by shares except where stated and are:

- TPHA Limited (TPHA) - manages low cost home ownership and the sale of outright units. It is a non-charitable registered provider.
- Citystyle Living Limited (CSL) - owns and manages market rented properties.
- East End Lettings (2) Limited (EEL) - owns and manages market rented properties.
- CHA Ventures Limited (CHV) - manages all development contracts on behalf of the Group.
- Arlington Futures (AF) - a company limited by guarantee and also a registered charity that provides a range of quality community support services.
- One Direct Maintenance Limited (ODML) - provides repairs and maintenance services on behalf of the Group.
- Pembury Road Care Limited (PRC) - provides private care homes and facilities for older people.
- Renovo Facilities & Services Limited (REN) - a joint venture; 51% in favour of OHGL and 49% in favour of Chequers Limited. It was formed to provide facility management services on behalf of the Group.

There are also another 19 subsidiary companies that develop properties for outright sale. Distributable profits from most schemes are gift aided to OHGL.

One Housing has investments in the following joint ventures that have been formed to develop property:

- New Ladderswood LLP, formed in 2011, is a 50% joint venture between CHV and Mulalley and Company Limited.
- New Granville LLP, formed in May 2013, is a 50% joint venture between CHV and Mulalley and Company Limited.
- Dollar Bay Developments LLP, formed in June 2013, is a 50% joint venture between CHV and Mount Anvil Group Limited.

# One Housing Group Limited

## Report of the Board of Management for the year ended 31 March 2018

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### Principal activities

One Housing builds, sells, rents and manages homes for people from a range of backgrounds but particularly those who struggle to afford a place to live. We house and support thousands of people across London and the South East and currently own and manage around 16,000 homes. We are also one of London's largest care providers to people with complex needs, giving care and support to thousands of people in the community and helping them to live independently through our One Support, Season and Baycroft brands. We also help people into employment and work hard to make a positive difference to our residents' lives by promoting aspiration, independence and well-being through a range of training and support services.

We offer a wide range of housing options including homes for social rent in partnership with local authorities as well as homes for affordable rent, shared ownership, private rent and private sale.

We are diverse and operate in the following key business areas:

- Property development: developing and delivering new high quality homes for people at every income level to meet the urgent housing need across London and the South East. Funds raised from private sale properties are reinvested in services and in constructing more affordable homes.
- Social housing – general needs: providing rented housing for people and families who cannot afford to rent or buy on the open market. General needs properties include newly built homes as well as housing transferred from local authorities.
- Social housing – intermediate: a cheaper option for people who can't afford typical market rents. This includes key worker rent and rent to home-buy schemes.
- Social housing – low cost home ownership (LCHO) and leasehold: shared ownership homes, where residents buy a share in the equity of their homes (which they can increase as and when they can afford it) and pay rent to us on the remainder.
- Housing care and support: helping people who need housing-related support or extra care. This includes specialist housing support to young people, the elderly within retirement homes and people with complex mental health needs. We offer personalised support to meet our customers' individual needs together with choice and control.
- Market rent: providing homes on the private rental market to raise funds for more services and affordable homes.
- Community investment programmes: involving residents through a combination of consultation and participatory projects and schemes.
- Social mobility and aspiration: focusing on employment and training schemes, including volunteering opportunities, to build skills and promote employment opportunities in the areas where we work and beyond.
- One Direct: providing an in-house repair and maintenance service.

# One Housing Group Limited

## Report of the Board of Management for the year ended 31 March 2018

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### Qualifying third party indemnity provisions

The company has no qualifying third party indemnity provisions in place for the directors of OHGL and TPHA Ltd – registered providers of social housing.

### Value for money

This year the Regulator of Social Housing (“RSH”) has changed the way in which Value for Money (VfM) is reported. A new Value for Money Standard was published in April 2018. Previously, we have reported a summary of our Value for Money performance in the financial statements alongside a self-assessment statement. The new standard requires us to provide further details in our financial statements, but there is no longer a requirement to produce a self-assessment statement.

The new standard requires us to report on our performance against a standard set of metrics, which will enable a reader of our financial statements to compare our performance with other housing associations. We also report on our performance against the new Sector Scorecard, as well as our own internal benchmark comparisons against the G15 group of large London-based housing associations, to measure how we are performing and show where we will be focusing our efforts for improvement.

### Corporate strategy and VfM objectives

We are currently finalising our new corporate plan which sets out the priorities for the Group over the next five years. We will grow responsibly and sustainably over the long term and have also set ourselves new financial standards to ensure that the organisation is financially secure and robust. We have made clear choices about the degree of risk that we are prepared to accept and balance long term stability with a commitment to long term growth.

We are setting ourselves challenging targets to grow our operating margin, enabling us to invest more in new affordable housing, while continuing to maintain our existing properties. We are focused on driving down cost across the organisation, which will be achieved through tighter budget management and efficiencies delivered, in part, through the One Future transformation programme. One area which we will never compromise on is the safety of our residents.

In developing our new financial standards, we have consciously targeted maintaining a V2 financial viability rating from the Regulator of Social Housing. We believe that a V2 rating appropriately balances the degree of risk to our business with the need to optimise the use of our balance sheet to secure new funding to build new homes.

We will continue to maintain the value of our assets and build the strength of our balance sheet. There may, however, be some circumstances where the condition of an asset, or its financial performance, may make it unsuitable for the use that it currently has. In these cases we will proactively consider other options including disposal, stock swap or change of use.

We will continue to carry out a significant proportion of our repairs through our own in-house repairs and maintenance service, One Direct. This gives us more control over the quality of our repairs, the data on our properties, and gives us scope to drive better value for money than if we used external contractors. Our facilities management company, Renovo, is a joint venture with Chequers. Renovo takes the lead in ensuring a high quality environment in our care and support schemes.

Our main focus as a landlord is to ensure that our residents are safe and secure in their homes. We’ve always focused on this, but after the terrible events at Grenfell Tower last year, we are very clear that this is our key priority. We will continue to focus on fire safety, but also have an overall compliance strategy which includes other key areas including gas safety, asbestos, legionella and electrical safety.

# One Housing Group Limited

## Report of the Board of Management for the year ended 31 March 2018

### Performance monitoring

The Board monitors 15 KPIs that have been selected because they allow the Group Board to monitor performance against the corporate plan. We have focused on resident satisfaction – with our new homes, our resident services and repairs, and with our care and support services.

A more detailed set of KPIs is reviewed and discussed by the Executive Team on a monthly basis, together with a report on financial performance for the month. This allows the Executive Team to link both financial and non-financial results, challenge performance and make informed decisions to improve performance.

Individual directorates have a further set of operational KPIs which they monitor and review on a weekly basis. Where there is an area of concern, this is flagged up to the Executive Team.

As there are a range of KPIs monitored regularly throughout the organisation if the Board or Executive team decides to change the KPIs they are reviewing due to operational issues or a strategic shift, there is flexibility to make the change easily.

### Value for money metrics

A new set of VfM metrics has been agreed to be used by all registered providers, to enable them to be compared against others in the sector. The Sector Scorecard is aligned with a new set of metrics set by the Regulator of Social Housing. The table below shows our Sector Scorecard performance, with the value for money metrics set by the regulator highlighted in orange. The quartile information comes from the RSH and is for the whole sector.

		OHG	Quartile 1	Median	Quartile 4
1. Operating Margin (overall excluding disposal of fixed assets)	1. Operating Margin (overall excluding disposal of fixed assets)	24%			
	2. Operating Margin (social housing lettings excluding disposal of fixed assets)	27%			
	3. EBIT DA MRI (as a percentage of interest)	213%	166%	228%	301%
4. New supply - social	4. New supply - social	483		40	
	4a. New supply -social as a % of total units owned	3%			
	5. New supply - non-social	173			
	5a. New supply social as a % of total units owned	1.10%	0.16%	1.10%	2.21%
	6. Gearing	49%	31%	42%	54%
7. Customer satisfaction	7. Customers satisfaction	90%	83%	87%	91%
	8. Reinvestment	0.11	0.22	0.69	1.12
	9. Investment in communities (£'000)	£1,145			
10. Return on capital employed (ROCE)	10. Return on capital employed (ROCE)	4%	3%	4%	5%
	11. Occupancy	99%	99%	100%	100%
	12. Ratio of responsive repairs to planned maintenance	0.70	0.44	0.68	1.00
13. Headline social housing cost per unit	13. Headline social housing cost per unit	£7,036	£2,865	£3,306	£4,371
	14. Rent collected	101%	99%	100%	100%
	15. Overheads as a percentage of adjusted turnover	8.50%	9.42%	12.33%	15.30%

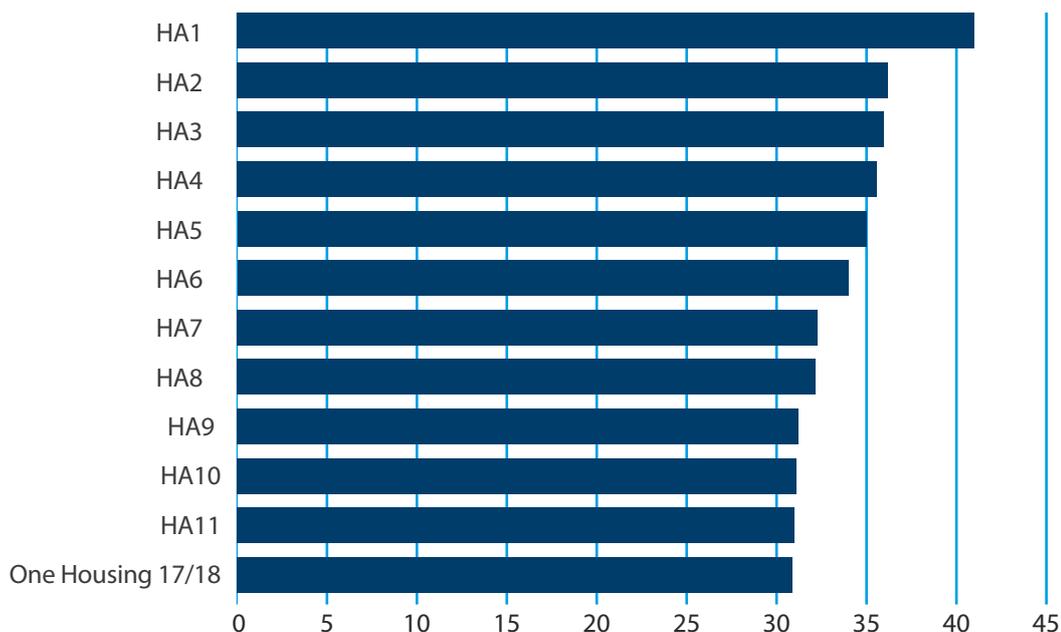
The table doesn't show top quartile, median and bottom quartile performance for all of the metrics, as the definitions to calculate the metrics have changed. The metrics have gone through a consultation process, which led to the final metrics which are reported against here.

# One Housing Group Limited

## Report of the Board of Management for the year ended 31 March 2018

### Value for money metrics (cont.)

In terms of business health, we are looking to improve the operating margin delivered by our underlying business. We will be focusing on our overall operating margin going forwards, and have ambitions to deliver growth in our overall operating margin over time.



In terms of Development, we developed 483 homes for social housing in the last year, which is an increase of 5% on our existing stock. We consider this to be excellent performance that compares favourably with our peers. Our gearing, which indicates how much our debt compares with the value of our asset base, shows that we are well within our covenants.

The outcomes delivered shows that customer satisfaction is excellent compared with our peers.

Effective asset management demonstrates that our return on capital employed is in line with the median sector performance. However we are aware that investment in our stock can adversely impact this measure and it is important that we maintain the quality and safety of our homes.

Operating efficiencies highlight that our headline social housing cost per unit is high. This is a key area of focus for us, as we are expensive compared with our peers. The Care and Support part of our business is influencing the cost per unit (the headline social housing cost per unit falls from £7,013 to £5,133) when we exclude £24.9m of support services cost) along with the fact that most of our stock is in London and consists predominantly of flats which are generally more expensive to manage than houses.

# One Housing Group Limited

## Report of the Board of Management for the year ended 31 March 2018

### Value for money metrics (cont.)

Our new Corporate Plan sets a clear target to strengthen our operating margin to 35% by 2022/23. This target will mean that we will make £5.5 million of cost savings in 2019-20 which will impact substantially on our operating costs and therefore our cost per unit performance. Our One Future programme of business modernisation is designed to improve services for our residents and to reduce costs. The programme includes significant IT investment which will reduce costs both through the efficiency of internal systems and providing opportunities for our residents to self-serve. The One Future Programme Board oversees the business case and benefits realisation process to ensure that the projected cost savings are achieved. Alongside technology investment the One Future programme also includes a number of process reviews on areas such as repairs and voids performance. We expect process improvements to deliver significant cost savings in the period to 2020-21. We will set out more details in our value-for-money strategy which is being finalised for Board decision in September 2018.

### G15 - Cost per unit comparison

	One Housing 16/17	Rank	HA1	HA2	HA3	HA4	HA5	HA6	HA7	HA8	HA9	HA10	HA11
	£		£	£	£	£	£	£	£	£	£	£	£
Management	1,468	9	1,083	1,190	764	745	554	1,201	1,768	956	960		1,707
Maintenance	880	4	1,115	727	2,599	923	1,215	864	802	1,111	1,469		1,120
Major Repairs	1,195	9	613	1,757	0	729	526	1,042	1,285	662	775		691
Service Charge	1,176	11	748	668	562	710	555	866	722	671	454		574
Other	2,317	11	530	296	698	799	193	536	1,037	1,037	44	5,207	205
Total	7,036	12	4,089	4,638	4,623	3,906	3,043	4,509	5,614	4,437	3,702	5,207	4,297

The 'Other' category is defined by the RSH as including development costs not capitalised, community regeneration costs and charges relating to support services. These costs can be seen in Note 4.

# One Housing Group Limited

## Report of the Board of Management for the year ended 31 March 2018

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### Compliance with Governance and Financial Viability Standard

At their July 2018 meeting the Board reviewed a detailed, evidence-based assessment of The Group's compliance with the Regulator of Social Housing's Governance and Viability Standard and supporting Code of Practice. On the basis of that review, the Board hereby certifies its compliance with the Standard and the supporting Code.

This Code is issued by the Regulator of Social Housing, as the regulator of social housing, under section 195(1) of the Housing & Regeneration Act 2008 (as amended) (the Act). It relates to the Governance and Financial Viability Standard set by the regulator under section 194(1) of the Act (the Standard). The Code applies to all registered providers who are subject to the Standard (ie registered providers and not local authority providers of social housing) underlying business. We will be focusing on our overall operating margin going forwards, and have ambitions to deliver growth in our overall operating margin over time.

### Code of governance

The Board has taken the decision to adopt the NHF Code of Governance. An assessment was carried out in May 2018 which identified a small number of areas for improvement including: the need for a more detailed Board Code of Conduct; some amendments to board and sub-committee terms of reference; defining how and whether this Code applies to the subsidiaries; and more regular risk reporting to board. At the time of the assessment a board and committee effectiveness exercise had not been recently undertaken though a number of governance-related reviews had been commissioned and actions completed. A questionnaire was sent to the Board in May 2018 and the results were discussed by the full board at the July meeting.

OHGL is currently rated compliant by the Regulator at G2/V2 with the most recent assessment being published in May 2018. The Board and the Executive continue to engage openly and positively with the Regulator and to work towards restoring a G1 rating.

The Board further confirm that this report has been prepared in accordance with the applicable reporting standards and legislation.

### Going concern

The Board has made enquiries and examined significant areas that could give rise to financial exposure and is satisfied that no material or significant exposures exist other than as reflected in these financial statements and that the Group has adequate resources to continue its operations for the foreseeable future. For this reason the going concern principle has been applied in preparing these financial statements.

# One Housing Group Limited

## Report of the Board of Management for the year ended 31 March 2018

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### Assessment of the effectiveness of internal controls

The Board has overall responsibility for the Group's system of internal control and for monitoring its effectiveness. The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives and can only provide reasonable, and not absolute, assurance that we are not exposed to material misstatement or loss.

The Group Audit and Control Committee (GACC) has been in operation throughout the relevant period and oversees the effectiveness of the system of internal control by considering risk reports, internal audit reports, management assurances, the external audit management letter and specialist reviews. Material risk or control matters are reported by the GACC to the Board.

The Board confirms that the key processes for identifying, evaluating and managing the significant risks faced by the Group have been in place throughout the year under review up to and including the date of approval of the annual report and financial statements.

Some of the key policies and processes that the Board has established to provide effective internal control include:

- clearly delegated powers to Board sub committees, the subsidiary company Boards, and the Executive Team;
- robust strategic and business planning processes with detailed financial budgets and forecasts;
- regular reporting to the Board and appropriate committees on key business objectives, targets and outcomes;
- an annual Group Board review of risk management processes;
- documented policies and procedures for all key operational areas;
- maintaining a fraud register and related processes including the review of the register at GACC meetings;
- adoption of an internal audit programme monitored by the GACC;
- Board review of the external audit management letter, and GACC members' interview with BDO LLP without directors present;
- review of all regulatory reports; and staff being fully conversant with key controls and procedures relating to financial operational systems.

We have a suite of probity policies designed to tackle fraud, bribery, corruption, theft, and breaches of regulations which have been reviewed and approved during the course of the year.

The GACC has received and reviewed assurance on the effectiveness of the system of internal control for the Group, together with the annual report of the internal auditor. It has reported its findings to the Board through an annual report to the Board and the minutes of its meetings.

In the course of making improvements to the overall governance, risk and internal control assurance framework some weaknesses in historic procurement processes and probity arrangements were identified by the senior management team and reported to the Board. They are being addressed, together with other improvements to the internal control framework.

The Board confirms that there are no material weaknesses which require disclosure in these financial statements.

### Donations

The Group made no political donations during the year (2017: £nil).

# One Housing Group Limited

## Report of the Board of Management for the year ended 31 March 2018

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### Board members' responsibilities

The Board members are responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year for the Group and association in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: 'Accounting by registered social housing providers, update 2014' have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice for registered social housing providers: Housing SORP 2014 ('SORP 2014').

We publish our financial statements on our website in accordance with UK legislation governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Board members. The Board members' responsibility also extends to the on-going integrity of the financial statements contained therein.

### Annual general meeting

The Annual General Meeting was held on 13 July 2018.

# One Housing Group Limited

## Report of the Board of Management for the year ended 31 March 2018

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### Auditors

All of the current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

During the year, the Board and GACC reviewed the effectiveness of both the external and internal audit process and invited firms to tender for the appointment as the Group's external and internal auditors. GACC, supported by senior management, conducted a rigorous tender process focussing on quality, resources and value.

After careful consideration, it was concluded that BDO LLP was the best overall in terms of quality, resources and value and would better meet the Group's requirements for external audit services going forward. It was further concluded that KPMG LLP was best placed to meet the Group's requirements for internal audit services.

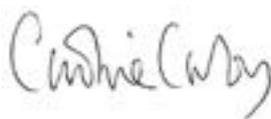
BDO LLP has expressed its willingness to continue in office and a resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming annual general meeting.

### By order of the Board



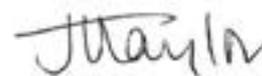
Steve Douglas

Chair



Caroline Corby

Board member



Hannah Taylor

Secretary

Date: 13 July 2018

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

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## Objectives and strategies to achieve those objectives

It has been seven years since we launched our 2011 corporate plan which covers the period until April 2019. In September 2017 the Board agreed that we should move to a new corporate plan due to both significant changes in the external environment since 2011 and a view that we needed to have a root and branch review of our vision, values, priorities and ambition.

Our new corporate plan is an important statement of our priorities and our strategy. It covers five years but it is not set in stone and we will constantly be reviewing this strategy to ensure it remains appropriate.

The environment we operate in remains both financially and politically volatile. One notable change during the year was the replacement of our previous regulator, the Homes and Communities Agency (HCA), with two new agencies. The Regulator of Social Housing will retain and enhance the regulatory aspects of the HCA's work and Homes England will take on the funding and development responsibilities. This substantial change illustrates the Government's evolving priorities for our sector.

## Our vision and values

At the start of this year we launched a big conversation with our staff and our residents about our vision and values. We wanted to ask some fundamental questions about what One Housing does and what we can contribute to solving the housing crisis across London and the South East.

Over 400 staff attended workshops on our values and we had over 80 staff suggestions for a new vision. We also worked with our Area Boards so that our new vision and values resonate with our residents.

What we came up with was a clear vision and a set of values that reflect the views not just of our Board and our leadership team, but reflect the full diversity of the people who work for One Housing and those who live in our homes.

## Vision

We create places for people to call home and support them to live well.

## Our values

- We keep our promises.
- We do a great job.
- We work together.
- We value diversity.
- We look for ways to improve.

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

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## Strategic priorities

The Board and Executive Team have identified five strategic priorities and these are set out below.

### 1. Growing responsibly and sustainably

We were one of the housing associations created in response to the public reaction to the well-known TV documentary 'Cathy Come Home' as well as growing homelessness in the late 1960s. We honour that legacy in the work that we do every day.

Over the last 50 years we have grown to be a housing association that owns around 16,000 homes with over 35,000 customers.

This history reminds us that we are a long-term business with substantial assets but also responsibilities to our residents that run a long time into the future. The current Board members are very conscious of their responsibility to hand on a strong, viable organisation to their successors.

We run our business so that we can grow responsibly and sustainably over the long term.

### 2. Creating places to call home

Our primary role is as a landlord and our main responsibility as a landlord is to ensure that our residents are safe and secure in their homes. We are also committed to driving good performance and providing a great customer experience and resident satisfaction will be a key focus.

### 3. Supporting people to live well

Providing care and support to those who are vulnerable is an incredibly important part of what we do. We do not consider this as optional but as a core part of our mission.

The scale of our care and support business is significant with turnover in 2018-19 forecast to be just over £50 million. We will continue to deliver and grow this area of the business.

### 4. Building homes and communities

The housing crisis in London and the south east means that we have to have a clear focus on building homes and communities. We are confident that we can build 5,000 new homes over the next ten years and expect that at least half of those will be affordable, which will be a significant contribution to the housing supply in London and the South East.

### 5. A modern, flexible and fun place to work

We are convinced that we will provide great services to our residents if we make One Housing a modern, flexible and fun place for our staff to work. We want our people to be ambassadors for One Housing because they are proud to work for us and committed to what we do. Recruiting and retaining good, committed people is a key priority.

Our people strategy will be based on building a high performing workforce aligned to our business objectives and creating a strong reputation as a modern, flexible and fun place to work.

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

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## 2018 financial review and highlights

We are pleased to report group turnover at £215.9m (2017: £255.6m) generating a surplus before tax of £52.1m (2017: £86.3m). The reduced surplus was largely driven by a reduction in the fair value of investment properties of £2.2m (2017 increase £40.2m) offset by an increase in the fair value of financial instruments of £7.7m (2017 decrease £11.6m), with the increased annual surplus including a surplus on fixed asset property sales of £13.8m (2017: £17.6m). Our operating surplus of £66.5m produced an operating margin of 30.8% (2017: £80.6m and 31.5%).

## Revenue and cost highlights

We must generate sufficient income to meet our operating costs, loan interest payments and investment in our homes. We have continued to generate sufficient surpluses before sales to cover interest costs.

Other key highlights include:

- surplus on first tranche sales of £13.0m (2017: £7.8m)
- surplus on properties developed for outright sale of £6.6m (2017: £26.8m)
- surplus on staircasing sales of shared ownership properties and right to buys of £13.8m (2017: £17.6m).
- surplus on non-social housing lettings of £4.3m (2017: £4.4m)
- a total of £17.0m of qualifying charitable donations from subsidiaries (2017: £31.5m).

We will continue to use our unrestricted surpluses to ensure that we achieve the objectives of our corporate plan.

## Statement of financial position highlights

We maintain a robust financial position, reflecting a strong statement of financial position and cash reserves. These reserves will provide funds for future growth plans.

Other key highlights include:

- the value of the Groups housing properties at historical cost totalled £1.61bn (2017: £1.58bn)
- we have drawn down loans of £848m (2017: £922m)
- we hold £31.6m investments in joint ventures (2017: £19.1m)
- statement of comprehensive income reserves increased by £52.8m to £399.3m (2017: £346.5m)
- decreased actuarial deficits on the defined benefit pension scheme of £0.22m (2017 decrease of £0.27m).

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

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## Future prospects

Our financial performance during 2018 has been robust and we have continued to further expand our offer of high quality housing and services to our customers. We are confident that we can continue to absorb the ongoing 1% yearly cut in social rent together with other challenges in our operating environment. Together we believe these steps will not only protect the organisation and its ability to meet its obligations, but improve our access to future funding opportunities.

The aftershocks from the Grenfell Tower fire will continue for some time. We have identified remedial work necessary at two schemes in light of what we now know about the risks associated with some kinds of cladding. Work is already underway to commission replacement cladding where necessary and the costs of this work have been incorporated into our budget. We are also prepared for further contingency spending in this area if necessary following the inquiry into the fire and the review of building regulations. We remain totally committed to ensuring the safety of our properties.

The One Future programme of modernisation is now underway. We have already reviewed some major areas of operation and identified a broad range of potential efficiency and costs saving opportunities. We also recognise that our IT systems and use of data need modernising to support the transformation of the business. One Future will be the focus of much of our work over the coming year and beyond but we are confident that the investment - not just financially but in committing to becoming a more effective organisation - will bring lasting benefits for the future, not least to our residents and customers.

Alongside this planned transformation we will of course adapt to the ever changing environment in pursuit of our social objectives. Our 2019 budget has been rigorously refined to ensure our costs are controlled and our spending is better accounted for across the business.

As part of our risk framework we look to understand the threats to our long term financial viability. This is achieved by carrying out a series of single and multi-variate stress tests to our 30-year long term financial plan. We then identify trigger points for management review and mitigation plans to enable us to be proactive and react to each of these. Some of our identified risks include:

- changes in interest and inflation rates
- different rates of inflation on our income to our costs
- delays to development completions and sales
- significant falls in selling prices of developments for sale
- lower care home occupancy rates
- increased maintenance and construction costs and
- increased arrears as a result of the impact of the rollout of Universal Credit.

We firmly believe that we can and will play a central role in helping to tackle the ever more acute housing crisis. Our new corporate plan commits to delivering 5,000 new homes over the next ten years with a renewed emphasis on our core aim of providing more affordable homes for those in greater need.

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

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## Principal risks and uncertainties

### Our approach

We recognise that an effective risk management framework, embedded in practices and behaviours across the Group, is fundamental to achieving our strategic objectives.

The appointment of our new Chief Executive in September 2017, the subsequent development of our new corporate plan and culture and, most recently, the appointment of our new Chair, have provided us with the opportunity to review and revise our approach to risk management. During the year, as part of our commitment to strengthening risk and control processes and behaviours, we created and appointed to two new senior posts: a Head of Risk and a Director of Governance. Our risk strategy which applies to all Group activity was revised and approved by the Board in October 2017. It sets out a structured framework for risk identification, assessment, management and reporting as well as roles and responsibilities.

The Group Board has overall responsibility for risk management. It is supported in this role by the Group Audit and Control Committee (GACC). The Executive Team is responsible for identifying, evaluating, managing and reporting strategic risk. Operational risks are largely the responsibility of directors or assistant directors but with Executive Team and GACC oversight and challenge. Specialist risk areas such as insurance, health and safety, business continuity and programmes are led and managed by the relevant specialists in those areas, again with oversight by Executive Team and GACC.

### Risk appetite

The Group operates in a complex and ever-changing economic and political environment. In that context, risk appetite is a powerful tool, not only in our decision-making but also in improving overall performance. The Board has reflected upon its risk appetite, testing how 'open and aware' it was to risk, and giving the Executive Team a sense of its collective risk appetite against corporate objectives.

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

### Strategic risks

As part of the development of our new corporate plan our corporate risk profile has been revised. The key strategic risks that we face and how we are managing those risks are set out below.

Risk	Impact	Mitigation
Changes to the welfare system - including the roll out of Universal Credit - impacts on rental income.	<ul style="list-style-type: none"><li>• Decrease in key Group revenue stream putting business plan at risk.</li><li>• Bad debt increases as reduced benefit payments and/or direct payments to tenants impacts their ability to pay.</li></ul>	<ul style="list-style-type: none"><li>• Decrease in key Group revenue stream putting business plan at risk.</li><li>• There is a tailored and updated Welfare Reform mitigation plan in place for 2018/19 with a formal Project Team.</li><li>• Customer Accounts Team work closely with Employment and Training to increase residents' employability and access to work.</li><li>• Income collection, arrears and other welfare reform measures monitored monthly by senior management and performance reported to Board quarterly.</li><li>• Long term financial plan stress testing for an increase in arrears as a result of Universal Credit reported to Board in May 2018.</li><li>• Public affairs work around Universal Credit including as part of discussions with Ministers.</li></ul>
UK economic changes, caused in part by Brexit, result in higher inflation - for build, material and labour costs and interest rates putting significant stress on the One Housing business plan.	<ul style="list-style-type: none"><li>• Labour and material supply chain disruption and price fluctuation.</li></ul>	<ul style="list-style-type: none"><li>• Cost inflation and interest rates monitored monthly and quarterly.</li><li>• Business plan stress testing of increased borrowing costs - Market interest rates 3% higher than assumed in base plan, over the life time of the plan.</li><li>• Business plan stress testing of higher cost inflation - Real cost inflation 3% higher than under base plan conditions.</li><li>• Investment analysis includes impact of higher funding costs throughout the term of facilities.</li><li>• Focus on people strategy to retain attractiveness as an employer.</li></ul>

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

Risk	Impact	Mitigation
Health and Safety incident at an One Housing scheme causes death or injury.	<ul style="list-style-type: none"><li>• Loss of life or serious injury to tenants or residents.</li><li>• Potential prosecution for corporate manslaughter.</li><li>• Possible regulatory intervention by regulatory bodies.</li><li>• High level of media attention.</li></ul>	<ul style="list-style-type: none"><li>• Asset Compliance Strategy approved by Board March 2017.</li><li>• Overarching H &amp; S policy approved by Board May 2016.</li><li>• GCC (Governance and Compliance Committee) monitors Health &amp; Safety, CQC and Asset Compliance.</li><li>• Monthly Asset Compliance meeting chaired by CEO.</li><li>• Scheduled workplace inspections programme in place for all staff including those working in Housing Care and Support.</li></ul>
A falling housing market in London negatively impacts on the OHG sales programme causing liquidity, and therefore potential viability, issues.	<ul style="list-style-type: none"><li>• Capital trapped in financial or development investments.</li><li>• Cash not available to meet short term or long term commitments.</li><li>• Covenants may be breached.</li><li>• Reduced sales revenue forecast.</li></ul>	<ul style="list-style-type: none"><li>• Treasury Management Policy requires OHGL to maintain a minimum of £30m available Cash and £50m minimum Liquidity at all times and a Net Cash Requirement for 18 months.</li><li>• Cash flow monitored against triggers on a monthly basis and this is reported to Executive Team, Development Approval Panel, Development and Investment Committee (DAIC), Group Audit &amp; Control Committee and Group Board.</li><li>• The financial projections in the business plan are tested against covenants 6 monthly and reported to Group Board.</li><li>• Approval process set out in the DAIC terms of reference allows offers for capital projects to be declined at bid stage.</li><li>• Financial plan has been stress tested to allow for a 30% drop in sales.</li><li>• Emphasis on first time buyer market supported by Help to Buy until 2021.</li><li>• Option available to change tenure type until market improves to mitigate sales risk.</li><li>• Continuous market monitoring through DAIC.</li></ul>

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

Risk	Impact	Mitigation
Tightening in London Labour market makes it harder to recruit and retain good staff causing an impact on cost and quality of our offer.	<ul style="list-style-type: none"> <li>• Lack of required expertise available to support business needs.</li> <li>• Inability to recruit and retain right calibre of staff.</li> <li>• Potential for significant impact on our costs and therefore the quality of our offer.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of staff turnover.</li> <li>• New pay strategy approved April 2018 includes moving to pay London Living Wage to staff including in care and support.</li> </ul>
Labour focus on local authority 'council' housing results in lack of support for the housing association sector and stalling of regeneration schemes.	<ul style="list-style-type: none"> <li>• Inability to progress key/ flagship schemes because of lack of political impetus.</li> <li>• Existing social housing tenants do not support our proposed scheme mix in regeneration schemes.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular review of Financial and Business Plan in the light of policy changes.</li> <li>• Clear business plan and objectives to monitor impact of changes in relation to Housing Associations.</li> <li>• Public Affairs team working closely with government and local authorities.</li> </ul>
Government focus on home ownership results in focus on market supply, real term rent reductions and implementation of housing association right to buy.	<ul style="list-style-type: none"> <li>• Loss of income.</li> <li>• Potential loss of social housing units.</li> </ul>	<ul style="list-style-type: none"> <li>• Close monitoring of impact and assumptions.</li> <li>• Public Affairs team working closely with government and local authorities.</li> <li>• Close working with GLA / Homes England.</li> <li>• Flexibility in development strategy including the ability to focus more on affordable housing.</li> <li>• LTFP (Long Term Financial Plan) stress tested rent reductions in May 2018 with triggers identified and monitored monthly.</li> <li>• Financial Standards defined for future LTFP and budgets.</li> </ul>

We fully recognise our responsibilities under the new General Data Protection Regulations (GDPR) which came into force in May 2018. GDPR is our highest operational risk and its management is regularly reported to our Governance and Compliance Committee and Group Board.

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

## Financial and non-financial key performance indicators

The table below shows our financial performance for the past three years.

### Group financial results - three year summary

Year ended 31 March:	2018 £m	2017 £m	2016 £m
Statement of comprehensive income			
Turnover	215.9	255.6	244.9
Cost of sales	(46.2)	(80.2)	(70.7)
Operating costs	(117.0)	(112.4)	(104.7)
Surplus on disposal of fixed assets	13.8	17.6	16.5
Operating surplus	66.5	80.6	86.0
Share of surplus in joint ventures	5.5	5.2	0.2
Net interest and financing costs	(25.4)	(28.1)	(30.4)
Changes in fair value of investments	-	-	-
Movement in fair values of financial assets	7.7	(11.6)	(11.1)
Movement in fair values of investment properties	(2.2)	40.2	9.7
Other finance costs	-	-	-
Surplus for the year before tax	52.1	86.3	54.4
Statement of financial position			
Total fixed assets and investments	1,891.2	1,838.8	1,756.9
Current assets	278.3	302.5	294.2
Total creditors including loans and borrowings	(1,768.3)	(1,792.9)	(1,784.7)
Total reserves	401.2	348.4	266.4
Statistics			
Operating margin (%)	30.8%	31.5%	35.1%
Net margin (%)	24.1%	33.7%	21.9%
Interest cover	215%	226%	187%
Gearing	58%	70%	73%
Units in management	16,084	15,234	14,657

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

## Performance indicators for affordable homes

The Group's key indicators are set out below against target.

	2018	2018	2017
Tenant satisfaction	actual	target	actual
General needs tenants who are satisfied with their landlord's service	84.1%	84.0%	84.1%
Leasehold residents who are satisfied with their landlord's service	69.0%	65.0%	69.0%
Overall satisfaction with estate services	85.5%	75.0%	85.5%
Percentage satisfaction with Customer Contact Centre housing services	97.9%	90.0%	97.9%
Percentage of residents satisfied with the repairs and maintenance service	91.6%	90.0%	91.6%
Percentage satisfaction with One Direct repairs helpdesk	93.8%	90.0%	93.8%
Customer Contact Centre			
Percentage of calls answered within 20 seconds by Housing Services	85.1%	82.0%	85.1%
Percentage of calls lost or abandoned by Housing Services	3.2%	4.0%	3.2%
Repairs			
Percentage of out of hours and emergency repairs completed on time (within 24hrs)	99.5%	98.0%	99.5%
Percentage of urgent repairs completed on time (within 5 working days)	98.4%	96.0%	98.4%
Percentage of routine repairs completed on time (within 20 working days)	99.2%	95.0%	99.2%
Percentage of repairs completed right first time	95.4%	75.0%	95.4%
Collecting rents			
General needs residents: percentage of income collected	101.1%	99.4%	101.1%
Leasholder and shared owners: percentage of income collected	101.9%	99.6%	101.9%
General needs residents: percentage current arrears	3.9%	4.5%	3.9%
Leasholder and shared owners: percentage arrears	6.4%	7.0%	6.4%
Managing empty properties			
General needs - overall re-let time (calendar days)	30.4	28.0	30.4
Minor Voids: - average turnaround time (general needs works only and <£5k and ten working days)	9.5	10.0	9.5
Major voids: - average turnaround time (20 working days)	18.8	20.0	18.8
Performance indicators for non-social homes			
Percentage of market rent and intermediate rent income collected	103.4%	102.5%	103.4%

We have exceeded 19 of our 20 key performance targets this year. We are starting to see the benefits of some of the improved systems and processes..

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

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## Repairs

We are exceeding the repairs targets we set for ourselves. To improve our focus on value for money we are completing jobs earlier than our previous external contractors and getting the job done right first time, reducing repeat visits.

## Resident satisfaction

We have taken significant action during the year to improve tenant satisfaction. This included implementing a new survey system that ensures that residents are asked about outstanding issues. Their responses are emailed directly to the responsible person, who then has to respond to the resident within 48 hours. We have been moving from simply monitoring the levels of resident satisfaction to instead addressing issues they have and hence improving their satisfaction.

## Collecting rents

We are maximising our income, reducing our arrears and exceeding our targets for both general needs and leaseholder residents. Modernised collection techniques and the implementation of a new system have led to a significant improvement in performance despite more Universal Credit cases. We have also addressed some difficult historical arrears cases through litigation. In addition, with the introduction of new software, we have also improved how we bill service charges to residents and this clarity helps with income collection.

## Managing empty properties

Our overall re-let time has worsened very slightly in the last year as we have been facing some challenges resulting from one of our main boroughs adopting a new system in this area which is increasing the time needed to provide and approve nominations. We recognise we can still improve our own efficiency even though performance is on target if we exclude data for this borough. We have restructured our Allocations team, replacing some staff, and have started an end-to-end review of the void and lettings process. Discussions and follow-up with our local authority partners will also continue. Minor and major void work turnaround time has increased to improve the quality of the property when allocated and reduce return work after residents have moved in.

## Customer Contact Centre

We rebranded the Housing Services contact centre to Customer Information Hub and we introduced a new application to record and monitor the quality of our call handling and ensure it is improved. We believe this will improve quality and resolve people's enquiries 'right first time' or see them responded to about their issue leading to increased satisfaction.

## Pension costs

Details of the Group's pension fund are disclosed in note 31.

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

## Investment in subsidiaries

During the year the Association invested £51k in Renovo Facilities & Services Ltd (REN). It is a joint venture; 51% in favour of OHGL and 49% in favour of Chequers Limited. It was formed to provide facility management services on behalf of the Group.

During the year other investments, totalling £114.5m were as follows:

100% owned subsidiary	Shares of £1	Amount
Citystyle Living Ltd	2,300,000	£2,300,000
Citystyle (Site A Nunhead Lane) Living Ltd	4,814,884	£4,814,884
Citystyle Living (High Road Haringey 624 THA) Ltd	12,712,992	£12,712,992
Citystyle Living (St Ann's) Ltd	3,716,484	£3,716,484
East End Lettings (2) Ltd	11,875,000	£11,875,000
Citystyle Living (Belmont) Ltd	27,207,975	£27,207,975
Citystyle Living (Acton Town Hall) Ltd	4,859,268	£4,859,268
Citystyle Living (Victoria Quarter) Ltd	5,778,148	£5,778,148
Citystyle Living (Sutton Court Road) Ltd	1,625,000	£1,625,000
Citystyle Living(North End Farm) Ltd	1,717,866	£1,717,866
Citystyle Living (Shakespeare Orchard) Ltd	2,292,025	£2,292,025
Citystyle Living (White Horse Field) Ltd	5,380,130	£5,380,130
CHA Ventures Ltd	30,200,000	£30,200,000

## Capital structure and treasury

### Our treasury management

We define our treasury management activities as:

'The management of the organisation's cash investments and cash flows, its banking, money market, capital markets and derivative transactions, and its security portfolio; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

The primary treasury risks the group is currently exposed to resulting from our business activities are: liquidity, market, credit and counterparty, refinancing and security availability.

Our treasury strategy is approved by the Group Board each year in line with the business planning cycle to ensure that we consider and mitigate any new or potential risks. The Board also reviews and approves the treasury management policy each year to make certain that we always apply best practice and are effectively managing these risks.

The treasury management policies and related procedures which the Group Board reviews annually are designed to deliver and maintain an efficient capital structure while managing the Group's treasury risks.

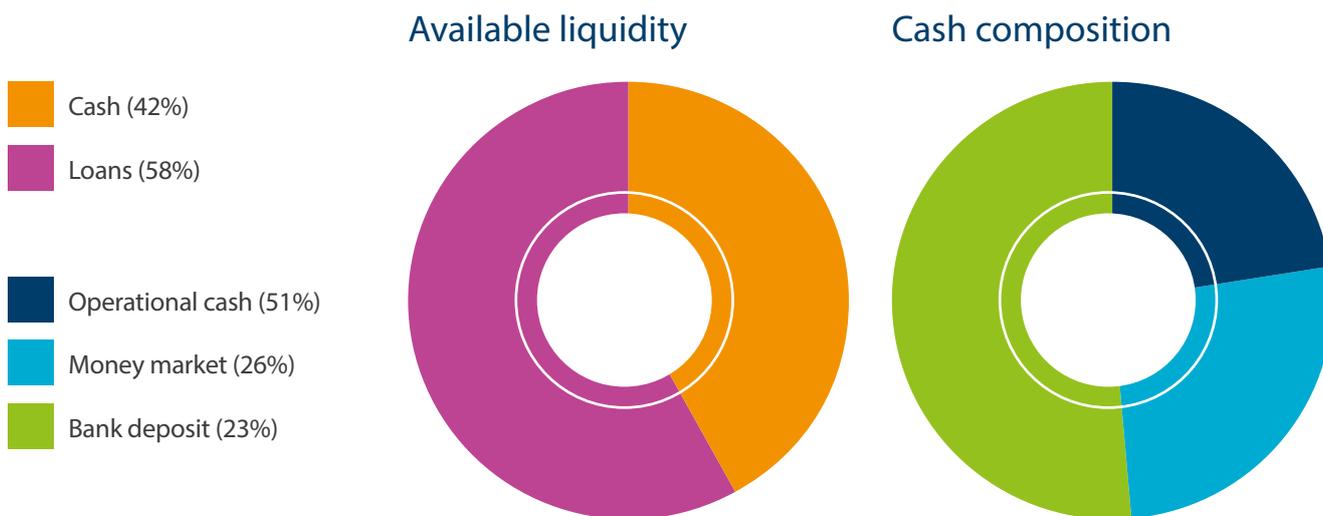
# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

### Liquid resources

Cash at financial year end was £46.4m (2017: £102.1m). Short-term investments, relating to cash held within short-term money market funds and bank deposits at financial year end were £26.4m (2017: £80m) and available facilities were £65.0m (2017: £50.0m). Cash has decreased during the financial year due to varying working capital requirements and debt repayments. The movement within the year is consistent with the Group's liquidity management policy.



Following the 2017-18 financial year-end, an increase to an existing liquidity facility of £10 million has been agreed with one lender, increasing proforma liquidity to £121.4 million.

### Debt management

All Group debt is managed centrally.

The Group funds itself through free cash flow from operations, long and short term committed loan and other facilities from a range of banking and other counterparties, and (on a reducing level) government grants.

The majority of the Group's debt as at 31 March 2018 is borrowed in One Housing Group Limited: 99% (2017: 98%) and is secured on the back of its housing properties, with the remainder of the debt being borrowed in subsidiaries of One Housing Group Limited.

The majority of the Group's subsidiaries are development special purpose vehicles ('SPV') or joint ventures used to develop private sale or mixed tenure development schemes. We continue to fund these with a combination of equity investment and scheme specific development finance. Funding in the subsidiary companies is secured on the assets of those entities, which in the development special purpose vehicles is the land, work in progress and the shareholders equity. This structure ring-fences the risk to the SPV. The profits of these SPVs are reinvested back into our social housing activities.

# One Housing Group Limited

## Strategic report

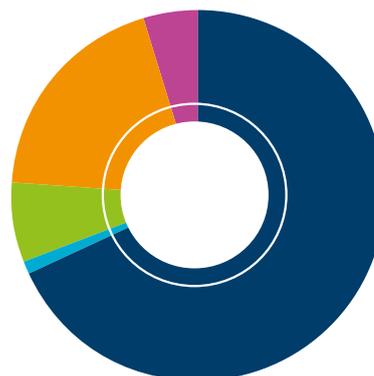
for the year ended 31 March 2018

### Debt management (cont.)

Historically, long-term bank loans have been the largest source of funding to the sector and we are no different in this respect with 73% (2017: 76%) of current drawn funding being from this source at financial year end. All funding in One Housing Group Limited is fully secured and available to be drawn.

#### Funding composition by type (£'m)

- Bank loans (622.3)
- Bank loans, rcf (10.0)
- Undrawn loans (65.0)
- Capital markets (175.0)
- Other loans (40.7)

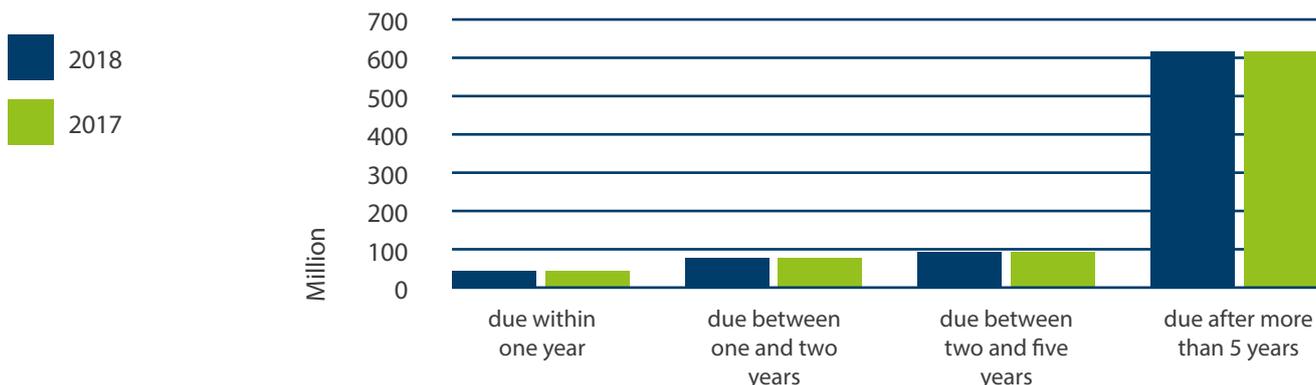


Borrowings are shown in note 28 in the financial statements.

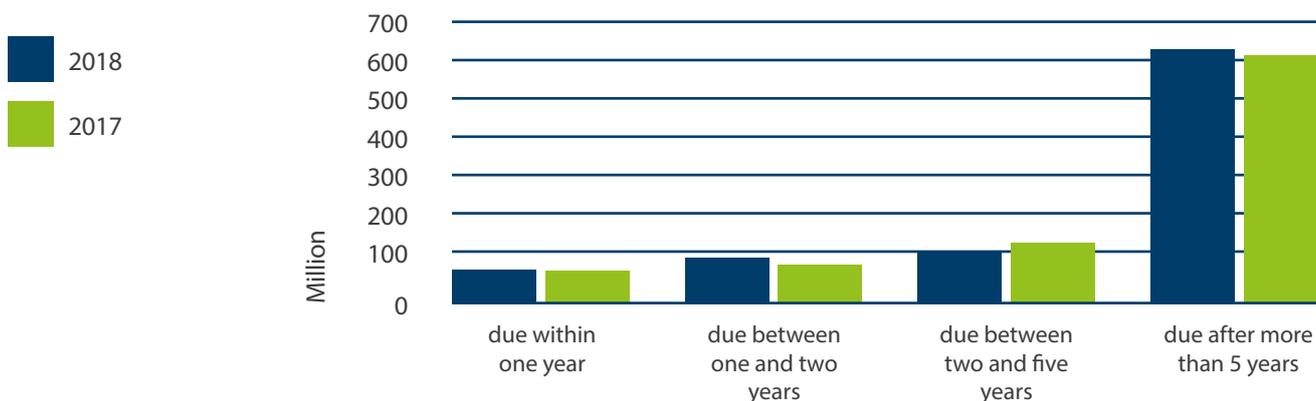
### Debt repayment profile

The average life of our fixed debt as at financial year end was 12.9 years (2017: 15.4 years). We currently have a moderate level of short term refinancing risk, which has been partially alleviated by recent funding exercises and the treasury strategy is to reduce this risk with further debt exercises in the 2018-19 financial year.

#### Association debt maturity



#### Group debt maturity



# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

### Debt repayment profile (cont.)

As at 31 March 2018 93% (2017: 78%) of total debt outstanding was hedged either by fixed interest rates or index-linked loans or swaps. Our average cost of drawn debt in the year 2018 was 4.09% (2017: 4.11%).

The fixed debt includes interest rate swaps, for the management of interest rate exposure of £291m (2017: £152m), with a mark-to-market valuation of £37.5m out-of-the-money, (2017: £44.0m out-of-the-money).

The exposure has fluctuated marginally during the year. We have increased our property collateral to provide protection against a -1% parallel downward movement in the yield curve and to mitigate the risk of any cash calls and its subsequent adverse impact on liquidity.

The Group actively monitors its exposures to collateral calls on a monthly basis; this includes a range of stress tests.

The profile of our debt facilities as at 31 March 2018 (excluding fair values, issue costs, discounts and premiums) was:

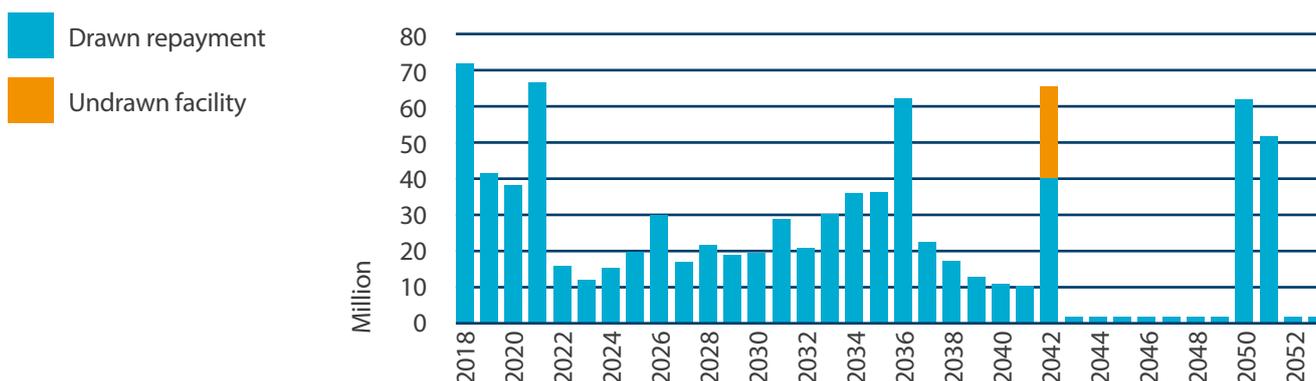
Group	2018	2017	2016	Group, £m	2018	2017	2016
Average cost of debt	4.09%	4.11%	4.13%	Swap notional outstanding	290.5	151.6	121.9
Fixed ratio	95%	78%	67%	Fair value	37.4	44.0	42.7

The fixed debt includes interest rate swaps, for the management of interest rate exposure of £291m (2017: £152m), with a mark-to-market valuation of £37.5m out-of-the-money, (2017: £44.0m out-of-the-money).

The exposure has fluctuated marginally during the year. We have increased our property collateral to provide protection against a -1% parallel downward movement in the yield curve and to mitigate the risk of any cash calls and its subsequent adverse impact on liquidity.

The Group actively monitors its exposures to collateral calls on a monthly basis; this includes a range of stress tests

The profile of our debt facilities as at 31 March 2018 (excluding fair values, issue costs, discounts and premiums) was:



# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

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## Complying with our covenants

We monitor all Group debt financial covenants regularly and complied with all covenants as at 31 March 2018.

In addition to the covenants contained within our loan agreements, the Group has a number of internal measures that it monitors and uses to manage the business. We also run regular scenario tests and stress tests of our financial position and forecasts, including multi-variate 'perfect storm' conditions to ensure that even in the most unlikely combinations of adverse markets conditions or shocks our business, factoring in our development plans, is not put at risk and an adequate covenant headroom is maintained.

## The Board

The Board is collectively responsible for providing leadership for the Group and concentrates its efforts on strategy, performance, governance and internal control.

## Board composition

A Board of nine non-executive members, the Chief Executive Officer and the Chief Financial Officer currently govern the Group, with day-to-day management delegated to the Executive Team. There have been a number of changes to the composition of the Board and details of those who served on the Board and Executive Team during the year are detailed on page 6.

Our Board members are recruited for their individual skills and experience and more information about each of our Board members' backgrounds can be found on our website.

Vijay Sodiwala and Carol Yarde both complete eight years' service in 2018. Given their individual expertise, the Board has decided to renew their terms for a further year, taking them to the maximum nine years' service. A succession plan has been developed both to replace Mr Sodiwala and Ms Yarde and to address certain skills the Board has identified.

Each non-executive member of the Board holds one fully paid share of £1 in One Housing Group Limited, which is cancelled when they leave the Board.

## Role of the Board

The Board is ultimately responsible for promoting the long-term success of the Group. The Board leads and provides direction for management by setting strategy and overseeing its implementation by management. The Board is also responsible for oversight of the Group's systems of governance, internal control and risk management.

Specific key decisions and matters have been reserved for approval by the Board. These include decisions on the Group's strategy, the annual budget, the approval of the Group's risk appetite and governance issues.

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

## Role of the Board committees

The major committees supporting the Board in its activities are:

- Group Audit and Control Committee ('GACC') - responsible for scrutinising, constructively challenging and giving the Board assurance on the effectiveness of the system of risk management and internal control, the integrity of the Group's annual report and accounts and the work of the internal and external auditors. The membership is comprised entirely of non-executive Board members.
- Governance and Compliance Committee ('GCC') - responsible for overseeing the Group's statutory and regulatory reporting and systems of governance to ensure its compliance in all areas as required in relevant legislation, including health and safety legislation and the regulatory standards and guidance.
- Group Appointments and Remuneration Committee ('GARC') - responsible for advising the Board on remuneration and Board and committee appointments.
- Development and Investment Committee ('DA&IC') - responsible for reviewing and approving certain development activities and monitoring the performance of the Group's development and sales programme.
- Group Technology Committee ('GTC') - responsible for monitoring and governing investment in technology and providing strategic input into the evolving technology strategy. This was established on 10 July 2017.

All committees report at the Board meeting held immediately after each committee meeting. Membership is drawn from non-executive board members and, where appropriate, members of the Executive Team. All committees are chaired by a non-executive board member.

## Meetings and attendance

The Board holds meetings at regular intervals, at which standing items such as the Group's performance against the Corporate Plan, financial performance, risk, governance and other strategic matters are reviewed and discussed. There is a comprehensive Board pack and agenda which is circulated beforehand so that Board members have the opportunity to consider the issues to be discussed. Detailed minutes and any actions arising out of the discussions are documented.

In addition to these regular, scheduled meetings, ad hoc Board meetings may be held where the circumstances require. The Board held six scheduled and one ad hoc meeting during the year. Attendance of Board members at Board and committee meetings held during the year ended 31 March 2018 is shown below:

	Board	GACC	GCC	GARC	DPMC	GTC
Anthony Mayer	8/8	-	-	4/4	-	-
Kevin Beirne	4/4	-	-	-	2/2	-
Kevin Brush	7/8	5/5	-	-	-	-
Caroline Corby	3/3	1/1	-	-	-	-
Stewart Davenport	2/3	-	-	-	-	-
Roger Davies	7/8	5/5	-	-	-	-
Nigel Fee	7/8	5/5	-	1/1	-	-
John Gregory	3/5	-	-	-	-	-
Richard Hill	5/5	-	-	-	4/5	-
Julie Price	3/3	-	-	-	-	-
Paul Rickard	8/8	-	-	-	5/5	1/1
Michael Taylor	7/7	2/2	2/2	2/4	-	-
Vijay Sodiwala	7/8	-	-	3/3	-	1/1
Carol Yarde	8/8	0/2	2/2	-	-	-
Alan Williams	3/3	-	-	-	2/2	-

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

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## Conflicts of interest

Under the NHF's Code of Conduct Board members have a duty to avoid situations that may give rise to a conflict of interests. Formal procedures are in place to deal with any conflict of interest. Board members are responsible for notifying the Chair or Company Secretary as soon as they become aware of any actual or potential conflict of interest which is then recorded in a central register. Board members are also required to complete a declaration of interests form annually.

## Induction, training and professional development

On appointment, all new Board Members receive a tailored induction which is supplemented by the provision of key governance documents as reading material, including the Rules, Code of Conduct, Regulatory Standards, Board meeting schedule and previous Board and committee minutes.

An annual programme of training is available to all Board members, it includes topics identified through skills assessments and effectiveness review and any topical items.

## Board effectiveness review

Each year the Board undertakes a formal evaluation of Board, committee and individual Board member performance. This year each Board member completed a detailed questionnaire, the results of which were discussed at a Board meeting.

The Board has agreed to engage an external facilitator to undertake the next annual review.

## Diversity and gender pay gap

We recognise that diversity and inclusion is key when looking to improve employee and customer engagement and services. Having made a commitment to improve diversity within One Housing and support our sector to do more in this area, we established an internal group called 'One for All'. This group is will lead the work on forming aspirational targets and challenging action plans to ensure that we make changes, particularly relating to the diversity of our senior leadership. We acknowledge that as a whole, the leadership teams across our sector do not reflect the diverse workforce and communities that we work with. One Housing has therefore signed up to the principles of Leadership 2025 contained in The Altair review – creating a more ethnically diverse leadership across the sector. We have also given our support to the Future of London Speaker Diversity Network and Diversity Pledge and we are working with the Women In Social Housing, a business and networking organisation for the social housing sector. Two female employees have been supported to be Board members of WISH and we are looking for other ways that we can support sector wide work on diversity.

We have successfully made some changes this year; we have made additional female appointments to our Board which means that women make up a third of our Board now. We have also improved our ethnic diversity at Board level as well. We have appointed a female Group Director to our Executive Team and we are monitoring closely the diversity of our senior management levels and our recruitment success in improving diversity at our senior levels.

# One Housing Group Limited

## Strategic report

for the year ended 31 March 2018

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### Diversity and gender pay gap (cont.)

In line with all other organisations that employ more than 250 staff, we published our gender pay gap in April 2018. This showed that our gender pay gap was 18.8% which was slightly above the national average of 18.2%.

A key factor in this difference is the fact that we work in a number of varied employment markets including care and support, property development and IT. In our Housing, Care and Support division, salaries are often lower, particularly in frontline caring roles where the majority of staff are women. This is a national trend and often in our Care and Support roles the level of pay is determined by the contract price stipulated by the commissioners.

If we look specifically at the gender pay gap in our Housing, Care and Support division, the figure reduces to -0.09% (which means that the average salary for women is slightly higher than the average salary for men). Across the rest of the business (ie excluding Housing Care and Support) the gender pay gap figure is significantly lower at 10.32%.

We are developing an action plan to improve our gender equality by consulting with women at all levels across the organisation. This extensive consultation and engagement will deliver a plan that is meaningful and can deliver improvements.

### Subsidiary company governance

The Group has a number of subsidiary companies established for specific purposes. Each subsidiary company has its own Board of Directors who meet quarterly and both the DAIC and GACC receive regular reports on the business of the Group's subsidiaries.

### Subsidiary company governance

This Strategic report was approved by order of the Board



Steve Douglas

Chair



Caroline Corby

Board member



Hannah Taylor

Secretary

Date: 13 July 2018

# One Housing Group Limited

## Independent auditor's report to the members of One Housing Group Limited for the year ended 31 March 2018

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### Opinion

We have audited the financial statements of One Housing Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the Consolidated and Association statement of comprehensive income, the Consolidated and Association statement of financial position, the consolidated and Association statement of changes in reserves, the consolidated statement of cash flows 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2018 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

### 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 Group and Association 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.

### 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 board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association'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.

# One Housing Group Limited

## Independent auditor's report to the members

### of One Housing Group Limited for the year ended 31 March 2018

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## Other information

The Board are responsible for the other information. 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 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 including the Strategic Report and the Report of the Board of management 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.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board of management for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of the Board

As explained more fully in the Board Members' Responsibilities statement, the board is 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 board members 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 board are responsible for assessing the Group and the Association'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 board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

# One Housing Group Limited

Independent auditor's report to the members

of One Housing Group Limited for the year ended 31 March 2018

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## 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.

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](http://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 members of the Association, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.



BDO LLP  
Gatwick, West Sussex  
United Kingdom

Date: 31 July 2018

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

# One Housing Group Limited

## Consolidated and Association statement of comprehensive income for the year ended 31 March 2018

Year ended 31 March:	Notes	Group		Association	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Turnover	4, 5	215,894	255,589	201,795	191,680
Cost of sales	4, 5	(46,144)	(80,182)	(22,772)	(12,664)
Operating costs	4, 5	(117,018)	(112,400)	(115,225)	(112,535)
Surplus on disposal of fixed assets	11	13,809	17,605	13,643	15,628
Operating surplus	7	66,541	80,612	77,441	82,109
Share of surplus in joint ventures	19	5,512	5,208	-	-
Other interest receivable and similar income	12	262	344	1,236	2,080
Interest and financing costs	13	(25,683)	(28,439)	(25,637)	(28,831)
Movement in fair value of financial instruments	29	7,655	(11,646)	7,655	(11,646)
Movement in fair value of investment properties	17	(2,200)	40,245	414	27,064
Movement in fair value of listed investment	20	(5)	(40)	(5)	(40)
Other finance costs	31	-	(23)	-	(23)
Surplus before taxation		52,082	86,261	61,104	70,713
Taxation on surplus	14	439	(4,522)	40	(147)
Surplus for the financial year		52,521	81,739	61,144	70,566
Actuarial gain on defined benefit pension schemes	31	218	270	218	270
Total comprehensive income for year		52,739	82,009	61,362	70,836
Total comprehensive income attributable to:					
Owners of the parent		52,741	82,009	61,362	70,836
Non-controlling interests		(2)	-	-	-
		52,739	82,009	61,362	70,836

All activities relate to continuing operations.  
The notes on pages 44 to 97 form part of these financial statements.

# One Housing Group Limited

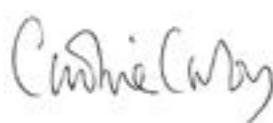
## Consolidated and Association statement of financial position for the year ended 31 March 2018

Year ended 31 March:	Notes	Group		Association	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Tangible fixed assets					
Tangible fixed assets - housing properties	15	1,609,031	1,575,046	1,625,484	1,584,611
Tangible fixed assets - other	16	18,636	12,165	17,885	11,489
Investment properties	17	231,788	232,429	158,739	159,934
Investments - subsidiaries	18	-	-	216,000	101,469
Investments - joint ventures	19	31,628	19,077	-	-
Investments - listed investments	20	109	114	109	114
		1,891,192	1,838,831	2,018,217	1,857,617
Current assets					
Properties for sale	21	208,033	182,344	71,751	64,418
Debtors	22	23,902	18,082	61,818	88,800
Investments		-	-	-	-
Cash and cash equivalents		46,375	102,113	34,420	85,159
		278,310	302,539	167,989	238,377
Creditors: amounts falling due within one year	23	(113,905)	(108,907)	(165,568)	(116,349)
Net current assets		164,405	193,632	2,421	122,028
Total assets less current liabilities		2,055,597	2,032,463	2,020,638	1,979,645
Creditors: amounts falling due after more than one year	24	(1,646,562)	(1,675,123)	(1,612,042)	(1,631,765)
Provision for liabilities	30	(7,612)	(8,494)	(100)	(535)
Net assets excluding pension liability		404,423	348,846	408,496	347,345
Pension liability		(178)	(389)	(178)	(389)
Net assets		401,245	348,457	408,318	346,956
Capital and reserves					
Called up share capital	33	-	-	-	-
Income and expenditure reserve		399,250	346,509	408,304	346,942
Restricted reserves		1,948	1,948	14	14
Equity attributable to owners of the parent		401,198	348,457	408,318	346,956
Non-controlling interests		47	-	-	-
Total equity		401,245	348,457	408,318	346,956

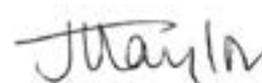
The notes on pages 44 to 97 form part of these financial statements. These financial statements were approved and authorised for issue by the Board on 13 July 2018 and signed on its behalf by:



Steve Douglas  
Chair



Caroline Corby  
Board member



Hannah Taylor  
Secretary

Date: 13 July 2018

# One Housing Group Limited

## Consolidated and Association statement of changes in reserves for the year ended 31 March 2018

Group	Income and expenditure reserve	Restricted reserve	Total
Year ended 31 March 2018	£'000	£'000	£'000
Balance at 1 April 2017	346,509	1,948	348,457
Surplus for the year	52,521	-	52,521
Other comprehensive income: Actuarial gains on pensions	218	-	218
Non - controlling interest	2		2
Reserves transfers: Restricted reserve to income and expenditure reserve	-	-	-
Balance at 31 March 2018	399,250	1,948	401,198

Group	Income and expenditure reserve	Restricted reserve	Total
Year ended 31 March 2017	£'000	£'000	£'000
Balance at 1 April 2016	264,493	1,955	266,448
Surplus for the year	81,739	-	81,739
Other comprehensive income: Actuarial gains on pensions	270	-	270
Reserves transfers: Restricted reserve to income and expenditure reserve	7	(7)	-
Balance at 31 March 2017	346,509	1,948	348,457

# One Housing Group Limited

## Consolidated and Association statement of changes in reserves for the year ended 31 March 2018

Association	Income and expenditure reserve	Restricted reserve	Total
Year ended 31 March 2018	£'000	£'000	£'000
Balance at 1 April 2017	346,942	14	346,956
Surplus for the year	61,144	-	61,144
Other comprehensive income: Actuarial gains on pensions	218	-	218
Reserves transfers: Restricted reserve to income and expenditure reserve	-	-	-
Balance at 31 March 2018	408,304	14	408,318

Association	Income and expenditure reserve	Restricted reserve	Total
Year ended 31 March 2017	£'000	£'000	£'000
Balance at 1 April 2016	276,099	21	276,120
Surplus for the year	70,566	-	70,566
Other comprehensive income: Actuarial gains on pensions	270	-	270
Reserves transfers: Restricted reserve to income and expenditure reserve	7	(7)	-
Balance at 31 March 2017	346,942	14	346,956

# One Housing Group Limited

## Consolidated statement of cash flows for the year ended 31 March 2018

	2018 £'000	2017 £'000
Cash flows from operating activities		
Surplus for the financial year	52,739	82,009
Adjustments for:		
Depreciation of fixed assets - housing properties	14,751	9,498
Depreciation of fixed assets - other	1,473	1,185
Amortised grant	(2,436)	(5,294)
Share of (surplus) / deficit in joint ventures	(5,512)	(5,208)
Net fair value losses recognised in profit or loss	(5,450)	(28,559)
Interest payable and finance costs	25,683	28,439
Interest received	(262)	(344)
Taxation expense	439	(4,522)
Add back cost of fixed assets - housing properties	14,630	22,663
Movement in trade and other debtors	(5,820)	(3,684)
Movement in stocks	(554)	8,875
Movement in trade and other creditors	(4,669)	(13,807)
Movement in provisions	(882)	3,993
Movement in pension liability	(1,173)	(1,330)
Cash from operations	82,957	93,914
Taxation paid	(763)	5,231
Net cash generated from operating activities	82,194	99,145
Cash flows from investing activities		
Purchase of fixed assets – housing properties	(82,842)	(59,924)
Purchases of fixed assets - other	(7,944)	(1,541)
Purchases of investment properties	(1,789)	(13,629)
Investment in joint ventures	(11,690)	(5,080)
Proceeds from disposal of joint venture investments	-	8,177
Distribution of joint venture profits	4,651	5,197
Receipt of grant	(3,762)	4,680
Repayment of grant	(4,101)	-
Interest received	386	477
Net cash used in investing activities	(107,091)	(61,643)
Cash flows from financing activities		
Interest paid	(31,195)	(29,930)
New loans - bank	58,202	102,618
Repayment of loans - bank	(54,813)	(96,546)
Repayment of loan security deposits	-	(2)
Non controlling interest share capital paid	49	-
Net cash used in financing activities	(27,757)	(23,860)
Net (decrease) / increase in cash and cash equivalents	(52,654)	13,642
Cash and cash equivalents at beginning of year	98,949	85,307
Cash and cash equivalents at end of year	46,295	98,949

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### 1. Legal status

The association is registered in the UK with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Regulator of Social Housing as a registered provider of social housing. One Housing Group Limited is considered to be a Public Benefit Entity and applies the relevant parts of FRS102 for Public Benefit Entities.

### 2. Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for One Housing Group Limited includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, and 'Accounting by registered social housing providers' 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical
- no cash flow statement has been presented for the parent company
- disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

#### Basis of consolidation

The consolidated accounts incorporate the financial statements of the Group, its subsidiaries, and joint ventures. The results of subsidiaries are included in the consolidated statement of comprehensive income from the date of incorporation or acquisition. Subsidiaries acquired during the year are consolidated using the acquisition method. Intra-group balances, transactions, income and expenses are eliminated on consolidation.

Investments in joint ventures and associates are accounted for using the equity method per Financial Reporting Standard 9 'Associates and Joint Ventures'. The consolidated statement of comprehensive income includes the Group's share of the undertakings surpluses less deficits while the Group's share of gross assets and liabilities is shown in the consolidated balance sheet.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### Business combinations and goodwill

The consolidated financial statements present the results of One Housing Group Limited and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

### Business combinations

Joint ventures:

An entity is treated as a joint venture where the Group is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

### Income

Income is measured at the fair value of the consideration received or receivable. The Group generates the following material income streams:

- rental income receivable (after deducting lost rent from void properties available for letting)
- first tranche sales of low cost home ownership housing properties developed for sale
- service charges receivable
- revenue grants
- proceeds from the sale of land and property.

Rental income is recognised from the point when properties under development reach practical completion and are formally let.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Revenue grant is recognised when the conditions for receipt of grant funding have been met.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### Service charges

The Group adopts the fixed and variable method for calculating and charging service charges to its tenants and leaseholders respectively. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

### Supported housing schemes

The Group receives Supporting People grants from a number of London boroughs and county councils. The grants received in the period as well as costs incurred by the Group in the provision of support services have been included in the statement of comprehensive income any excess of cost over the grant received is borne by the Group where it is not recoverable from tenants.

### Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

### Schemes managed by agents

Income is shown as rent receivable and management fees payable to agents are included in operating costs.

### Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred Income Tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on expenditure to the extent that it is suffered by the Group and not recoverable from HM Revenue & Customs. Recoverable VAT arises from partially exempt activities and is credited to the income and expenditure account.

### Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### Pension costs

Contributions to the Group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

The Group participates in two funded schemes. There is a stated policy for charging the net defined benefit scheme between those group companies that are a party to the scheme and hence a proportion of the defined benefit scheme assets, liabilities, income and costs are recognised by individual group companies in accordance with that policy. However, as One Housing Group Limited is not itself a party to the scheme and none of its own employees are members of that scheme, no proportion of the scheme is recognised in its individual company financial statements.

The difference between the fair value of the assets held in the Group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's statement of financial position as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

### Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### Tangible fixed assets - housing properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development. Directly attributable costs of acquisition include capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn to finance the relevant construction or acquisition. Where housing properties are under construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the statement of comprehensive income.

Mixed developments are held within property, plant and equipment (PPE) and accounted for at cost less depreciation. Commercial elements of mixed developments are held as investment properties.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

When housing properties are developed for sale to another social landlord, the cost is dealt with in current assets under housing properties and stock for sale.

Completed housing properties acquired from subsidiaries are valued at existing use value for social housing at the date of acquisition.

### Deemed cost on transition to FRS 102

On transition to FRS 102 the Group took the option of carrying out a one-off valuation exercise of selected items of housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, the Group engaged an independent valuation specialist valuer to value housing properties on an EUV-SH basis. Housing properties have been subsequently been measured at cost less depreciation.

Any difference between historic cost depreciation and depreciation calculated on deemed cost is transferred between the revaluation reserve and statement of comprehensive income reserve.

### Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### Depreciation of housing property (cont.)

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed. The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets.

Freehold land is not depreciated.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Component	Years
Main structure including roof	150
Envelope (including roof covering and cladding)	50
Common parts (internal and external)	50
External windows and doors	40
Heating and cold water services	40
Central boilers	40
Bathrooms	30
Electrics	30
Lifts	30
Kitchens	20
Individual boilers	20

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; when the lease and building elements are depreciated separately over their expected useful economic lives.

Any difference between the historical annual depreciation charge and the annual depreciation charge on assets carried at deemed cost is transferred to the revaluation reserve for the asset concerned until that reserve is depleted.

### Stock swaps

Housing properties acquired from other social landlords in exchange for non-monetary assets, or a combination of monetary and non-monetary assets, are measured at fair value. Where there is government grant associated with housing properties acquired as part of the stock swap, the obligation to repay or recycle the grant transfers to the Group. The fair values of the properties are included within property, plant and equipment and accordingly no grant is disclosed within creditors. In the event of the housing properties being disposed, the Group is responsible for the recycling of the grant. Where there is government grant associated with housing properties disposed of as part of the stock swap, the obligation to repay or recycle transfers to the social landlord to whom they were transferred.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### Shared ownership properties and staircasing

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element (staircasing element) is classed as property, plant and equipment and included in completed housing property at cost and any provision for impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Low cost home ownership properties are not depreciated on the expectation that the net realisable value at the time of disposal will be more than the historical cost.

For shared ownership accommodation that the Group is responsible for, it is our policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the statement of comprehensive income.

### Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

### Tangible fixed assets – other

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

### Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives (in years) range as follows:

Description	Years
Freehold offices	50
Leasehold office property	Life of lease
Furniture and equipment	5
Motor vehicles	4
Computer equipment	5
Information system	5

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### Depreciation of other tangible fixed assets (cont.)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

### Government grants

Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model as required by Housing SORP 2014. In applying this model, such grant has been presented as if it were originally recognised as income within the statement of comprehensive income in the year it was receivable and is therefore included within brought forward reserves.

Grant received since the transition date in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the statement of financial position and released to the statement of comprehensive income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the statement of comprehensive income.

Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### Recycled Capital Grant Fund

When certain relevant events happen, primarily the sale of dwellings, Homes England and the Greater London Authority (GLA) can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three-year period, it will be repayable to Homes England or the GLA with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the statement of financial position under 'creditors due after more than one year'. The remainder is disclosed under 'creditors due within one year'.

### Disposal Proceeds Fund

We are required to retain receipts from Right to Acquire (RTA) sales in a ring fenced fund that can only be used for providing replacement housing. The sales receipts less eligible expenses are credited to the Disposal Proceeds Fund. Any sales receipts less eligible expenses held within disposal proceeds fund, which it is anticipated will not be used within one year is disclosed in the statement of financial position under 'creditors due after more than one year'. The remainder is disclosed under 'creditors due within one year'.

### Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by qualified valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

### Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

### Impairment of fixed assets and goodwill

The housing property portfolio for the Group is assessed for indicators of impairment at each statement of financial position date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. We carry out an option appraisal to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use. No properties have been valued at VIU-SH.

The Group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to statement of comprehensive income.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### Stock

Stock represents work in progress and completed properties, including housing properties developed for transfer to other registered providers; properties developed for outright sale; and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

### Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

### Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

### Rent and service charge agreements

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

### Loans, Investments and short term deposits

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however we have calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instrument are stated in the statement of financial position at transaction value. Loans and investments that are payable or receivable within one year are not discounted.

### Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

### Cash and cash equivalents

Cash and cash equivalents in the Group's consolidated statement of financial position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

### Derivative instruments and hedge accounting

The Group holds floating rate loans which expose the Group to interest rate risk, to mitigate against this risk we use interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 April 2014) to continue to be charged over the period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 April 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

### Leasehold Sinking Funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors.

### Provision for liabilities

The Group has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers and leaseholders, overage for gap funding and restructuring.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the statement of financial position date.

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as finance cost in the statement of comprehensive income in the period it arises.

### Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

### Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

### Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

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

In preparing these financial statements, the key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units;
- The anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development;
- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense;
- Whether leases entered into by the Group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis;
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.
- The exemptions to be taken on transition to FRS102;
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

Other key sources of estimation uncertainty:

Apportionment of costs on a property basis for disposal of properties (see note 11)

When properties have been constructed, scheme costs are apportioned to individual properties based on square footage. The cost remains with the property throughout its life, and is used in estimating surplus on disposal.

Tangible fixed assets (see note 15)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Basis of capitalisation (see note 15)

When properties are under construction interest is capitalised on the cumulative cost to date of the scheme, based on the estimated weighted average cost of capital. The calculation of the weighted average cost of capital is revisited on an annual basis.

Investment properties (see note 17)

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

Investments (see notes 18, 19 and 20)

The most critical estimates, assumptions and judgements relate to the determination of carrying value of investments at fair value through profit and loss. In determining this amount, the Group follows the International Private Equity and Venture Capital Valuation Guidelines, applying the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

Rental and other trade receivables (debtors) (see note 22)

The estimate for receivables relates to the recoverability of the balances outstanding at year-end. We review on an individual debtor basis to consider whether each debt is recoverable.

### 4. Turnover, cost of sales, operating costs and operating surplus

Group - particulars of turnover, cost of sales, operating costs and operating surplus

	2018				
	Turnover	Cost of sales	Operating costs	Surplus on disposal of fixed assets	Operating surplus / (deficit)
	£'000	£'000	£'000	£'000	£'000
Social housing lettings	111,528	-	(80,156)	-	31,372
Other social housing activities					
Supporting people contract income	25,545	-	(24,854)	-	691
Development income and costs not capitalised	122	-	(1,307)	-	(1,185)
Shared ownership first tranche sales	35,776	(22,736)	-	-	13,040
Staircasing activity on low cost home ownership	-	-	-	13,596	13,596
Right to Buy sales	-	-	-	213	213
Community regeneration	-	-	(1,145)	-	(1,145)
	61,443	(22,736)	(27,306)	13,809	25,210
Non-social housing activities					
Sales of properties developed for outright sale	30,035	(23,405)	(2)	-	6,628
Sales of properties to other registered providers	-	-	-	-	-
Market rented lettings	5,942	-	(1,655)	-	4,287
Commercial properties	5,764	(3)	(6,251)	-	(490)
Other	1,182	-	(1,648)	-	(466)
	42,923	(23,408)	(9,556)	-	9,959
<b>Total</b>	<b>215,894</b>	<b>(46,144)</b>	<b>(117,018)</b>	<b>13,809</b>	<b>66,541</b>

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

	2017				
	Turnover	Cost of sales	Operating costs	Surplus on disposal of fixed assets	Operating surplus / (deficit)
	£'000	£'000	£'000	£'000	£'000
Social housing lettings	104,738	-	(79,682)	-	25,056
Other social housing activities					
Supporting people contract income	24,419	-	(24,163)	-	256
Development income and costs not capitalised	83	-	(1,396)	-	(1,313)
Shared ownership first tranche sales	18,043	(10,245)	-	-	7,798
Staircasing activity on low cost home ownership				14,244	14,244
Right to Buy sales				3,361	3,361
Community regeneration	-	-	(1,012)	-	(1,012)
	42,545	(10,245)	(26,571)	17,605	23,334
Non-social housing activities					
Sales of properties developed for outright sale	96,743	(69,937)	(16)	-	26,790
Sales of properties to other registered providers	-	-	-	-	-
Market rented lettings	5,609	-	(1,242)	-	4,367
Commercial properties	5,201	-	(2,322)	-	2,879
Other	753	-	(2,567)	-	(1,814)
	108,306	(69,937)	(6,147)	-	32,222
<b>Total</b>	<b>255,589</b>	<b>(80,182)</b>	<b>(112,400)</b>	<b>17,605</b>	<b>80,612</b>

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

Association - particulars of turnover, cost of sales, operating costs and operating surplus

	Turnover	Cost of sales	2018		
			Operating costs	Surplus on disposal of fixed assets	Operating surplus / (defecit)
	£'000	£'000	£'000	£'000	£'000
Social housing lettings	109,210	-	(80,445)	-	28,765
Other social housing activities					
Supporting people contract income	25,545	-	(24,925)	-	620
Development income and costs not capitalised	122	-	(1,351)	-	(1,229)
Shared ownership first tranche sales	35,376	(22,426)	-	-	12,950
Staircasing activity on low cost home ownership	-	-	-	12,008	12,008
Right to Buy sales	-	-	-	1,625	1,635
Community regeneration	-	-	(63)	-	(63)
	-	-	-	-	-
	61,043	(22,426)	(26,339)	13,643	25,921
Non-social housing activities					
Sales of properties developed for outright sale	1,235	(346)	-	-	889
Sales of properties to other registered providers	-	-	-	-	-
Lettings	3,096	-	(1,048)	-	2,048
Commercial properties	5,764	-	(6,362)	-	(598)
Gift Aid receipts	17,021	-	-	-	17,021
Management services for group undertakings	3,161	-	(1,031)	-	2,130
Other	1,265	-	-	-	1,265
	31,542	(346)	(8,441)	-	22,755
Total	201,795	(22,772)	(115,225)	13,643	77,441

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

	Turnover	Cost of sales	2017		
			Operating costs	Surplus on disposal of fixed assets	Operating surplus / (deficit)
	£'000	£'000	£'000	£'000	£'000
Social housing lettings	102,327	-	(80,274)	-	22,053
Other social housing activities					
Supporting people contract income	24,419	-	(24,163)	-	256
Development income and costs not capitalised	83	-	(1,396)	-	(1,313)
Shared ownership first tranche sales	16,806	(9,367)	-	-	7,439
Staircasing activity on low cost home ownership	-	-	-	12,301	12,301
Right to Buy sales	-	-	-	3,327	3,327
Community regeneration	-	-	116	-	116
	-	-	-	-	-
	41,308	(9,367)	(25,443)	15,628	22,126
Non-social housing activities					
Sales of properties developed for outright sale	3,781	(3,297)	-	-	484
Sales of properties to other registered providers	-	-	-	-	-
Lettings	3,084	-	(982)	-	2,102
Commercial properties	4,775	-	(2,272)	-	2,503
Gift Aid receipts	31,750	-	-	-	31,750
Management services for group undertakings	3,375	-	(997)	-	2,378
Other	1,280	-	(2,567)	-	(1,287)
	48,045	(3,297)	(6,818)	-	37,930
<b>Total</b>	<b>191,680</b>	<b>(12,664)</b>	<b>(112,535)</b>	<b>15,628</b>	<b>82,109</b>

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 5. Statement of comprehensive income from social housing lettings

Group - particulars of income and expenditure from social housing lettings

	General housing £'000	Supported housing £'000	Shared ownership £'000	Temporary housing £'000	2018 £'000	2017 £'000
<b>Income</b>						
Rents receivable net of identifiable service charges	62,653	13,412	9,932	25	86,022	81,654
Service charge income	7,114	5,729	7,975	4	20,822	18,343
Government grants	3,499	759	326	-	4,584	4,603
Net rental income	73,266	19,900	18,233	29	111,428	104,600
Government grants taken to income	-	-	-	-	-	-
Other income	90	-	10	-	100	138
Turnover from social housing lettings	73,356	19,900	18,243	29	111,528	104,738
<b>Expenditure</b>						
Management	(10,455)	(6,526)	(2,188)	(1)	(19,170)	(17,062)
Service charge costs	(9,104)	(4,556)	(6,513)	(4)	(20,177)	(19,437)
Routine maintenance	(8,434)	(1,413)	(1,353)	(10)	(11,210)	(12,602)
Planned maintenance	(3,947)	(695)	(611)	(3)	(5,256)	(7,532)
Major repairs expenditure	(4,530)	(583)	(762)	(5)	(5,880)	(5,840)
Bad debts	(480)	3	(5)	(65)	(547)	(560)
Depreciation of housing properties	(11,586)	(2,183)	127	-	(13,642)	(13,876)
Accelerated depreciation on component write-offs	(828)	(53)	-	-	(881)	(1,024)
Depreciation of other fixed assets	(34)	(399)	-	-	(433)	(251)
Property lease charge	(52)	(2,904)	(4)	-	(2,960)	(1,498)
Operating costs on social housing lettings	(49,450)	(19,309)	(11,309)	(88)	(80,156)	(79,682)
Operating surplus / (deficit) on social housing lettings	23,906	591	6,934	(59)	31,372	25,056
Void losses	(838)	(1,675)	35	-	(2,478)	(1,750)

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

### Association - particulars of income and expenditure from social housing lettings

	General housing £'000	Supported housing £'000	Shared ownership £'000	Temporary housing £'000	2018 £'000	2017 £'000
<b>Income</b>						
Rents receivable net of identifiable service charges	62,653	13,412	8,460	25	84,550	80,197
Service charge income	7,106	5,729	7,172	4	20,011	17,467
Amortised government grants	3,514	759	267	-	4,540	4,531
Net rental Income	73,273	19,900	15,899	29	109,101	102,195
Other income	101	-	8	-	109	132
Turnover from social housing lettings	73,374	19,900	15,907	29	109,210	102,327
<b>Expenditure</b>						
Management	(10,810)	(6,579)	(2,206)	(1)	(19,596)	(18,299)
Service charge costs	(9,068)	(4,590)	(6,105)	(4)	(19,767)	(18,882)
Routine maintenance	(8,669)	(1,453)	(1,198)	(12)	(11,332)	(12,443)
Planned maintenance	(4,090)	(734)	(537)	(3)	(5,364)	(7,501)
Major repairs expenditure	(4,601)	(597)	(657)	(5)	(5,860)	(5,814)
Bad debts	(480)	3	1	(65)	(541)	(578)
Depreciation of housing properties	(11,655)	(2,183)	127	-	(13,711)	(13,984)
Accelerated depreciation on component write-offs	(828)	(53)	-	-	(881)	(1,024)
Depreciation of other fixed assets	(34)	(399)	-	-	(433)	(251)
Property lease charge	(52)	(2,904)	(4)	-	(2,960)	(1,498)
Operating costs on social housing lettings	(50,287)	(19,489)	(10,579)	(90)	(80,445)	(80,274)
Operating surplus / (deficit) on social housing lettings	23,087	411	5,328	(61)	28,765	22,053
Void losses	(828)	(1,675)	22	-	(2,481)	(1,731)

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

### 6. Housing stock

Homes managed:

	Group		Association	
	2018 No.	2017 No.	2018 No.	2017 No.
Social housing - General needs housing				
Social	7,800	7,827	7,799	7,826
Affordable	770	543	770	543
Leaseholder	3,062	2,944	2,341	2,191
Shared ownership	1,986	1,924	1,660	1,580
Supported housing	1,967	1,649	1,967	1,649
Rent to HomeBuy	9	13	8	12
Total social housing	15,594	14,900	14,545	13,801
Non-social housing				
Market rent	351	334	178	176
Care homes	139	-	139	-
Total non-social housing	490	334	317	176
Total	16,084	15,234	14,862	13,977
Housing under development	1,294	779	1,294	779
Homes owned but not managed	531	990	531	990

### 7. Operating surplus / (deficit)

The surplus for the year is stated after charging:

	Group		Association	
	2018 No.	2017 No.	2018 No.	2017 No.
Depreciation on housing properties				
annual charge	15,045	10,917	15,043	10,903
accelerated depreciation on component replacements	(294)	(1,419)	(294)	(1,419)
Depreciation on other tangible fixed assets	1,473	1,185	1,102	856
Operating lease charges	1,387	554	872	105
Auditors' remuneration (excluding VAT) :				
fees payable to the groups auditor for the audit of the group's annual accounts	119	132	63	72
fees for tax advice	-	2	-	2
fees for other assurance services	-	-	-	-
Defined contribution pension costs	646	394	499	326

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

### 8. Employee information

The aggregate staff cost and average full-time equivalent number of employees, including executive officers, during the year was:

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Wages and salaries	40,049	36,575	32,327	31,079
Social security costs	3,910	3,433	3,098	2,862
Cost of defined benefit schemes	414	1,720	414	1,720
Cost of defined contribution schemes	646	394	499	326
	45,019	42,122	36,338	35,987

The average number of employees (including Executive Team) expressed as full time equivalents (calculated based on a standard working week of 35 hours) during the year was as follows:

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Administration	118	109	118	109
Care	706	626	706	626
Developing or selling housing stock	41	40	41	40
Managing or maintaining housing stock	420	332	158	169
Social mobility	24	-	24	-
	1,309	1,107	1,047	944

### 9. Board members and executive officers

The executive officers are defined as the members of the Board of management, the Chief Executive and the executive team are disclosed on page 6.

Aggregate emoluments in respect of the executive officers, including the Chief Executive, were as follows:

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Executive directors emoluments	1,215	1,161	1,119	1,161
Compensation for loss of office	89	376	89	376
Contributions to defined benefit pension schemes	9	5	48	39
Contributions to money purchase schemes	48	39	9	5
	1,361	1,581	1,265	1,581

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

Remuneration paid to staff (including Executive Team) earning over £60,000:

	Group		Association	
	2018 No.	2017 No.	2018 No.	2017 No.
£60,000 - £70,000	28	14	20	10
£70,001 - £80,000	3	3	2	3
£80,001 - £90,000	6	10	6	10
£90,001 - £100,000	8	8	6	7
£100,001 - £110,000	3	3	3	3
£110,001 - £120,000	3	2	3	1
£120,001 - £130,000	3	2	2	2
£130,001 - £140,000	-	-	-	-
£140,001 - £150,000	1	-	1	-
£150,001 - £160,000	-	-	-	-
£160,001 - £170,000	-	-	-	-
£170,001 - £180,000	2	2	2	2
£180,001 - £190,000	1	1	1	1
£190,001 - £200,000	-	1	-	1
£200,001 - £210,000	-	-	-	-
£210,001 - £220,000	-	1	-	-
£220,001 - £230,000	1	-	1	-
£230,001 - £240,000	-	-	-	-
£240,001 - £250,000	-	-	-	-
£250,001 - £260,000	1	1	1	1
	60	48	48	41

## 10. Non-executive Board members

Board member	Remuneration	Expenses	Member of: GACC	Member of: GARC
Anthony Mayer	20,000	3,600		Y
Vijay Sodiwala	15,000	701		Y
Carol Yarde	12,000	-	Y	
Michael Taylor	15,000	-	Y	Y
Nigel Fee	12,000	1,041	Y	Y
Kevin Brush	12,000	-	Y	
Roger Davies	12,000	2,682	Y	
Caroline Corby	3,000	-		
Ivor Davenport	3,000	-		
Julie Price	3,000	-		

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 11. Surplus on sale of fixed assets

Group	Shared ownership	Other housing properties	Total	Total
	2018 £'000	2018 £'000	2018 £'000	2017 £'000
Housing properties:				
Disposal proceeds	22,721	3,620	26,341	34,965
Cost of disposal	(10,570)	(1,962)	(12,532)	(17,360)
Surplus on disposal of housing properties	12,151	1,658	13,809	17,605

Association	Shared ownership	Other housing properties	Total	Total
	2018 £'000	2018 £'000	2018 £'000	2017 £'000
Housing properties:				
Disposal proceeds	21,848	3,594	25,442	33,049
Cost of disposal	(9,840)	(1,959)	(11,799)	(17,421)
Surplus on disposal of housing properties	12,008	1,635	13,643	15,628

## 12. Interest receivable and income from investments

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank and other interest	262	344	177	192
Interest receivable from group undertakings	-	-	1,059	1,888
	262	344	1,236	2,080

One Housing Group Limited  
Notes forming part of the financial statements  
for the year ended 31 March 2018

### 13. Interest payable and similar charges

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank loans and overdrafts	21,047	23,312	20,795	21,736
Bonds and private placements	6,751	6,857	6,751	6,857
Derivatives	3,886	4,121	3,886	4,121
Interest payable to group undertakings	-	-	-	15
Other interest payable	97	104	97	104
Loan breakage costs	1,754	-	1,754	-
Loan arrangement and facility fees	(2,598)	1,461	(2,644)	1,280
Net interest on defined benefit liability	174	39	174	39
	31,111	35,894	30,813	34,152
Interest capitalised on construction of housing properties	(5,428)	(7,455)	(5,176)	(5,321)
	25,683	28,439	25,637	28,831
Capitalisation rate used to determine the finance costs capitalised during the period	4.11%	4.11%	4.11%	4.11%

### 14. Taxation

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
UK Corporation Tax				
Current tax on surplus / (deficit) for the year	8	8,226	(40)	147
Total current tax	8	8,226	(40)	147
Deferred tax				
Origination and reversal of timing differences (note 32)	(506)	(3,704)	-	-
Changes to tax rates	59	-	-	-
Taxation on surplus/ (deficit)	(439)	4,522	(40)	147

The tax assessed for the year differs to the standard rate of Corporation Tax in the UK applied to surplus/ (deficit) before tax. The differences are explained below. Current year group taxation charge includes reversal of charges arising in Citystyle Living Limited and Citystyle (Wenlock and Goldhawk) Limited in 2017.

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Surplus on ordinary activities before tax	52,082	86,261	61,104	70,713
Surplus multiplied by 19% (2017: 19%) standard rate of UK Corporation Tax	9,896	16,390	11,609	13,435
Effects of:				
exemption of charitable activities	(9,145)	(13,598)	(19,852)	(16,217)
movement in fair value of financial instruments	(1,454)	(2,213)	7,655	(2,213)
movement in investment properties	374	7,647	414	5,142
(Over)/under provision for prior year	(370)	-	134	-
Relief on losses carried forward	707	-		
Current tax charge for the year	8	8,226	(40)	147

One Housing Group Limited  
Notes forming part of the financial statements  
for the year ended 31 March 2018

## 15. Tangible fixed assets: housing properties

Group	Housing property		Shared ownership		Total £'000
	under construction £'000	completed and available for letting £'000	under construction £'000	completed and available for letting £'000	
Cost / valuation					
At 1 April 2017	87,989	1,411,984	61,789	142,282	1,704,044
Additions: construction	21,755	223	61,767	67	83,812
Additions: works to existing properties	-	-	-	-	-
Additions: components	-	4,459	-	-	4,459
Tenure change	-	(10,193)	-	10,193	-
Completions in year	62,447	(62,447)	(29,146)	29,146	-
Disposals	(491)	(776)	-	(10,695)	(11,962)
Component write-offs	-	(3,545)	-	-	(3,545)
Transfer to current assets	-	-	(14,724)	(16,633)	(31,357)
Transfer from current assets	-	-	-	6,222	6,222
Adjustment to first tranche percentage	-	-	-	(1,384)	(1,384)
Transfer from investment properties	-	231	-	-	231
At 31 March 2018	171,700	1,339,936	79,686	159,198	1,750,520
Depreciation					
At 1 April 2017	-	(128,522)	-	(476)	(128,998)
Charged in the year	-	(15,046)	-	-	(15,046)
Accelerated depreciation	-	294	-	-	294
Component write-offs	-	1,295	-	-	1,295
Disposals	-	966	-	-	966
At 31 March 2018	-	(141,013)	-	(476)	(141,489)
Net book value					
At 31 March 2018	171,700	1,198,923	79,686	158,722	1,609,031
At 31 March 2017	87,989	1,283,462	61,789	141,806	1,575,046

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

Association	Housing property		Shared ownership		Total £'000
	under construction £'000	completed and available for letting £'000	under construction £'000	completed and available for letting £'000	
Cost / valuation					
At 1 April 2017	88,385	1,432,016	14,345	178,790	1,713,536
Additions: construction	25,048	226	61,767	67	87,108
Additions: works to existing properties	-	-	-	-	-
Additions: components	-	4,459	-	-	4,459
Purchases from other group undertakings	-	-	93	-	93
Reclassification	-	-	-	-	-
Tenure change	-	(9,289)	-	9,289	-
Completions in year	60,910	(60,910)	(29,146)	29,146	-
Disposals	-	(776)	-	(9,497)	(10,273)
Component write-offs	-	(3,545)	-	-	(3,545)
Transfers to group undertakings	-	-	(13,370)	-	(13,370)
Transfers from group undertakings	-	-	-	12,295	12,295
Transfer to current assets	-	-	(1,447)	(20,691)	(22,138)
Adjustment to first tranche percentage	-	-	-	(1,426)	(1,426)
Transfer from investment properties	-	231	-	-	231
At 31 March 2018	174,343	1,362,412	32,242	197,973	1,766,970
Depreciation					
At 1 April 2017	-	(128,910)	-	(15)	(128,925)
Charged in the year	-	(15,044)	-	-	(15,044)
Accelerated depreciation	-	294	-	-	294
Component write-offs	-	1,295	-	-	1,295
Disposals	-	894	-	-	894
At 31 March 2018	-	(141,471)	-	(15)	(141,486)
Net book value					
At 31 March 2018	174,343	1,220,941	32,242	197,958	1,625,484
At 31 March 2017	88,385	1,303,106	14,345	178,775	1,584,611

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

Housing properties comprise:	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Freeholds	1,477,613	1,440,481	1,504,923	1,461,421
Long leaseholds	131,418	131,936	120,561	120,561
	1,609,031	1,572,417	1,625,484	1,581,982

The Group adopted the deemed cost option on transition to FRS 102 and increased its housing asset. If housing property had been accounted for under historical accounting rules, the properties would have been measured as follows:

Housing properties comprise:	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Historic cost	1,650,700	1,704,044	1,667,153	1,713,536
Accumulated depreciation	(143,478)	(128,998)	(143,475)	(128,925)
Impairment	-	-	-	-
	1,507,222	1,575,046	1,523,678	1,584,611

Interest capitalisation:	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Interest capitalised in the year	5,145	5,253	5,145	5,253
Cumulative interest capitalised	60,134	54,881	60,134	54,881
	65,279	60,134	65,279	60,134
Rate used for capitalisation	4.09%	4.11%	4.09%	4.11%

Works to properties:	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Improvements to existing properties capitalised	4,459	2,822	4,459	2,813
Major repairs expenditure to income and expenditure account	5,256	7,532	5,364	7,501
	9,715	10,354	9,823	10,314

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

Total Social Housing Grant received or receivable to date is as follows:	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Capital grant - housing properties	715,283	718,369	715,283	718,369
Capital grant - HomeBuy investments	-	-	-	-
Recycled Capital Grant Fund	25,175	36,827	20,031	28,135
Disposals Proceeds Fund	6,654	5,901	6,654	5,901
Revenue grant - I&E	-	-	-	-
Revenue grant - reserves	-	-	-	-

### Finance leases

The net book value of housing properties for the Group includes an amount of £nil (2016 - £nil) in respect of assets held under finance leases and hire purchase contracts. The company had no assets held under such leases at either year end.

Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

### Impairment

The Group considers individual schemes to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2014. During the current year, the Group and association have recognised an impairment loss of nil (2017 - £nil) in respect of general needs housing stock.

### Properties held for security

One Housing Group Limited – Registered social housing provider had property with a net book value of £1.18bn pledged as security at 31 March 2018.

One Housing Group Limited  
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## 16. Other tangible fixed assets

Group	Freehold offices £'000	Leasehold offices £'000	Furniture & equipment £'000	Computer equipment £'000	Information systems £'000	Motor vehicles £'000	2018 Total £'000
<b>Cost</b>							
At 31 March 2017	9,006	424	3,410	3,263	5,405	84	21,592
Additions	65	256	2,580	791	4,252	-	7,944
Disposals	-	-	-	-	-	-	-
At 31 March 2018	9,071	680	5,990	4,054	9,657	84	29,536
<b>Depreciation</b>							
At 31 March 2017	(1,822)	-	(2,136)	(2,562)	(2,838)	(69)	(9,427)
Disposals	-	-	-	-	-	-	-
Charge for year	(192)	-	(785)	(489)	-	(7)	(1,473)
At 31 March 2018	(2,014)	-	(2,921)	(3,051)	(2,838)	(76)	(10,900)
<b>Net book value</b>							
As at 31 March 2018	7,057	680	3,069	1,003	6,819	8	18,636
As at 31 March 2017	7,184	424	1,274	701	2,567	15	12,165

Association	Freehold offices £'000	Leasehold offices £'000	Furniture & equipment £'000	Computer equipment £'000	Information systems £'000	Motor vehicles £'000	2018 Total £'000
<b>Cost</b>							
At 31 March 2017	9,006	424	3,218	2,406	5,405	84	20,543
Additions	65	256	2,579	345	4,254	-	7,499
Disposals	-	-	(1,879)	(2,153)	(1,789)	(55)	(5,876)
At 31 March 2018	9,071	680	3,918	598	7,870	29	22,166
<b>Depreciation</b>							
At 31 March 2017	(1,822)	-	(2,048)	(2,277)	(2,838)	(69)	(9,054)
Disposals	-	-	1,879	3,941	-	55	5,875
Charge for year	(192)	-	(741)	(162)	-	(7)	(1,102)
At 31 March 2018	(2,014)	-	(910)	1,502	(2,838)	(21)	(4,281)
<b>Net book value</b>							
As at 31 March 2018	7,057	680	3,008	2,100	5,032	8	17,885
As at 31 March 2017	7,184	424	1,170	129	2,567	15	11,489

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 17. Investment properties

Group	Market rented £'000	Commercial £'000	Total £'000
At 1 April 2017	161,669	70,760	232,429
Additions	3,082	(1,293)	1,789
Tenure change	(231)	-	(231)
Disposals	-	-	-
Revaluations	(4,165)	1,966	(2,199)
At 31 March 2018	160,355	71,433	231,788

Association	Market rented £'000	Commercial £'000	Total £'000
At 1 April 2017	88,900	71,034	159,934
Additions	(85)	(1,293)	(1,378)
Tenure change	(231)	-	(231)
Revaluations	(1,552)	1,966	414
At 31 March 2018	87,032	71,707	158,739

The Group's investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. Details on the assumptions made and the key sources of estimation uncertainty are given in note 3.

In valuing investment properties, a discounted cash flow methodology was adopted with the following key assumptions:

Discount rate	6.5%
Annual inflation rate	2.0%
Level of long term annual rent increase	11.7%

The deficit on revaluation of investment property arising of £2,199k (Association - Surplus £414k) has been debited to the statement of comprehensive income for the year.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

Investment properties at historic cost:	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Historic cost	94,736	89,662	56,000	56,000
Accumulated depreciation	(11,444)	(9,769)	(10,384)	(8,993)
	83,292	78,893	45,616	47,006

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 18. Investments: subsidiaries

Association investments in subsidiaries:	2018 £'000	2017 £'000
At 1 April	101,469	111,737
Additions	114,531	33
Disposals	-	(10,301)
At 31 March	216,000	101,469

The principal undertakings in which the Association has an interest in are as follows:

Name	Ordinary share capital held	Nature of business	Nature of entity
TPHA Limited	100%	Provision of low cost home ownership	Registered provider of social housing
Arlington Futures	N/A	Provision of community support services	Registered charity
CHA Ventures Limited	100%	Property development	Incorporated company
Citystyle Living Limited	100%	Rental of properties at market rent	Incorporated company
East End Lettings (2) Limited	100%	Rental of properties at market rent	Incorporated company
One Direct Maintenance Limited	100%	Property maintenance services	Incorporated company
Renovo Facilities & Services Limited	51%	Property maintenance services	Incorporated company
Citystyle Living (Acton Town Hall) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Bangor Wharf) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Belmont) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Close) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Goldhawk Road) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (High Road Haringey 624 THA) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Kidwells THA) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Polo) Limited	100%	Property development for outright sale	Incorporated company
Citystyle (Site A Nunhead Lane) Living Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (St Ann's) Limited	100%	Property development for outright sale	Incorporated company

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

Citystyle Living (Thurlow Park) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Victoria Quarter) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Wenlock Road) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (North End Farm) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Shakespeare Orchard) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Sutton Court Road) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (White Horse Field) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Stone) Limited	100%	Property development for outright sale	Incorporated company
Citystyle Living (Slough Station) Limited	100%	Property development for outright sale	Incorporated company
Pembury Road Care Ltd	100%	Care Homes	Incorporated company

All subsidiaries are incorporated or registered in England.

## 19. Investments: joint ventures

The Group holds an indirect interest in the following joint ventures:

Name	Ordinary share capital held	Nature of business	Nature of entity
New Ladderswood LLP	50%	Property development	Limited liability partnership
Dollar Bay Developments LLP	50%	Property development	Limited liability partnership
New Granville LLP	50%	Property development	Limited liability partnership

The equity value of investments was:

	2018 £'000	2017 £'000
At 1 April	19,077	22,163
Additions	11,690	5,080
Disposals	-	(8,177)
Share of profit / (deficit) for the year	5,513	5,209
Distributions received in the year	(4,652)	(5,198)
At 31 March	31,628	19,077

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 20. Investments: listed investments

Housing properties comprise:	31 March 2018		31 March 2017	
	Cost £'000	Fair value £'000	Cost £'000	Fair value £'000
UK Treasury Gilts 8%	103	109	93	114
	103	109	93	114

UK Treasury Gilts were previously charged to Housing Securities Limited to provide additional interest cover on borrowings in excess of £20,000,000. The borrowings have now been repaid. They are stated at value as at 31 March 2018.

## 21. Properties for sale

Group	First tranche shared ownership properties	Outright market sales	Total	Total
	2018 £'000	2018 £'000	2018 £'000	2017 £'000
Properties for sale:				
Work in progress	15,578	180,012	195,590	137,355
Completed properties	5,804	6,486	12,290	44,901
	21,382	186,498	207,880	182,256
Materials	-	-	153	88
	21,382	186,498	208,033	182,344

Group	First tranche shared ownership properties	Outright market sales	Total	Total
	2018 £'000	2018 £'000	2018 £'000	2017 £'000
Properties for sale:				
Work in progress	15,578	48,698	64,276	59,736
Completed properties	7,475	-	7,475	4,682
	23,053	48,698	71,751	64,418
Materials	-	-	-	-
	23,053	48,698	71,751	64,418

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 22. Debtors

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Rent arrears	12,061	12,902	11,833	12,677
Less provision for bad and doubtful debts	(6,380)	(6,209)	(6,224)	(6,059)
	5,681	6,693	5,609	6,618
Amounts due from group companies	-	-	38,742	73,202
Other debtors	11,681	6,484	10,927	4,096
Prepayments and accrued income	4,659	3,026	4,659	3,005
Loan security deposits	1,728	1,728	1,728	1,728
Amounts due from leaseholders	153	151	153	151
	23,902	18,082	61,818	88,800

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

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank overdraft (note 28)	80	3,164	32	3,098
Housing and short term loans (note 28)	46,122	54,813	45,762	43,851
Trade creditors	8,511	967	7,262	818
Social Housing Grant repayable (note 25 & 26)	20,954	779	16,684	779
Amounts due to group undertakings	-	-	63,419	33,925
Other taxation and social security	2,320	2,973	964	1,270
Other creditors	3,457	5,961	3,194	5,627
Accruals and deferred income	22,711	32,453	18,871	19,708
Rent and service charges paid in advance	6,917	4,825	6,602	4,572
Property deposits and sinking fund	1,619	1,804	1,564	1,533
SHPS pension deficit contribution	1,214	1,168	1,214	1,168
	113,905	108,907	165,568	116,349

The discount rate used in calculating the SHPS pension deficit contribution provision changed from 2.5% at 31 March 2017 to 2.6% at 31 March 2018, as a result the creditor has increased.

One Housing Group Limited  
Notes forming part of the financial statements  
for the year ended 31 March 2018

## 24. Creditors: amounts falling due after more than one year

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank loans (note 28)	622,188	583,246	614,686	575,344
Bond (note 28)	89,900	112,211	89,900	112,211
Loans previously measured at fair value (note 28)	114,179	115,199	114,179	115,199
Private placement (note 28)	85,000	85,000	85,000	85,000
Other loans (note 28)	4,953	5,454	4,953	5,454
Derivative financial instruments (note 28)	37,408	44,043	37,408	44,043
Loan issue costs (note 28)	(9,236)	(5,578)	(9,236)	(5,582)
Loan premium (note 28)	(2,034)	(1,642)	(2,034)	(1,642)
Deferred capital grant (note 25)	673,351	672,627	649,860	648,272
RCGF (note 26)	8,292	36,827	7,416	28,135
DPF (note 27)	2,584	5,901	2,584	5,901
Sinking fund balances	13,989	13,573	11,338	11,168
Other creditors	-	1,266	-	1,266
SHPS pension deficit contribution	5,988	6,996	5,988	6,996
	1,646,562	1,675,123	1,612,042	1,631,765

## 25. Deferred capital grant

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
At 1 April	672,627	679,195	648,272	653,395
Grants received during the year	4,754	4,177	4,754	4,177
Grants utilised	3,578	362	3,578	362
Grants transferred to RCGF and DPF	(3,260)	(5,813)	(2,717)	(5,466)
Grant transfer to RP's on disposal	-	-	-	-
Released to income during the year	(4,776)	(5,294)	(4,454)	(4,196)
Adjustment	428	-	428	-
	673,351	672,627	649,861	648,272

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 26. Recycled capital grant fund

Group	2018			2017		
	Homes England	GLA	Total	Homes England	GLA	Total
At 1 April	630	36,197	36,827	570	31,993	32,563
Inputs to fund:						
Grants recycled from deferred capital grants	22	514	536	58	4,827	4,885
Interest accrued	29	79	108	2	115	117
Recycling of grant:						
New build	-	(3,570)	(3,570)	-	(738)	(738)
Repayment of grant to Homes England/GLA	-	(4,101)	(4,101)	-	-	-
At 31 March	681	29,119	29,800	630	36,197	36,827
Amounts three years or older where payment may be required	-	9,942	9,942	-	-	-

Association	2018			2017		
	Homes England	GLA	Total	Homes England	GLA	Total
At 1 April	41	28,094	28,135	15	24,227	24,242
Inputs to fund:						
Grants recycled from deferred capital grants	28	2,340	2,368	26	4,517	4,543
Interest accrued	-	62	62	-	88	88
Transfer from other group members	-	-	-	-	-	-
Recycling of grant:						
New build	-	(3,570)	(3,570)	-	(738)	(738)
Repayment of grant to Homes England/GLA	-	(6,965)	(6,965)	-	-	-
At 31 March	69	19,961	20,030	41	28,094	28,135
Amounts three years or older where payment may be required	-	7,451	7,451	-	-	-

One Housing Group Limited  
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## 27. Disposal proceeds fund

	Group		Association	
	GLA 2018 £'000	GLA 2017 £'000	GLA 2018 £'000	GLA 2017 £'000
At 1 April	5,901	4,078	5,901	4,078
Inputs to fund:				
Net PTRB receipts	-	-	-	-
RTA receipts	592	1,330	592	1,330
SHB receipts	153	477	153	477
Interest accrued	16	16	16	16
Transfer from other group members	-	-	-	-
Use/allocation of funds:				
Repayment of grant to the RSH/GLA	-	-	-	-
At 31 March	6,662	5,901	6,662	5,901
Amounts three years or older where payment may be required	3,366	-	3,366	-

The fund has no balances with Homes England (2017: £nil).

## 28. Loans and borrowings

Group	Bank overdrafts	Bank loans	Other loans	Sub-total	Fair value adj.	Total
	2018 £'000	2018 £'000	2018 £'000	2018 £'000	2018 £'000	2018 £'000
In one year or less, or on demand	80	46,461	913	47,454	3,563	51,017
In more than one year but not more than two years	-	77,587	688	78,275	3,563	81,838
In more than two years but not more than five years	-	94,568	2,369	96,937	10,688	107,625
In more than five years	-	448,828	176,796	625,624	96,365	721,989
	80	667,444	180,766	848,290	114,179	962,469

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

Group	Bank overdrafts	Bank loans	Other loans	Sub-total	Fair value adj.	Total
	2017 £'000	2017 £'000	2017 £'000	2017 £'000	2017 £'000	2017 £'000
In one year or less, or on demand	3,164	43,607	604	47,375	3,563	50,938
In more than one year but not more than two years	-	45,555	22,796	68,351	3,563	71,914
In more than two years but not more than five years	-	107,878	2,211	110,089	10,688	120,777
In more than five years	-	429,816	177,638	607,454	97,386	704,840
	3,164	626,856	203,249	833,269	115,200	948,469

Association	Bank overdrafts	Bank loans	Other loans	Sub-total	Fair value adj.	Total
	2018 £'000	2018 £'000	2018 £'000	2018 £'000	2018 £'000	2018 £'000
In one year or less, or on demand	32	44,851	913	45,796	3,563	49,359
In more than one year but not more than two years	-	77,227	688	77,915	3,563	81,478
In more than two years but not more than five years	-	93,488	2,369	95,857	10,688	106,545
In more than five years	-	443,967	176,796	620,763	96,365	717,128
	32	659,533	180,766	840,331	114,179	954,510

Association	Bank overdrafts	Bank loans	Other loans	Sub-total	Fair value adj.	Total
	2017 £'000	2017 £'000	2017 £'000	2017 £'000	2017 £'000	2017 £'000
In one year or less, or on demand	3,098	43,247	604	46,949	3,563	50,512
In more than one year but not more than two years	-	43,945	22,796	66,741	3,563	70,304
In more than two years but not more than five years	-	106,798	2,211	109,009	10,688	119,697
In more than five years	-	424,600	177,638	602,238	97,386	699,624
	3,098	618,590	203,249	824,937	115,200	940,137

Loans are secured by specific charges on the housing properties of the Group.

The mark to market values of free standing SWAPs as at 31 March 2018 was £37m out of the money (2017 - £44m out of the money).

One Housing Group Limited  
Notes forming part of the financial statements  
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## 29. Financial instruments

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial assets				
Financial assets measured at historical cost				
Trade receivables	5,681	6,693	5,609	6,618
Other receivables	18,221	11,389	56,208	82,182
Investments in short term deposits	-	-	-	-
Cash and cash equivalents	46,375	102,113	34,420	85,159
<b>Total financial assets</b>	<b>70,277</b>	<b>120,195</b>	<b>96,237</b>	<b>173,959</b>
Financial liabilities				
Financial liabilities measured at amortised cost				
Loans payable	848,093	921,767	840,297	902,905
Financial liabilities measured at historical cost				
Trade creditors	8,511	967	7,262	818
Other creditors	38,318	53,127	95,860	71,680
Derivative financial instruments designated as hedges of variable interest rate risk	37,407	70,973	37,407	70,973
<b>Total financial liabilities</b>	<b>932,329</b>	<b>1,046,834</b>	<b>980,826</b>	<b>1,046,376</b>

Forward starting swaps represent hedging activity entered into in line with the Group's treasury management policy based on the forecast debt profile to protect against future interest rate increases.

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR, the Group has entered into cancellable standalone floating to fixed interest rate swaps with a nominal value of £291m (2017: £152m) equal to initial borrowing and similar terms as the loans. The interest re-pricing dates are identical to those of the variable rate loans and the SWAPS have a risk free mark-to-market valuation of £37m (2017:£44m).

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 30. Provision for liabilities

Group	Deferred taxation £'000	Other £'000	Total £'000
At 1 April 2017	7,959	535	8,494
Charged to income and expense			
Additions	-	-	-
Released	-	(435)	(435)
Utilised in year	-	-	-
Origination and reversal of timing differences	(27)	-	(27)
Changes in tax rates	(420)	-	(420)
At 31 March 2018	7,512	100	7,612

Association	Other £'000	Total £'000
At 1 April 2017	535	535
Charged to income and expense		
Additions	-	-
Released	(435)	(435)
Utilised in year	-	-
At 31 March 2018	100	100

Other provisions consist of amounts provided in respect of disputes.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

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### 31. Pension obligations

#### Social Housing Pension Scheme (SHPS)

The company participates in this scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1 April)
Tier 2 From 1 April 2016 to 30 September 2023:	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1 April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1 April)
Tier 4 From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1 April)

The scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

### London Borough of Tower Hamlets

The LGPS is a multi-employer defined benefit scheme. Contributions to the scheme are determined by a qualified actuary on the basis of valuations, using the projected unit method. The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2016.

On 5 December 2005 Island Homes Housing Association Limited (IH), a subsidiary of OHGL, acquired 1,984 properties from the London Borough of Tower Hamlets as an estate transfer. IH continued to participate in the LGPS administered by the London Borough of Tower Hamlets in accordance with the Local Government Pension Scheme regulations 1997, as amended. On 5 September 2012, IH transferred its engagements to OHGL, and participation in the scheme continues.

At the date of stock transfer in 2005, which included the transfer of staff, this was viewed as a cessation event. Accordingly, a valuation of the respective assets and liabilities was performed by a qualified independent actuary, Hymans Robertson in relation to the staff transferred. This valuation is performed on an annual basis with the results shown below

#### Financial assumptions

	2018 %	2017 %
Discount rate	2.7	2.6
Salary increase rate	2.2	2.2
Pension increase rate	2.4	2.4

#### Mortality assumptions

The average future life expectancies at age 65 are summarised below.

	2018 years	2017 years
Current pensioners		
- male	22.1	22.1
- female	24.1	24.1
Future pensioners		
- male	23.9	23.9
- female	25.8	25.8

Future pensioners assume the average age of members at the last formal valuation date was 45.

Reconciliation of present value of plan liabilities	2018 £'000	2017 £'000
At 1 April	7,468	7,269
Current service cost	71	65
Interest cost	194	253
Employee contributions	12	13
Benefits paid	(116)	(155)
Remeasurement - change in financial assumptions	(142)	1,203
Remeasurements - experience	-	(1,180)
At 31 March	7,487	7,468
Composition of plan liabilities Schemes wholly or partly funded	7,487	7,468

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

Reconciliation of fair value of plan assets	2018 £'000	2017 £'000
At 1 April	7,079	6,612
Interest income on plan assets	184	230
Employee contributions	12	13
Employer contributions	74	86
Benefits paid	(115)	(155)
Remeasurements - return on assets	76	293
At 31 March	7,310	7,079

Net pension scheme liability	2018 £'000	2017 £'000
Fair value of plan assets	7,310	7,079
Present value of plan liabilities	(7,487)	(7,468)
	(177)	(389)

Amounts recognised in comprehensive income	2018 £'000	2017 £'000
Included in administrative expenses:		
Current service cost	71	65

Amounts included in other finance costs	2018 £'000	2017 £'000
Included in administrative expenses:		
Net interest cost	(10)	(23)

Analysis of actuarial loss recognised in other comprehensive income	2018 £'000	2017 £'000
Actual return less interest income included in net interest income	76	293
Remeasurements - change in financial assumptions	142	(1,203)
Remeasurements - experience	-	1,180
	218	270

Composition of plan assets	2018 %	2017 %
Equities	62	64
Bonds	24	26
Property	10	9
Cash	4	1
Total plan assets	100	100

# One Housing Group Limited

Notes forming part of the financial statements  
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## Defined contribution scheme

A defined contribution scheme is operated by the Group on behalf of employees. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £394k (2016: £303k). Contributions totalling £41k (2016: £27k) were payable to the fund at the year end and are included in creditors.

## 32. Deferred taxation

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Deferred tax liabilities				
Investment property revaluations	7,563	3,704	-	-
	7,563	3,704	-	-

## 33. Share capital

Reconciliation of fair value of plan assets	2018 £	2017 £
Allotted, issued and fully paid shares of £1 each		
At 1 April	7	7
Issued in year	4	-
Redeemed/cancelled in the year	(3)	-
At 31 March	8	7

The share capital of the association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the association. Therefore, all shareholdings relate to non-equity interests.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

### 34. Contingent liabilities

At 31 March 2018, the Group and Association had contingent liabilities in respect of litigation and claims arising in the ordinary course of business of £680k (2017: £1,770k).

SORP 2014, S17.30-32 states that where there are exchanges of housing properties between social landlords for non-monetary or monetary values or a combination of both, then the value of the transaction must be the fair value.

Where there is government grant associated with the housing properties, then the obligation to recycle or repay the grant is transferred and assumed to be in the fair value of the properties. This accounting treatment gives rise to a contingent liability as the liability to recycle or to repay the grant crystallises on the future sale or staircasing of properties that were included in the stock transaction between the social landlords.

As a result, the sale of housing properties to the Association from its subsidiary TPHA Limited (which is a social landlord) in November 2015 has given rise to a contingent liability of £11.6m (2017 £12.5m). Subsequent sales and staircasing will result in any grants attached to the properties being recycled and the total surplus/deficit from these properties being decreased or increased respectively. An annual impairment review will have to be done on these properties.

Grants received in relation to assets that are presented at deemed cost at the date of transition to FRS 102 have been accounted for using the performance model as required by SORP 2014 and are therefore included in brought forward reserves.

As at 31 March 2018, the Group and Association had written off to reserves grant representing a contingent liability of £40.3m (2017 £40.3m). This contingent liability will be realised if the assets to which the written off grant relates are disposed.

### 35. Operating leases

The Group and the association had minimum lease payments under non-cancellable operating leases as set out below:

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts payable as lessee				
Not later than one year	2,711	2,719	2,479	2,527
Later than one year and not later than five years	19,817	20,007	19,756	19,781
Later than five years	198,170	198,170	198,170	198,170
	220,698	220,896	220,405	220,478

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts receivable as lessor				
Not later than one year	10,589	9,632	9,145	8,117
Later than one year and not later than five years	46,193	42,022	39,895	35,411
Later than five years	248,187	225,778	214,347	190,257
	304,969	277,432	263,387	233,785

Amounts receivable as a lessor are in respect of leases from rental incomes due on shared ownership and commercial properties. The average lease is assumed to be 40 years with rent increases at RPI + 0.5% per annum.

## 36. Capital commitments

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Commitments contracted but not provided for				
Construction	85,051	249,078	54,932	184,421
Joint ventures	13,419	15,149	-	-
Commitments approved by the Board but not contracted for				
Construction	212,744	89,805	48,205	43,566
Joint ventures	110,631	11,132	-	-
Total financial assets	421,845	365,164	103,137	227,987

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Social housing grant	4,289	12,069	4,289	12,069
New loans	270,006	187,177	50,000	50,000
Sales of properties	101,174	63,805	14,428	80,759
Existing reserves	46,376	102,113	34,420	85,159
Total financial assets	421,845	365,164	103,137	227,987

Construction includes obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements for all investment property accounted for at fair value through profit or loss.

Joint ventures include commitments relating to joint ventures, including its share in the capital commitments that have been incurred jointly with other joint venture partners, as well as its share of the capital commitments of the joint ventures themselves.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

### 37. Related party disclosures

The ultimate controlling party of the Group is One Housing Group Limited. There is no ultimate controlling party of One Housing Group Limited.

#### Transactions

The Association provides management services and other services working capital to its subsidiaries. The Association also receives charges from its subsidiaries. The quantum and basis of those charges is set out below.

#### Payable to the Association:

2018	Development £'000	Management fees £'000	Interest £'000	Gift Aid £'000	Other £'000	Total £'000
By regulated entities						
TPHA Limited	-	82	-	3,026	9	3,117
Social housing total	-	82	-	3,026	9	3,117
By non-regulated entities						
Arlington Futures	-	-	-	-	2	2
CHA Ventures Limited	1,200	-	1,059	5,664	-	7,923
Citystyle Living (Belmont) Limited	-	-	-	-	-	-
Citystyle Living (Close) Limited	-	-	-	648	1	649
Citystyle Living (Goldhawk Road) Limited	-	418	-	2,320	21	2,759
Citystyle Living (Kidwells) Limited	-	-	-	836	-	836
Citystyle Living (Polo) Limited	-	-	-	352	-	352
Citystyle Living (Thurlow Park Limited	-	88	-	16	-	104
Citystyle Living (Victoria Quarter) Limited	-	-	-	72	-	72
Citystyle Living (Wenlock Road) Limited	-	6	-	255	-	261
Citystyle Living Limited	-	118	-	3,511	73	3,702
East End Lettings (2) Limited	-	35	-	322	-	357
One Direct Maintenance Limited	-	1,261	-	-	-	1,261
Renovo Facilities & Services Limited	-	193	-	-	-	193
Non-social housing total	1,200	2,119	1,059	13,996	97	18,471
Grand total	1,200	2,201	1,059	17,022	106	21,588

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

2017	Development £'000	Management fees £'000	Interest £'000	Gift Aid £'000	Other £'000	Total £'000
By regulated entities						
TPHA Limited	-	65	17	2,894	13	2,989
Social housing total	-	65	17	2,894	13	2,989
By non-regulated entities						
Arlington Futures	-	-	-	-	5	5
CHA Ventures Limited	1,200	-	793	5,943	-	7,936
Citystyle Living (Belmont) Limited	-	-	111	-	-	111
Citystyle Living (Close) Limited	-	305	452	-	-	757
Citystyle Living (Goldhawk Road) Limited	-	152	-	-	13	165
Citystyle Living (Kidwells) Limited	-	-	-	140	3	143
Citystyle Living (Polo) Limited	-	50	-	376	-	426
Citystyle Living (Slough Station) Limited	-	-	-	19	-	19
Citystyle Living (Thurlow Park) Limited	-	16	-	-	1	17
Citystyle Living (Wenlock Road) Limited	-	436	-	21,200	46	21,682
Citystyle Living Limited	-	206	-	906	67	1,179
East End Lettings (2) Limited	-	19	514	-	-	533
One Direct Maintenance Limited	-	997	-	-	-	997
Non-social housing total	1,200	2,181	1,870	28,584	135	33,970
Grand total	1,200	2,246	1,887	31,478	148	36,959

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

### Payable by the Association:

2018	Sales £'000	Management services £'000	Property rental £'000	Interest £'000	Other £'000	Total £'000
To non-regulated entities						
Arlington Futures	-	-	-	7	12	19
CHA Ventures Limited	48,675	-	-	-	-	48,675
Citystyle Living (Close) Limited	-	-	-	5	-	5
Citystyle Living (Goldhawk Road) Limited	-	-	-	33	-	33
Citystyle Living (Kidwells) Limited	-	-	-	3	-	3
Citystyle Living (Polo) Limited	-	-	-	-	426	426
Citystyle Living (Wenlock Road) Limited	-	-	-	57	-	57
Citystyle Living Limited	-	-	-	1	-	1
One Direct Maintenance Limited	-	22,784	4,375	-	-	27,159
<b>Non-social housing total</b>	<b>48,675</b>	<b>22,784</b>	<b>4,375</b>	<b>106</b>	<b>438</b>	<b>76,378</b>
<b>Grand total</b>	<b>48,675</b>	<b>22,784</b>	<b>4,375</b>	<b>106</b>	<b>438</b>	<b>76,378</b>

2017	Sales £'000	Property disposals at EUV SH £'000	Maintenance services £'000	Interest £'000	Total £'000
To non-regulated entities					
Arlington Futures	-	-	-	15	15
CHA Ventures Limited	44,459	-	-	-	44,459
Citystyle Living (Polo) Limited	-	426	-	-	426
One Direct Maintenance Limited	-	-	27,068	-	27,068
<b>Non-social housing total</b>	<b>44,459</b>	<b>426</b>	<b>27,068</b>	<b>15</b>	<b>71,968</b>
<b>Grand total</b>	<b>44,459</b>	<b>426</b>	<b>27,068</b>	<b>15</b>	<b>71,968</b>

Transactions with subsidiaries use the following basis of allocation:

### Property development fees:

CHA Ventures Limited applies a mark-up of 7.5% on development administrative services supplied to the Association.

### Maintenance Services:

One Direct Maintenance Limited provides repair, maintenance, void, improvement, refurbishment and major capital works services to OHGL and its subsidiaries at cost.

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

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## Development staff-time:

The Association charges for development staff-time at a flat rate for the year to each subsidiary with development activities.

## Management fees:

The Association provides management and administrative services to subsidiaries. The most significant element of this is staff costs, including director's emoluments, as the subsidiaries do not have their own employees. For developing a mark up of 1.5% on cost of sale is made by OHGL. For subsidiaries whose purpose is not to develop properties for outright sale, costs are apportioned as follows:

## Interest:

Interest is charged by the Association to subsidiaries at agreed rates of interest on loan balances. Interest is paid by the Association to Arlington Futures on balances held on behalf of Arlington Futures.

## Gift Aid:

Distributable profits of subsidiaries are Gift Aided to the Association.

## Other:

Legal – the Association provides conveyancing and related services for property sales across the Group. A flat rate is charged to subsidiaries for standard work, and an appropriate rate for non-standard work.

Leases - Citystyle Living Limited leases a number of units from the Association. The amounts charged by the Association equates to the income stream of those units.

Donations - occasionally, the Association makes donations to Arlington Futures, a registered charity, at an amount deemed appropriate at the time.

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

### Balances

At the year-end, balances between regulated and non-regulated entities were:

31 March 2018	One Housing Group Limited			TPHA Limited		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing						
One Housing Group Limited	-	-	-	418	(627)	(209)
TPHA Limited	627	(418)	209	-	-	-
Social housing total	627	(418)	209	418	(627)	(209)
Non-social housing						
Arlington Futures	208	(3,787)	(3,579)	-	-	-
CHA Ventures Limited	18,215	(2,656)	15,559	-	-	-
Citystyle (Site A Nunhead Lane) Living Limited	42	-	42	-	-	-
Citystyle Living (Acton Town Hall) Limited	1,747	-	1,747	-	-	-
Citystyle Living (Bangor Wharf) Ltd	-	(7,378)	(7,378)	-	-	-
Citystyle Living (Belmont) Limited	795	-	795	-	-	-
Citystyle Living (Close) Limited	649	(1,187)	(538)	-	-	-
Citystyle Living (Goldhawk Road) Limited	4,475	(26,208)	(21,733)	-	-	-
Citystyle Living (High Road Haringey 624 THA) Limited	90	-	90	-	-	-
Citystyle Living (Kidwells THA) Limited	836	(837)	(1)	-	-	-
Citystyle Living (North End Farm) Limited	1,477	-	1,477	-	-	-
CSL (Polo) Limited	851	-	851	-	-	-
Citystyle Living (Slough Station) Limited	9	-	9	-	-	-
Citystyle Living (St Ann's) Limited	1,379	(30)	1,349	-	-	-
Citystyle Living (Sutton Court Road) Limited	1,473	-	1,473	-	-	-
Citystyle Living (Thurlow Park) Limited	16	(3,303)	(3,287)	-	-	-
Citystyle Living (Victoria Quarter) Limited	1,308	-	1,308	-	-	-
Citystyle Living (Wenlock Road) Limited	399	(16,006)	(15,607)	-	-	-
Citystyle Living (White Horse Field) Limited	-	(38)	(38)	-	-	-

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

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Citystyle Living (Shakespeare Orchard) Limited	-	(29)	(29)			
Citystyle Living Limited	1,844	(761)	1,083	-	-	-
East End Lettings (2) Limited	1,271	-	1,271	-	-	-
Renovo Limited	970	-	970			
Non-social housing total	38,054	(62,220)	(24,166)	-	-	-
Grand total	38,681	(62,638)	(23,957)	418	(627)	(209)

# One Housing Group Limited

## Notes forming part of the financial statements for the year ended 31 March 2018

At the year-end, balances between regulated and non-regulated entities were:

31 March 2017	One Housing Group Limited			TPHA Limited		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing						
One Housing Group Limited	-	-	-	1,019	(272)	747
TPHA Limited	272	(1,019)	(747)	-	-	-
Social housing total	272	(1,019)	(747)	1,019	(272)	747
Non-social housing						
Arlington Futures	106	(2,000)	(1,894)	-	-	-
CHA Ventures Limited	42,049	(3,099)	38,950	-	-	-
Citystyle (Site A Nunhead Lane) Living Limited	216	-	216	-	-	-
Citystyle Living (Acton Town Hall) Limited	1,174	-	1,174	-	-	-
Citystyle Living (Bangor Wharf) Ltd	-	(7,519)	(7,519)	-	-	-
Citystyle Living (Belmont) Limited	1,007	-	1,007	-	-	-
Citystyle Living (Close) Limited	1	(400)	(399)	-	-	-
Citystyle Living (Goldhawk Road) Limited	393	-	393	-	-	-
Citystyle Living (High Road Haringey 624 THA) Limited	5,015	-	5,015	-	-	-
Citystyle Living (Kidwells THA) Limited	140	(1,000)	(860)	-	-	-
CSL (Polo) Limited	882	-	882	-	-	-
Citystyle Living (Slough Station) Limited	19	-	19	-	-	-
Citystyle Living (St Ann's) Limited	628	-	628	-	-	-
Citystyle Living (Thurlow Park) Limited	546	-	546	-	-	-
Citystyle Living (Victoria Quarter) Limited	4,526	-	4,526	-	-	-
Citystyle Living (Wenlock Road) Limited	3,607	(17,200)	(13,593)	-	-	-
Citystyle Living Limited	1,932	(1)	1,931	-	-	-
East End Lettings (2) Limited	10,198	(7)	10,191	-	-	-
One Direct Maintenance Limited	-	(1,681)	(1,681)	-	-	-
Pembury Road Care Limited	491	-	491	-	-	-
Non-social housing total	72,930	(32,907)	40,023	-	-	-
Grand total	73,202	(33,926)	39,276	1,019	(272)	747

# One Housing Group Limited

Notes forming part of the financial statements  
for the year ended 31 March 2018

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## 38. Capital and reserves

The statement of comprehensive income reserve for the Group includes £100.7m (2017: £143.1m) in respect of investment properties that have been revalued and were previously disclosed separately in a revaluation reserves.

The Association's statement of comprehensive income reserve includes £104.9m (2017: £104.5m) in respect of investment properties.

## 39. Events post statement of financial position date

Following the financial year end, One Housing Group Limited agreed an increase to an existing revolving credit agreement with one lender totalling £10m. In addition, following the financial year end, Citystyle Living (Acton Town Hall) Limited agreed a loan facility totalling £17.8m.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

One Housing Group Limited

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