One Housing

Christopher Boone's development in Lewisham

Financial statements

For the year ended 31 March 2020

onehousing.co.uk

One Housing Group Limited

Registered under the Co-operative and Community Benefit Societies Act (20453R)
Registered with the Regulator of Social Housing (number LH0171)

Section

Our vision

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

Our values

We keep our promises

We do what we say we are going to do. We communicate openly and honestly with each other and with our residents. We do the right thing not the easy thing. **#keepourpromises**

We do a great job

We have high standards and we work hard to meet them. We go the extra mile to make sure that we deliver for our residents. **#greatjob**

We work together

We support each other and work as one team. We don't pass the buck—we take ownership and collaborate effectively for the benefit of our customers. We work in partnership with our residents. **#worktogether**

We value diversity

We respect and value the diversity of our people and welcome the contribution everyone can make. We work hard to make sure that all our residents have equal access to our services. **#diversity**

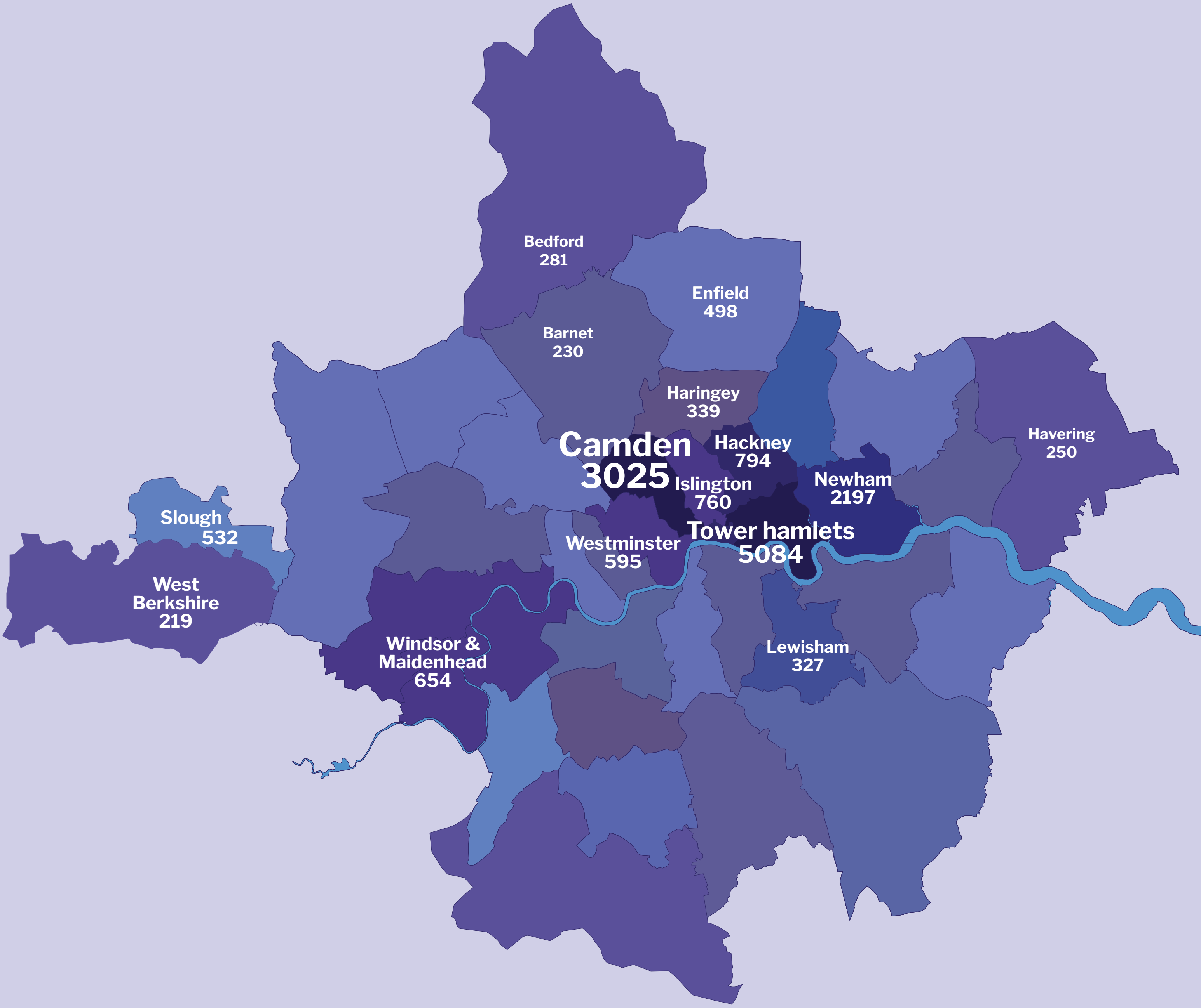
We look for ways to improve

We look for opportunities to keep improving and investing in our homes, our communities and our people. We take a positive approach to our work and embrace change that benefits our customers. **#improve**

We are determined to deliver this vision and to live up to our values and in the pages which follow you will see details of the progress made in the year to 31 March 2020 and some insights into the year to come.

Boroughs

Where we have over 200 properties.



Chairs' statements: Farewell from the Chair

In 2018 I was appointed as Chair of One Housing and in my first report in the 2018 financial statements I wrote *'This year One Housing embarked on a major journey of transformation…. Why are we changing? Because we need to."*

In this my final report as Chair I have reflected upon the achievements and progress over the last two years.

We had identified in 2017/18 the need for change in:

- Operational delivery
- Development focus
- Supporting systems
- Governance and leadership

In this my final report, over the last two years there has been significant progress in all of these areas but this has also revealed the full extent of the challenges to be addressed. Further details are set out in these financial statements.

Since Richard Hill was appointed as CEO in September 2017 all of the Executive Team and most of the Board of Directors have been changed and I am confident that they have the right blend of skills and experience to take One Housing forward. In strengthening our Board and executive team we have also created more top teams which are more diverse and representative of our staff and our residents.

Working in an open co-regulatory approach with the Regulator of Social Housing we have strengthened the Board Committees, governance and internal audit functions and have focussed upon the most challenging aspects of our operations and business so that we can improve service delivery and meet or exceed Regulatory Standards.

The financial results for the year to 31 March 2020 set out in this report reflect the consequences of legacy decisions and historic underinvestment as well as priorities around fire safety and the impact of Covid-19 upon our operations, particularly in Care & Support.

They are disappointing but the reasons for this are clearly understood and detailed in the pages which follow.

Keeping our residents safe is a key priority for the Board and the Executive Team. During the year we have invested in improving fire safety, surveying, identifying and addressing risks, strengthening the operations team with the appointment of Chyrel Brown as Chief Operating Officer and working in partnership with key stakeholders.

This work will continue over several years to come. One of our biggest challenges is dealing with the cladding on our buildings, particularly those over 18m in height. As with many other housing associations we face challenging requirements to remediate buildings that were once deemed safe and met regulatory requirements.

Residents are understandably concerned about building safety and, for those who are looking to move or staircase, we know that it is hugely frustrating that they are caught in limbo because lenders are refusing to provide finance.

We are committed to making sure we meet all new regulatory standards and are working hard with our partners in the sector to make the case for appropriate Government support to help us ensure that our homes are safe and high quality.

Providing Care & Support to some of the most vulnerable in society is part of our DNA. It's a history that we're proud of and can be traced back to when we were first set up after the film "Cathy Come Home" was released and the public demanded safe, secure and affordable homes for people who could not afford them in the private market. Today we continue to provide vital support in our homeless schemes across London and the South East and we take great pride in the support we offer for older people and those with mental health needs.

We're also proud that this year our mental health provision grew with the opening of Westmoor House in Putney. Like all our mental health schemes, Westmoor House provides an essential service for our residents and communities and helps to tackle the adult social care crisis.

No one could have predicted the Covid-19 pandemic or the changes we would have to make, but I'm proud of the quick and decisive response we made to protect our residents, staff and most vulnerable customers in our care homes. The investment made over the last two years in IT and other systems meant that we were able to switch seamlessly to remote working whilst still providing essential services.

Finally, I want to take the opportunity to express my sincere thanks to everyone who works for One Housing – the Board and committee members, the Executive team, all the staff and, of course, our resident panel members.

Transforming and modernising an organisation is always difficult and their hard work is appreciated and does not go unnoticed. It has been an honour to serve as Chair and I wish my successor and everyone at One Housing all the best for the future.

Steve Douglas CBE
Chair of One Housing
2018 to 2020
31 July 2020

Delivering a positive agenda

I joined the One Housing Group Board in January 2018, and after Steve Douglas stepped down at the end of July 2020 was asked to take over as Chair in August 2020. I am therefore reflecting on a year in which Steve led the Board.

Under Steve's stewardship, One Housing has made significant improvements in governance and has focussed on improving its customer service, engagement with residents and on regeneration work. On behalf of One Housing, I would like to thank Steve for his Chairmanship.

2019/20 has been a challenging year for One Housing. In the wake of the Grenfell tragedy, our first priority was and remains to ensure the safety of all our residents. Building safety standards are rightly being raised and we are committed to taking all necessary steps to ensure that we meet these higher standards. However, this will take time and will involve significant cost for both us and, regrettably, our leaseholders.

At the end of the year, One Housing was impacted by the Covid-19 pandemic. It has, of course, been a difficult time for many of our residents, service users and staff and our strong presence in Care & Support, providing services to some of the most challenging client groups meant Covid-19 impacted upon our financial results. However, I believe that the organisation's response to this has been exemplary, particularly from our staff working at the front line providing Care & Support services.

Notwithstanding these challenges, there is much to celebrate over the last year. During 2019/20 One Housing has continued to do really worthwhile work to tangibly improve the quality of people's lives in line with our vision statement– "we create places for people to call home, and support them to live well".

Looking ahead, One Housing will remain committed to providing decent homes and services, to providing compassionate and dignified services for people requiring care and support and to regenerating sites in order to play our role in addressing the shortage of homes in the South East of England.

I am delighted to be One Housing's Chair and I look forward to the organisation delivering on this positive agenda.

Caroline Corby
Chair of One Housing
24 September 2020

Chief Executive's Report

For One Housing Group 2019/20 has been a year of substantial change and progress. We have achieved a significant number of the aims and targets that we set for ourselves in our 2018 Corporate Plan. That said, we continue to face some key challenges in responding to a tightening operating environment.

Progress during the year

I'd like to highlight some of the achievements first.

In our 2018 Corporate Plan we set out our vision to 'create places for people to call home and support them to live well'. We continue to emphasise the importance of providing high quality services to our residents. During 2019/20 we launched a range of new resident services – including our MyOneHousing portal – and made changes in our delivery model including by, for example, bringing our separate repairs and maintenance subsidiary ODML back into the group. These changes, combined with fresh operational leadership and a consistent focus on resident satisfaction, have meant that our residents have seen improvements in our service delivery. Further investments in our underlying infrastructure, including a new customer relationship management system, combined with a refreshed resident engagement strategy will continue to drive further improvements in future years.

Our new approach to development has now started to deliver the changes that we articulated in the 2018 strategy. We have consolidated our development programme back into our London footprint, away from speculative land-led development and de-risked the programme as we have moved away from high volumes of market sale.

Our new approach is based on high quality development and regeneration, working with joint venture partners so that we can sensibly share risk. Our successful regeneration ballot at Bellamy Street on the Isle of Dogs and our joint venture with Fairview on Victoria Quarter in Barnet are key elements of this new approach. As we shift gears, and our approach to development, we will see lower profits from sales having already taken impairment of several historic pre-2017 schemes but also, over time, a strong approach to development where we seek to grow through providing high quality affordable housing.

Across the organisation as a whole we have been pushing ahead with One Future, our programme of organisational change that modernises One Housing and ensures that we are fit and ready to work in different ways. There has been considerable investment in improving data and underlying systems together with the introduction of improved controls and reporting. During 2019/20 we brought our teams together in a new modern office in Camden, equipped our staff to work in an agile and flexible way (which meant that when Covid-19 hit late in 2019/20 we were able to respond effectively) and invested in improved learning and development for our staff through our One Academy.

Our Board and Executive Team have become more diverse over the last two years and following a survey I was pleased to report in February 2020 that 77% of our staff felt that One Housing is a 'welcoming and inclusive place to work' from a diversity perspective.

These are substantial changes and represent positive steps in the creation of a strong and vibrant organisation which can respond to the challenges ahead. There remains much more to do:

Next steps

During 2019/20 we have been taking forward a programme of work to understand the extent and the cost of the changes that we will need to make to our buildings to ensure that they meet the new requirements of fire and building safety. We have already removed any ACM cladding from our buildings. However, the broader work that we will need to do on buildings at height with other types of cladding together with other fire safety related costs will, we estimate, cost us around £265m over the next 10 years. Our Board have been clear that we should prioritise this work and we are doing so, prioritising buildings on the basis of risk. The costs of this work are now included in our long-term business plan and in the short term this will reduce our capacity in other areas, such as retro-fit to achieve carbon neutrality. We have applied for funding from the Building Safety Fund to cover costs for our leaseholders in affected buildings. However, our analysis is that the amount of resource that Government has allowed for this work will be inadequate and that this will impact on individual leaseholders.

As Steve Douglas noted in his report, Care & Support is a key part of One Housing's DNA and we continue to be proud of our care and support offer for older people, for homeless and vulnerable people, and for people with mental health issues.

The quality of our provision is good, as evidenced in the ratings for our services which are inspected by the CQC. Our emphasis on quality and safety was evident in our effective response to Covid-19 towards the end of the year. Despite Covid-19, after a two-year transition process, we were proud to move to paying at least the London Living Wage to our care and support staff. These care and support services are vital – but they also operate at lower margins than our core social housing business. During 2019/20 we opened three Baycroft nursing homes, with another due to open in 2020/21; in the period before they reach maturity they will impact negatively on our overall financial performance.

The impact of Covid-19 has created more uncertainty around the prospects for care home occupancy and the costs of providing safe and high-quality care. We have already exited from some contracts which were not financially viable and will take whatever steps are required to ensure that these services are viable in the medium term.

Financial results

Modernising and changing an organisation is always challenging – and it is particularly difficult in an uncertain operating environment. Our 2019/20 financial results are not at a level that would be sustainable if they were repeated year-on-year. They show an organisation which has needed to invest in improvements to customer service, repairs and maintenance and better technology, and the short-term impact of changes in our development strategy. There has been impact of increased spend on fire and building safety, and in the last few months of 2019/20 we saw the impact of Covid-19 on operating costs and occupancy growth in our Baycroft and Senior Living homes. We have also taken the opportunity to adopt a more cautiously prudent approach and, as detailed in the strategic finance report, have made some substantial provisions / write-offs during the year.

Chief Executive's Report (continued)

Fortunately, One-Housing is financially strong, with substantial undrawn funding facilities already in place, which will enable us to meet the challenges ahead. During the year our liquidity was enhanced through the raising of £150m through private placements in the debt capital markets.

Looking ahead

Our focus for 2020/21 will be to ensure that we continue to focus on improving our resident offer, through co-creating a customer service strategy, and continuing to keep our residents and staff safe. It will also be the year where we start to see the benefits from the recent investments that we have made in data and underlying systems, which will improve customer service delivery and will ultimately enable us to drive efficiencies within our delivery model. Our corporate strategy is clear and long-term financial plan is strong; these changes will help us ensure that we deliver for our residents over the long-term.

Richard Hill
Chief Executive Officer
24 September 2020

Summary financial results

Group financial results

Year ended 31 March:	2020	2019
		Restated (Note 41)
	£m	£m
Statement of comprehensive income		
Turnover	219.0	212.8
Cost of sales	(59.5)	(53.1)
Operating costs	(139.3)	(134.0)
Surplus on disposal of fixed assets	11.4	15.4
Share of surplus in joint ventures	–	4.3
Operating surplus	31.6	45.4
Net interest and financing costs	(36.0)	(32.0)
Movement in fair value of financial instruments	(6.0)	1.6
Movement in fair value of investment properties	1.8	(2.3)
Result for the year before tax	(8.6)	12.7
Taxation	5.9	0.1
Pensions movement	8.6	(9.3)
Total comprehensive income for the year	5.9	3.5

Statement of financial position at 31 March		
Housing Properties	1,680.1	1,644.7
Investment Properties	222.2	214.4
Other fixed assets	79.6	62.0
	1,981.9	1,921.1
Net current assets	9.2	95.8
Long term creditors	(1,631.6)	(1,647.9)
Provisions for liabilities and pensions	(7.2)	(22.6)
Net assets = capital and reserves	352.3	346.4

Strategic Report of the Board – Introduction

Review of the business - introduction

The Board presents its Strategic Report and the Group's audited financial statements for the year ended 31 March 2020. This is structured as follows:

- Introduction
- Operations & Service Delivery report including Housing Services; Care & Support; Development; Supporting Services
- Finance report including Review of results for the year; Treasury & Funding; Value for Money
- Governance report including Group & Committee structure; Compliance with Regulatory standards and internal controls; Risk management; Board responsibilities

Who we are

One Housing Group Limited ("OHGL" or 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.

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.

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 17,000 homes.

We are one of London's largest care providers to people with complex needs, giving care and support to approximately 9,000 people in the community and helping them to live independently. 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 operate in the following key business areas:

Housing

- **Social housing:** 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.
- **Intermediate housing:** an option for people who can't afford typical market rents. This includes key worker rent and rent to home-buy schemes.

- **Affordable home ownership 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.

- Market rent: providing homes on the private rental market generating surpluses to support delivery of core services and social housing.

Care & Support

- **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.

Development

- **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.

- **Commercial property:** in addition to our market rent housing property we also hold a portfolio of commercial property.

Community and Social Mobility

- **Community investment programmes:** involving residents through a combination of consultation and community-improvement schemes and projects.

- **Social mobility and aspiration:** focusing on employment and training schemes, including volunteering opportunities to build skills and promote employment opportunities in the communities we serve.

Where we operate

We own and/or manage around 17,000 homes across c.50 local authority areas, with the greatest concentrations of homes being in the London Boroughs of Tower Hamlets, Camden and Islington.

Strategic Report of the Board – Operations & Service Delivery
Housing Services

Improvements to Housing Services

As a result of processes undertaken over the last two years the Board recognised that service levels were not at the level to which we aspire and/or that costs were high for the outputs delivered. Accordingly, during 2019/20 we set out a process to deliver significant improvements and to rebuild trust with stakeholders. The Operations division has been restructured as part of our drive to improve the quality of services to residents.

A new Chief Operating Officer, Chyrel Brown, was appointed during the year. Chyrel brought extensive experience gained across several of the largest London housing associations and has driven a process of change.

The changes have included:

- Extensive changes to the senior management team reporting to the COO;
- Improvements to data quality, including an ongoing stock condition survey being undertaken jointly with Savills;
- The way that fire safety improvements are delivered, using improved data to prioritise / manage the areas of greatest risk and working with key stakeholders such as the London Fire Brigade to address concerns;
- Bringing maintenance services fully in-house instead of being in a separate subsidiary. Performance has been maintained, controls and budgeting improved, and the foundations have been built for further improvements in the next period;
- Routing telephone calls through a single dedicated customer service centre; and
- Establishing a new residential services team to deal with more complex issues;

This process of change will continue throughout the coming year. During the year a major project was undertaken to introduce a new customer relationship management (CRM) system and this went live after year end. The CRM will facilitate much better recording and tracking of service delivery, from delivery of responsive repairs to addressing enquiries or complaints. Whilst in the short term this may give greater visibility to areas of dissatisfaction in the medium term this will help us to drive up service standards.

Customer Satisfaction & Digital Engagement

To make us more responsive to customer survey results, we introduced a new rating system where customers are asked to rate services just received on a five-star scale. In the first year we have monitored results to establish a baseline and appropriate targets for the next period. The average score of 4.6 stars for repairs is evidence of the improvement to that service.

We also introduced a digital engagement measure in 2019/20 to allow us to track the improvement in our digital services as a result of the One Future transformation programme. We launched a new web portal for customers, MyOneHousing, in the middle of the year and a new website towards the end. These are the foundations on which we will build our digital services going forward. 42% of customer engagement was delivered digitally (24% of volume transactions through digital self-service through our website and self-service portal and 18% through other digital means, mainly email). The remaining 58% is mostly phone calls to our customer service centre. By making it a compelling, efficient and easy to use experience for customers, we aim to increase the proportion of engagement through digital self-service.

Keeping our customers safe

Our responsibility to keep our customers safe is a key priority. We are improving the way we record information about our properties and ensure compliance with these responsibilities. We have overhauled our processes for managing gas safety checks and fire risk assessments including introducing new systems to manage these processes. We achieved 100% of fire risk assessments in place and 99.85% of properties with gas safety certificates; properties where we have not been able to issue certificates are the subject of legal action to gain access.

Income collection

By the end of the year, nearly 1,500 residents were claiming Universal Credit, an increase of 600, or 67%, during the year. Despite this we achieved our target of 99.5% of income collected. We give extra support to residents moving onto Universal Credit including advisers to help them negotiate the challenges of moving onto the new benefit.

Strategic Report of the Board – Operations & Service Delivery **Housing Services (continued)**

Performance indicators for affordable homes
The Group's key indicators are set out below against targets (where set):

#	Measure	2020 Actual	2020 Target	2019 Actual
1	Customer star rating out of 5	4.2 / 5	*	*
2	Repairs star rating out of 5	4.6 / 5	*	*
3	Customer satisfaction in care and support	88.2%	88%	96.3% ∞
4	Customers who would recommend One Housing new homes	82.1%	80%	92.4% ∞
5	Digital engagement	42%	*	*
6	Gas safety compliance	99.85%	100%	99.99%
7	Fire risk assessments compliance	100%	100%	100%
8	Responsive repairs first time fix rate	67%	65%	67%
9	Engagement with training and employment programme	1,977	1,800	1,546
10	Income collection on social lettings	99.5%	99.5%	100.3%
11	Staff satisfaction rating out of 10	6.8 / 10	7 / 10	6.7 / 10
12	Staff positively believing that One Housing encourages equality, diversity and inclusion	77%	*	*

* These were new measures in 2019/20.

∞ In 2019 data was collected using a different methodology, which means that results for 2019 may not be directly comparable.

For 7 / 8 measures, where a target was set this has been met or exceeded. The one other measure, staff satisfaction, showed progress but fell just short of target.

Strategic Report of the Board – Operations & Service Delivery
Care and Support

Diverse services and different challenges

The Group's Care & Support operations encompass a range of different services for the benefit of people who have complex and challenging health, social and housing needs that are often not well met by society. We have a strong track record of working jointly with other agencies, including health and social services, charities and other associations, to deliver positive outcomes for both the individuals and for the wider community.

The services include the following:

- Supported Housing; responsible for c.1,700 units of general needs housing accommodating many of which house those served by our Supporting People and Health Partnerships;
- Supporting People and Health Partnerships; we have more than 30 contracts with local authorities and health authorities to provide care for, including clients with mental health needs, tackling homelessness, support for young people leaving care or supervision, victims of domestic abuse and other challenges;
- Season Senior Living and Baycroft; operate 849 units of rented accommodation across 15 homes.

In this report we shall primarily focus upon the Supporting People and Health Partnerships and the Season and Baycroft services.

Supporting People and Health Partnerships

These services address a variety of complex needs. However, those who commission the services are under financial pressure and it is often difficult to agree contracts that fully meet all the costs.

We recognise that many of those who work elsewhere in the care and support sector are poorly paid and are on zero hours contracts. The Board took the decision to pay London Living Wage and to offer guaranteed hours. Many of the contract rates with local authorities and health providers could not be changed until the contract ends or is renewed. In the short term this will cost the Group significantly higher wages; however, not only is it the right thing to do, but in the medium term it will help enormously in retention and recruitment of staff, reducing the dependency on more expensive agency staff.

In the short term we will continue to meet any contractual obligations to provide these much-needed services even if they lose money. However, on an ongoing basis we will only renew or bid for contracts if these fully recover costs and generate a suitable return to reflect any operational or other risks.

During the year under review we have exited from a number of contracts, including handing back supported housing managed on behalf of another housing association, where these did not make sense financially. We also took the decision to sell a hostel that we operated in Soho, the sale of which was completed post year end for c.£31m as detailed in Note 40.

Season Senior Living and Baycroft

The Group has a long track record of providing local authority funded housing for elderly persons often with nursing or other needs through our Season Senior Living homes. We are proud of the quality of our offer which has been recognised by our commissioners and by CQC. However, the level of support required in these services has been rising as clients only tend to be referred to our care once their needs are much higher than would have been the case historically. This has had the impact of increasing staffing and other operational costs faster than the increase in fees paid by the local authorities. Maintaining high levels of occupancy and tight control over staffing costs are critical to running at a surplus.

In 2015 the Board took the decision to set up Baycroft, intending to offer the same high quality of care as Season but in more luxurious accommodation with additional facilities aimed at self-funding private payers with a view to generating surpluses to help cross subsidise other activities. They took the decision to operate a business model of leasing the homes with the expectation that it would take four years from the opening of a home for it to reach full operating capacity and generate the expected surplus.

In 2017/18 the first two Baycroft homes opened, followed by three more homes in the year just ended and a sixth home near Watford is due to open in April 2021.

We recognised early in the pandemic the likely consequences for Care Homes and took a number of measures including lockdowns, use of PPE, deep cleaning and changes to staffing rotas to limit contact. We also took the decision not to accept clients being discharged from hospital which significantly reduced risks of Covid transmission. Our priority was to keep safe both those we care for and our staff irrespective of the cost. At the start of the pandemic the number of local authority referrals of new clients fell sharply, vacancy rates rose and the new Baycroft homes operated far below capacity. Operationally these measures have been successful with rates of infection in our homes significantly below the sector average. As detailed below, this has had a significant impact on financial performance during the year and this is expected to continue into 2020/21.

Financial performance and plans for improvement

The Care & Support division has historically run at a deficit, which was sometimes covered by surpluses arising on disposal of property. However, for the reasons outlined above, the financial performance was disappointing in 2019/20.

The Board recognise that Covid-19 will continue to impact long into 2020/21 and whilst the provision of these vital services is important do not consider that this would be sustainable over

Strategic Report of the Board – Operations & Service Delivery
Care and Support (continued)

an extended period. Accordingly, the Board have concluded that there will need to be significant changes in order to turn around financial performance. Detailed work is being undertaken post year end to develop and implement a recovery plan. This includes:

- Improving the analysis of performance on a more granular basis by contract / activity using this to inform decisions
- Managing and measuring contract cost performance, including strengthened management of staff costs
- Controlling more closely renewal of contracts – exiting from those that do not perform adequately
- Ensuring that all potential contracts are subject to detailed financial scrutiny at the pre-contract bidding stage
- Reducing departmental overheads
- Taking measures to materially grow the occupancy levels at Baycroft whilst deferring any decision to commit to further homes until the business model has been proven / established
- Introducing stronger back office systems and controls and making better use of systems introduced during 2019/20 such as the Purchase to Pay system

Strategic Report of the Board – Operations & Service Delivery
Development and Sales

Development Strategy

During the 2019/20 year the Group has substantially revised its development strategy, a process which commenced with the appointment in January 2018 of Mike Johnson as Group Development Director. Since appointment Mike has extensively restructured the development team bringing in greater experience and new skills, particularly in relation to regeneration.

Historically, One Housing has grown through development but in doing so took too much risk both in relation to development and planning risk and in relation to market sales risk.

The Group's focus now is upon how to help meet the critical shortage of social / affordable housing whilst managing our risk exposure, rather than aggressively pursuing growth through development.

In the case of regeneration schemes, it is recognised that it is critically important to consult and engage with local communities to win their trust and to get their support.

The table below summarises the revised strategy:

Revised strategy – increased focus upon	Moving away from
Delivery of social and affordable housing with greater emphasis on S106	Private sale dominated schemes
Regeneration of existing estates; unlocking land value to deliver additional homes	Unconditional land acquisition or complex and challenging sites carrying higher risk
Creating quality homes that are cost effective to manage and generate long term asset value	Short term profit realisation
Risk sharing through joint ventures with quality house-builders / developers	Package deals with secondary contractors
Core geography within London	Developing out of area
Obtaining planning which gives flexibility for future use of assets	Age restricted planning and specialist Care & Support homes that cannot easily be repurposed

All of the above will ensure that risks associated with future development commitments are properly understood and controlled, that existing social housing assets are protected and that much needed new homes are delivered.

Financial impact

Over the last two and a half years each development scheme underway, has been critically reappraised which has identified a number of problem sites and steps have been taken to minimise the risk of losses. Actions have included; redesigning schemes / seeking revised planning permission, bringing in Joint Venture partners with additional expertise, termination of contracts, acceptance of reduced sales prices and so forth. However, as detailed in the table below, the results for the year have been adversely affected by impact of development commitments made prior to September 2017.

Over the three years to 31 March 2020 the group has recognised impairment provisions, exclusively against sites acquired pre September 2017, totalling in excess of £44m. The majority of these schemes remain under development or have been completed and are awaiting sale. In addition, the group has made payments to exit from contracts that would have proved unprofitable.

Having impaired historic schemes down to net realisable value it follows that no profit will be realised as those schemes complete and sales are achieved at the impaired value. Schemes committed to more recently will realise profits though these are further from completion. Accordingly, margins on shared ownership and private sales are anticipated to be low in the next 2 to 3 years before rising to more normal levels.

Acton Town Hall, Ealing

Strategic Report of the Board – Operations & Service Delivery **Development and Sales (continued)**

Case Study 1. Victoria Quarter

The Victoria Quarter is a site close to New Barnet Station the main tranche of which was acquired in April 2016, with further pieces of land being acquired subsequently. Ultimately it will provide much needed high-quality accommodation in a location with strong demand for new homes for a variety of needs.

Victoria Quarter CGI, Barnet

However, it also serves as a lesson in what can go wrong and illustrates why the Board has adopted a revised development strategy:

Victoria Quarter is the site of a former gas works and it was known at acquisition that there was contaminated land requiring remediation. The demolition of existing structures and service diversion works were also required to enable re-development.

- The Group was extremely keen to acquire the site seeing it as a strong market sale opportunity and made an unconditional offer to acquire the site. The Group paid £31.1m for the site, which had the benefit of planning consent for 305 homes.
- The remediation and service diversion work proved more extensive and expensive to remediate than anticipated when the site had been appraised for acquisition. Alongside a disconnect between these works and an evolving design approach to site driven by further, incremental acquisitions on the one hand, and a failure to carry out a clear master planning assessment of optimum site capacity on the other, it became clear that the Group had overpaid for the site.
- In 2017 the updated scheme appraisal showed that the site was likely to make a very small profit provided that it achieved up to 371 homes on the site, did not incur further cost over-runs and was able to generate the anticipated private sales values. On this basis no impairment was deemed necessary.
- A variety of different schemes were under consideration with some significant variations in the numbers of homes and anticipated financial outcomes.
- In order to manage the escalating costs, delivery and sales risks, the decision was taken in 2017/18 to bring in a joint venture partner with relevant experience.
- The carrying value in the 2018 financial statements was based upon an optimistic view of likely outcomes which did not reflect final remediation and service diversion costs, the fact that a JV partner would require a commercial return or that a full, detailed planning permission had yet to be secured, all which should have triggered an impairment review in 2018.
- We have now recognised in the financial statements that the value of the site is impaired and will not yield future profits to the Group (refer to impairment table in Review of Financial Results – page 34).

Following a selection process, we were delighted to secure in 2018 Fairview Homes as a JV partner for the Victoria Quarter site; Fairview bring extensive experience of house building in London and will help ensure that the maximum value is realised from the site. Planning permission has been sought and, although this has not yet been secured and there is extensive local opposition, we believe that a solution will be found to enable us to deliver much needed, high quality homes in a great location.

Strategic Report of the Board – Operations & Service Delivery **Development and Sales (continued)**

Case Study 2. Hallsville Quarter, Canning Town

This project is a good example of the type of new project which we are delivering as part of our new development strategy.

The project is a partnership with Link City a subsidiary of Bouygues, where we are the affordable housing provider.

The earlier phases comprise 126 new homes which are now in management - see table below. We are currently on site with the construction of the final phase comprising 47 affordable rent, 50 rented extra care and 245 shared ownership / shared equity homes

Phase	One	Two	Three
Affordable Rent/London Affordable Rent	51	0	47
Extra Care Affordable Rent	0	0	50
Shared Ownership/Shared Equity	20	55	245
Total	71	55	342

This reflects our new strategy by delivering affordable homes, with the benefit of grant delivered primarily through a S106 agreement, which additional homes being delivered with the support of grant from the GLA.

The wider project is a regeneration of this part of Canning Town on land previously owned by the local authority, the project is located adjacent to the transport hub at Canning Town. Our partner Link City carry the commercial risk on the regeneration associated with delivery of the remaining housing on the site and non-residential uses delivered as part of the project.

The new homes delivered here complement the 2,000+ homes we already have in management in the London Borough of Newham. These new homes therefore help to drive efficiencies in our operational functions. Link City are contracted on a fixed construction cost basis to deliver the homes, having completed two phases to date we are comfortable with the quality of the product.

Breaking ground at Hallsville Quarter

Strategic Report of the Board – Operations & Service Delivery **Supporting Services**

Supporting customer delivery

There are a variety of back office services which support delivery of frontline services to our residents and other customers, including:

- Governance
- Finance
- HR & Communications
- IT

Whilst these services are common to all housing associations there are some factors which add complexity to the needs of the Group, including the complexity of services offered through Care & Support and, relative to our size, the large number of staff employed both in Care & Support and through our direct labour organisation. In addition, many of the estates that we own and manage across London have particular housing and social challenges. We have been looking to rebuild trust with key stakeholders, particularly our residents, through better engagement and communication which takes time and investment.

One Future

Historically back office services were a lower priority than delivery of new homes; accordingly, these did not receive the same level of attention and investment and gradually systems and data became increasingly inefficient or outdated.

The One Future programme of business modernisation was set up in 2018 to address this under-investment and is designed to improve services for our residents and to reduce costs.

The programme includes significant IT investment which will ultimately reduce costs both through the efficiency of internal systems and providing opportunities for our residents to self-serve.

The One Future Programme Board meets monthly and is chaired by CEO by Richard Hill with extensive input from Chief Information Officer Tony Blows and his team.

Typically, projects take 6-24 months to deliver and as at the end of March 2020 there were 29 projects underway as part of One Future.

The most significant benefits from One Future are not directly about cost reduction and include:

- Data quality; more reliable and consistent data that takes less manual processing and reconciliation
- Data insight; more useful information to support decision making
- Greater assurance and stronger risk management through increased assurance of completeness and accuracy of data and greater visibility of operations
- More accurate and efficient reporting to external stakeholders – including the Regulator of Social Housing and funders
- Greater organisational resilience with less reliance on legacy systems, unstructured data and individual knowledge
- Delivery of improved customer services

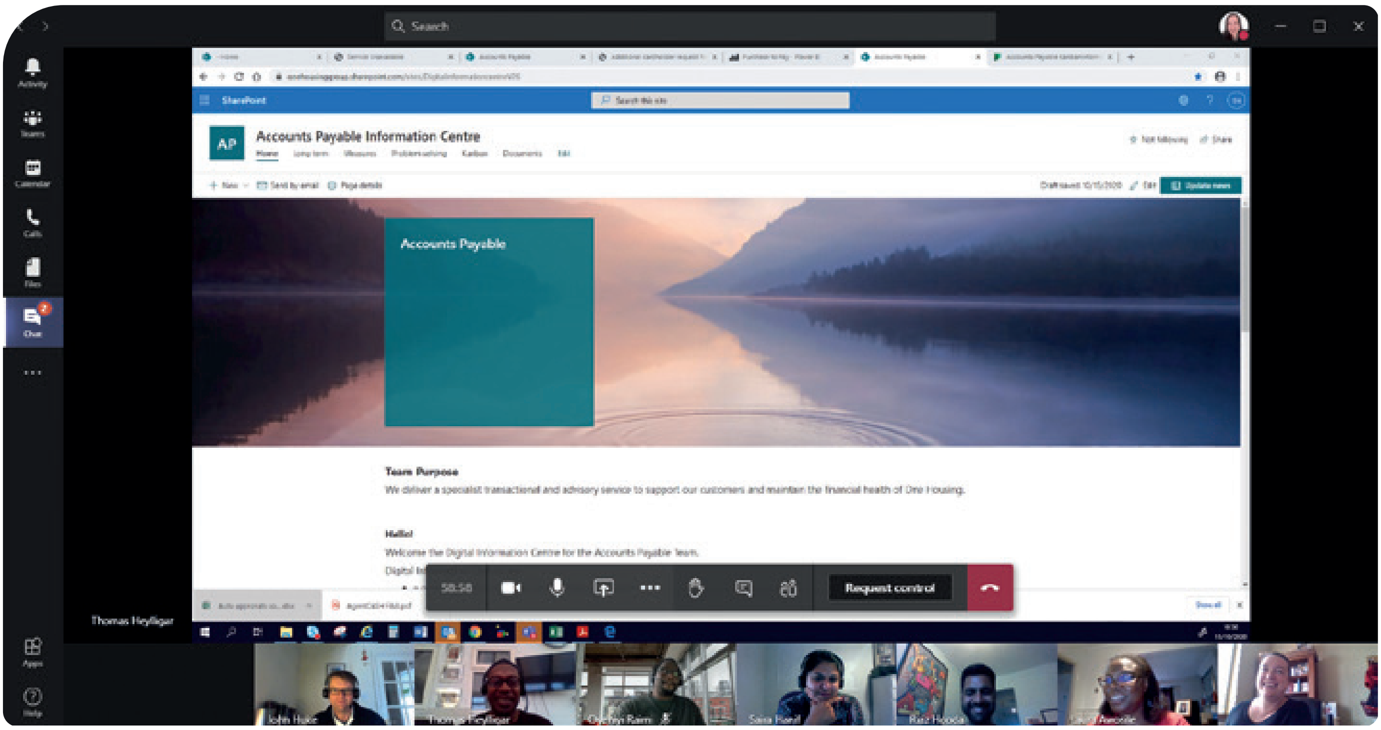
making it easier for customers to self-serve and for Operational management to track progress and ensure issues are dealt with promptly and efficiently

- Improved cost control and reporting

Other back office support

There has been investment to strengthen back office services, including;

- As detailed in the Governance section of this strategic report, we recognise the importance of strong governance and have strengthened the resources in this area.
- We recognised that it was important to rebuild confidence of tenants and other key stakeholders and have invested in building capacity to deliver clearer and more proactive communications.
- We have increased the capability and capacity of the finance, corporate finance, procurement, HR & IT teams.



Strategic Report of the Board – Finance
Review of Financial Results

2020 financial review

The result for the year of a pre-tax loss of £8.6m (2019: profit £12.7m) is disappointing but as the year progressed it did not come wholly as a surprise to the Executive and Board who had already initiated various actions to address performance. The reasons for the loss are well understood and are set out in the following sections. The Board and Executive have subjected the results to additional scrutiny and have taken a more prudent and cautious accounting approach, including in relation to property impairment and expensing of costs that might previously have been capitalised.

The year to 31 March 2020 saw a continuation of the change process started in 2017 with ongoing investment in back office systems, in quality of data, and with some significant changes to operational delivery and management.

Set out in the table overleaf is a non-statutory presentation of the results which aids understanding of performance. Please note, all of the figures stated have been directly taken from the statutory Statement of Comprehensive Income and supporting notes.

	Year ended 31 March 2020			Year ended 31 March 2019 (restated)		
	Turnover & Sales £'000	Surplus/ (deficit) £'000	Margin %	Turnover & Sales £'000	Surplus/ (deficit) £'000	Margin %
Summary of activity by business streams						
Core Social Housing	110,250	23,017	20.9%	108,463	24,695	22.8%
Other social housing activities	27,454	(2,972)	(10.8%)	31,092	(209)	(0.7%)
Property related	83,230	7,965	9.6%	87,760	17,035	19.4%
Other commercial activities	21,143	3,570	16.9%	16,494	3,904	23.7%
	242,077	31,580		243,809	45,425	
Turnover per SOCI	218,963			212,825		
Leaseholders	23,114			30,984		
	242,077			243,809		

Strategic Report of the Board – Finance
Review of Financial Results (continued)

Core Social Housing

Our core social housing activity comprises general needs housing including supported accommodation, and shared ownership. Key points to note:

- Overall income and operating surplus from general needs, supported housing and shared ownership properties has been broadly unchanged from 2019. The benefits from improvements in cost control and efficiencies have been able to absorb much of the additional costs relating to Covid-19, fire safety and other matters.
- There is a substantial shortfall in recovery of costs of services provided to tenants through service charges which has increased to £3.4m (2019: £1.1m). This was partly attributable to costs being identified after service charges were levied. In the case of leaseholders similar issues apply and, although recovery rates have improved, in addition in 2020 there were additional costs relating to fire safety works, where it is uncertain whether these can be recovered. Since service levels for some tenants and leaseholder fell short of the levels to which we aspire, in some cases we felt that to attempt to recover additional sums from tenants and leaseholders would not be appropriate or offer good value for money.
- Our Seasons Senior Living Care Homes suffered reduced occupancy and increased costs in the fourth quarter of the year as Covid-19 started to impact.
- The cost of maintenance, which includes routine (i.e. responsive), planned and major repairs, is relatively high at £22.9m (2019: £21.5m). During the year, our repairs service, which was previously operated through an independent subsidiary, was brought in house and under closer control. Responsive repairs tend to be more expensive than planned works and, as detailed in the Value for Money section (metric 12), too high a proportion of overall maintenance cost has related to responsive repairs. Steps have been taken to address this.
- As detailed in Note 15, we have significantly increased spending related to fire safety, and in 2020 £8.2m was expensed in the year (2019: £3.6m). Some of this will be included within repairs and some within management costs.

	Year ended 31 March 2020			Year ended 31 March 2019 (restated)		
	Turnover & Sales £'000	Surplus/ (deficit) £'000	Margin %	Turnover & Sales £'000	Surplus/ (deficit) £'000	Margin %
Core Social Housing						
General needs and shared ownership						
Rents, grants and other	88,561	30,992	35.0%	88,718	31,372	35.4%
Service charges	16,283	(3,408)		16,261	(1,056)	
(sub-total)	104,844	27,584		104,979	30,316	
Leaseholders	5,406	(4,567)		3,484	(5,621)	
(total)	110,250	23,017	20.9%	108,463	24,695	22.8%

Strategic Report of the Board – Finance
Review of Financial Results (continued)

Other Social Housing Activities

As discussed earlier in the strategic operational report on care and support, supporting people activities, which includes various contracts with local authorities, health and social services, are a key part of One Housing's service offer. However, overall in 2020 these contracts are not covering their costs. As detailed below, in 2020 supporting people contracts were run at an overall loss of £1.1m (2019: surplus £1.3m). Over the last two years we have exited from seven contracts worth £5m in revenue terms which were uneconomic. In the year ahead, we will continue to critically scrutinise all contracts / activity as these come up for renewal / renegotiation.

Community regeneration work is also a vital part of supporting and sustaining viable mixed communities. Working as we do in some challenging and deprived parts of London we believe in the value of these services but will continue to critically self-challenge as to whether this is the most effective deployment of scarce resources or whether we are better supporting others to deliver these services.

	Year ended 31 March 2020			Year ended 31 March 2019 (restated)		
	Turnover & Sales £'000	Surplus/ (deficit) £'000	Margin %	Turnover & Sales £'000	Surplus/ (deficit) £'000	Margin %
Other social housing activities						
Supporting people contract incomes						
Community regeneration	27,454	(1.135)		31.092	1,286	
Leaseholders	–	(1,837)		–	(1,495)	
	27,454	(2,972)	(10.8.%)	31.092	(209)	(0.7%)

Strategic Report of the Board – Finance
Review of Financial Results (continued)

Property related

Property related activity includes everything in relation to property development, asset sales and shared ownership. It includes disposal of properties previously used in core social housing or other social housing activities but excludes income from properties held for investment purposes. Key points to note:

- Properties developed for outright sale performed poorly generating just £3.5m surplus on £44.3m of turnover (2019: £3.8m surplus). The majority of properties being sold were on sites committed to under the previous development strategy. The majority of the profit was attributable to just one site. Overall pre-impairment development margins of 7.8% (2019: 11.9%) fall considerably short both of the basis upon which these were originally approved and of what would now be considered acceptable.

- As a result of a detailed review we have recognised £6.8m (2019: £6.2m) of impairment provisions during the year against properties developed for outright sale. Over the next few years as units are completed and sold from these sites there will be little or no margin achieved.

- We are now adopting a stricter interpretation of FRS102 with respect to the capitalisation of costs incurred to support development. This has meant that some indirect costs incurred this year have been recognised in operating costs for the year, with a total charge of £4.0m (2019: 2.6m), whereas if incurred in an earlier year they may have been capitalised.

- On a more positive note, despite a marked slowdown in the fourth quarter of the year, first tranche shared ownership and staircasing have generally performed well and properties sold under right to buy continue to contribute surpluses. Overall volumes have fallen, and margins have also dropped, which together primarily explain the overall drop in surplus to £8.0m from £17.0m in 2019.

	Year ended 31 March 2020			Year ended 31 March 2019 (restated)		
	Turnover & Sales £'000	Surplus/ (deficit) £'000	Margin %	Turnover & Sales £'000	Surplus/ (deficit) £'000	Margin %
Property related						
Sales of properties developed for outright sales	44,301	3,476	7.8%	31,956	3,807	11.9%
Impairment	n/a	(6,811)		n/a	(6,162)	
(sub-total)	44,301	(3,335)		31,956	(2,355)	
Shared ownership first tranche sales	15,815	3,955	25.0%	24,787	6,625	26.7%
Staircasing (note 11)	15,654	7,558	48.3%	21,347	11,447	53.6.%
Right to Buy and other sales (note 11)	7,460	3,802	51.0%	9,637	3,924	40.7%
Development costs not capitalised	n/a	(4,015)		33	(2,606)	
(total)	83,230	7,965	9.6%	87,760	17,035	19.4

Note: Income arising from staircasing and right to buy is excluded from turnover on the SOCI

Strategic Report of the Board – Finance
Review of Financial Results (continued)

Impairment and other provisions
As detailed above, during the year to 31 March 2020 impairment provisions totalling £6,811k were recognised within cost of sales of properties developed for outright sale. In addition, as detailed in Note 41, it was recognised that some impairment charges should have been accounted for in previous years. At 31 March 2020, the Group held provisions totalling £43.3m against work in progress, completed properties or housing properties under construction.

	Provision 31 March 2020	Group Charge to SOCI in the year		
	Total	**2020**	**2019** Restated	**2018** Restated
	£'000	**£'000**	**£'000**	**£'000**
Impairment Provision Summary *Site Analysis*				
Included in Properties For Sale (note 21) **Work in Progress**				
Victoria Quarter	23,864	–	–	23,864
Nunhead (Citystyle Living (Nunhead) Ltd)	3,574	2,971	603	–
Bangor Wharf (Citystyle Living (Bangor Wharf) Ltd)	7,578	–	–	7,578
White Horse Field (Citystyle Living (White Horse Field) Ltd) *Release on sale in 2020*	–	–	1,152	–
North End Farm (Citystyle Living (North End Farm) Ltd)	2,514	–	2,514	–
(sub total)	**38,327**	**2,971**	**5,066**	**31,442**
Completed Properties				
Merchant Taylor (Citystyle Living (Belmont) Ltd)	3,853	2,791	1,062	–
Railway Terrace (Citystyle Living Ltd)	91	57	34	–
(sub total)	**3,944**	**2,848**	**1,096**	**–**
Included in Housing Properties Under Construction (note 15)				
Suttons Wharf South	760	760	–	–
Pembury Road	232	232	–	–
(sub total)	**992**	**992**	**–**	**–**
(total)	**43,263**	**6,811**	**6,162**	**31,442**

Strategic Report of the Board – Finance
Review of Financial Results (continued)

Other commercial activities

There are three primary areas of activity included within other commercial activities. Key points to note:

- Private Care Homes; to capitalise upon our knowledge in the care sector in 2016 the Board took the decision to set up private care homes catering for self-payers under the Baycroft brand. The business plan supporting this decision recognised that it would take several years before these newly built homes reached maturity. Three homes opened in the 2019/20 year, one in August 2019, the other two in December 2019. Although these were expected to be loss making in the year they were particularly badly impacted in terms of occupancy by the Covid-19 pandemic since, and although we had a good record of keeping people safe, demand was understandably much lower. Costs however increased both in relation to staffing and cleaning, as we prioritised safety. Results are expected to improve in the coming year, although the impact of the ongoing pandemic is uncertain. Baycroft will continue to be closely monitored.
- Market rent housing; we now have 390 market rent housing properties and these provide a strong predictable profit flow of £4.9m (2019: £4.8m) to support the social housing activities of the group.
- Commercial lettings and other activities generated £4.4m of surplus during the year (2019: £2.5m).

	Year ended 31 March 2020			Year ended 31 March 2019 (restated)		
	Turnover & Sales £'000	Surplus/ (deficit) £'000	Margin %	Turnover & Sales £'000	Surplus/ (deficit) £'000	Margin %
Other commercial activities						
Private Care Homes	7,600	(5,772)	(75.9%)	3,977	(3,378)	(84.9%)
Market Rent Housing	6,925	4,934	71.2%	6,114	4,779	78.2%
Commercial lettings and other activities	6,618	4,408	66.6%	6,403	2,503	39.1%
(total)	21,143	3,570	16.9%	16,494	3,904	23.7%

Statement of financial position highlights

We maintain a robust financial position, reflecting a strong statement of financial position and strong liquidity. Key highlights include:

- the value of the Group's housing properties at historic cost increased to £1.68bn (2019: £1.64bn)
- the value of the Group's investment properties on an MV-T basis, increased to £222m (2019: £214m)
- as detailed in the treasury section which follows, we have drawn down loans of £922.8m (2019: £898.6m) and undrawn facilities / cash, which is also referred to as liquidity, of £369.2m (2019: £238.3m)
- during the year we entered the debt capital markets raising £150m through a private placement.

Looking ahead to 2020/21 and beyond

Over the last three years we have made significant and positive progress across all aspects of our operations. There is a much stronger control environment, a changed development emphasis, more modern systems, better data and reporting and a willingness to challenge and change wherever this is necessary. Risk has been reduced and the customer service offer continues to improve. We are realistic that as we continue to address legacy issues the impact of much of this investment will take time to feed through to significantly improved financial results.

Despite the disappointing 2020 results, several positive developments also helped ensure our financial viability and our ability to continue to build new, desperately-needed homes well into the future. The new five-year rent settlement was implemented and a budget which saw a £12.2bn multi-year extension to the Affordable Homes Programme. Additional funding to help remove all types of dangerous cladding was one of the most positive budget outcomes for the sector in many years. The support by government is welcomed and we look forward to working alongside national and local government to deliver new affordable homes and continue to work on our building safety programme.

There is an adult social care crisis. We are well placed to help tackle this crisis and remain committed to our supported housing schemes, developing our care homes offer and funding essential mental health and homelessness support. As noted in the operational report we have taken various measures to improve the performance of Care & Support. The challenge of the crisis remains and the funding of social care has not been resolved, but we will continue to work with our local authority partners to support some of the most vulnerable in our society. As the population continues to age we believe there will increasing demand for services.

Concern about public finances and how the UK funds vital services are likely be key topics in the 2020/21 year following the Coronavirus pandemic. Undoubtedly there will be economic impacts which could include higher levels of unemployment. This may increase the demand for social housing but could also lead to higher rent arrears across the sector as a whole. We might also see a decrease in property sales, but we are a resilient organisation and have factored this into our business plan.

Strategic Report of the Board – Finance
Review of Financial Results (continued)

Even in times of economic uncertainty, it is important that we do not lose sight of our strategic objectives: Providing good quality homes and wraparound support; strong resident engagement programmes; and investing in our communities and services. We've shown progress on all these essential activities in the past year and we will continue to focus on delivering these in the future.

Early in 2020/21 we will further enhance our customer offer by implementing a new customer relationship management tool which will give us a 360° view of our customer interactions, helping us to improve our customer service. Good customer service also means investing in our communities and we will continue to do just that by moving forward with new regeneration projects.

We're delighted that in 2020/21 we will be moving forward with planning on Bellamy Close and Byng Street in Tower Hamlets following a successful ballot, where residents voted in favour of redevelopment. If approved, it will deliver 150 new desperately-needed homes. We will also be starting on site in Canning Town in partnership with Bouygues following the recent successful completion of the land deal. This site will provide 342 new homes in the London Borough of Newham. We look forward to continuing to work with our development partner and the council to deliver these much-needed new homes.

Our safety building works programme will also be a focus this coming year. We do not underestimate the challenge, but we've already made good progress on investing in our homes. We've removed ACM cladding on all buildings over 18m and carried out intrusive external wall system testing on 42 of our tall buildings to date. We will continue to make progress on building safety this year and seek to access government funding, where we can. We will continue to prioritise keeping our residents safe and will be engaging with funders and other key stakeholders to gain their continued support for this expenditure.

Alongside big programmes of building safety work that we must carry out on our buildings, we are also looking to the future of building works with the environmental agenda in mind, and what this means for our current housing stock. We are actively engaged with colleagues in the G15 group and across the sector, though if a choice has to be made in the short-term between fire safety and achieving carbon neutrality through retro-fit we will prioritise fire safety.

Given the significant changes to our operating environment over the last year, we will look again at our current corporate strategy to ensure that our plans and ambitions are still deliverable. But underpinning our review, we will remain committed to providing stable, secure and affordable housing for our 35,000 customers, and delivering services that make a positive difference to our customers' lives.

Strategic Report of the Board – Finance
Review of Treasury Activities

Treasury management
The Group Treasury Management Policy Statement sets out the principles and objectives of our treasury management activities. It is reviewed annually to ensure we apply best practice.

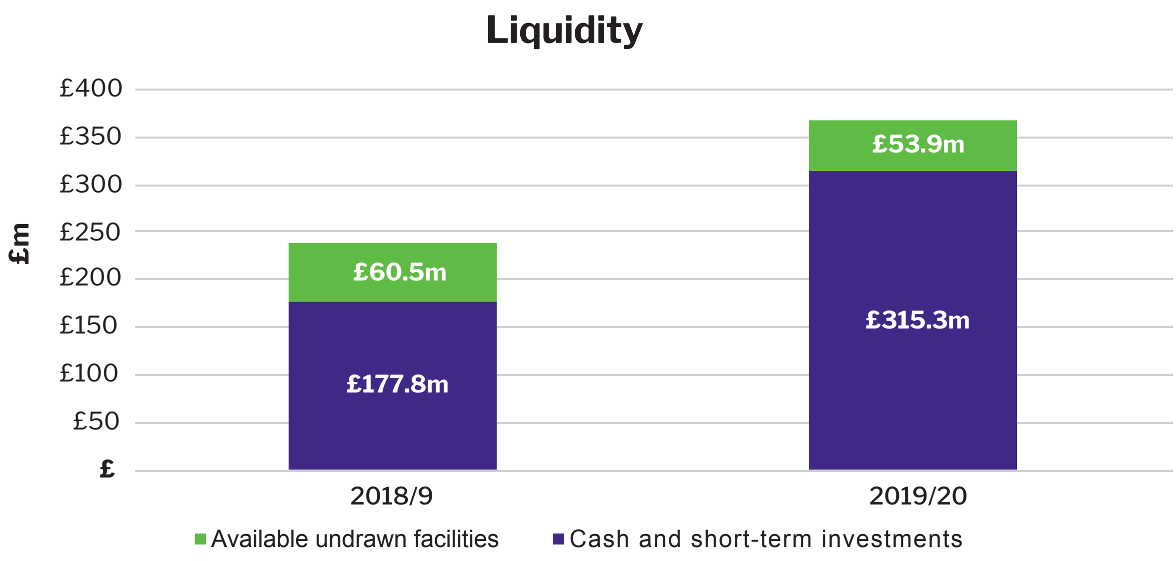
The Group Treasury Strategy is also approved annually and details how we mitigate and manage treasury-related risks such as liquidity risk, interest rate risk, covenant risk and counterparty risk.

Liquidity
During the year our Treasury Management Policy required us to maintain a minimum of £100m liquidity of which £30m must be cash. Our strategy further requires us to hold sufficient funds in place so as not to rely on sales income.

Our Group liquidity position was strengthened during the year and at 31 March 2020 we had £369.2m (March 2019: £238.3m) of available liquidity. Cash and short-term investments of £53.9m (March 2019: £60.5m) and available loan facilities £315.3m (March 2019: £177.8m). These resources are sufficient to meet the Group's contractual commitments.

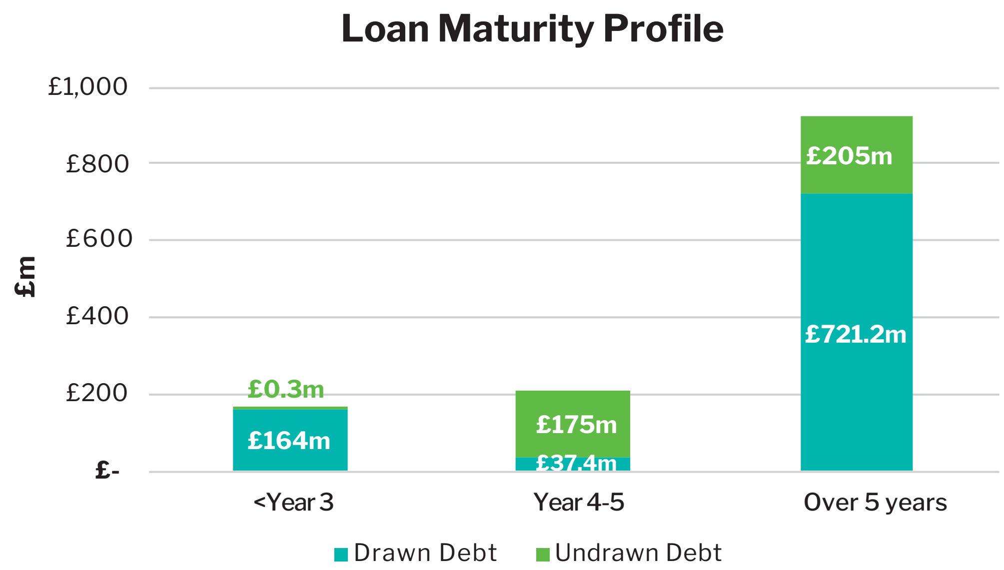
£150m US private placement was issued in November 2019, with maturities ranging from 10 to 20 years at a blended interest rate of just under 2.84%, £80m of which was unsecured with the other £70m secured on a numerical apportionment basis. Funds were provided by four US investors, one of them new to the sector.

In addition to the above facilities, the Group also has arranged a further loan facility of £65m which will be fully secured during Q2 FY2020-21 and which will therefore increase liquidity.



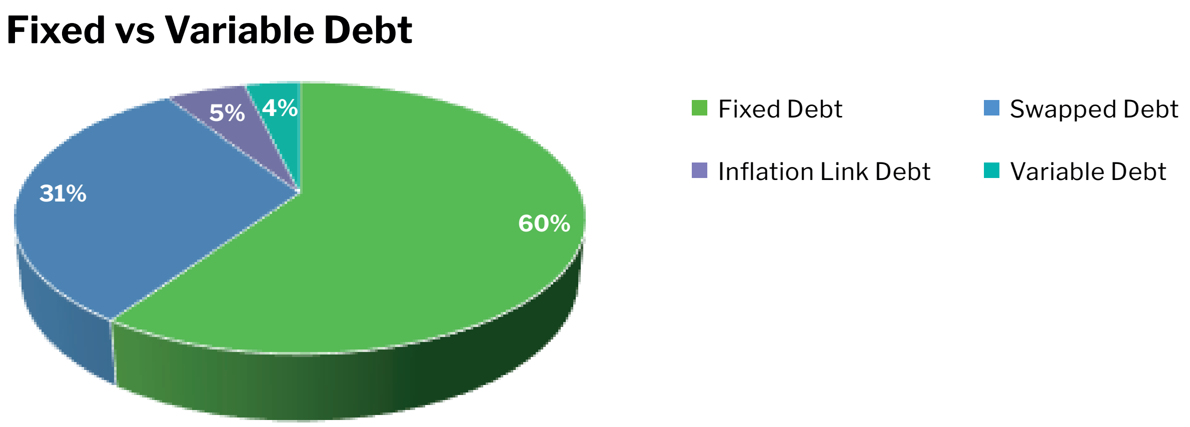
Debt Repayment Profile

At 31 March 2020, The Group had total loan facilities of £1,303.1m (March 2019: £1,076.4m) of which £922.8m (March 2019: £898.6m) were drawn.



Interest rate management

The Group manages its exposure to fluctuations in interest rates with a view to achieve an acceptable level of certainty in its net interest costs. As at 31 March 2020 96% (March 2019: 95%) of our drawn debt was fixed or inflation linked.



We manage our Mark to Market (MTM) exposure risk using unsecured thresholds built into our ISDA agreements and property security collateral.

At 31 March 2020, MTM exposure on standalone derivatives was £47.4m (March 2019: £39.3m). The impact of a -1% shift in rates would have increased our MTM exposure to £63.7m. Both scenarios were fully covered by unsecured thresholds and property security collateral.

Covenants compliance

Our loan covenants are predominantly based upon interest cover, asset cover and gearing ratios. We monitor covenants compliance monthly and report to Treasury and Finance Committee on a quarterly basis. The Group complied with all financial covenants for the year ended 31 March 2020.

Strategic Report of the Board – Finance

Value for money

Overall delivery of value for money

As discussed in our 2019 report, the focus during 2019/20 was to improve the business health metrics across the Group through improved efficiency and savings from our One Future Programme, organisational restructure and cross functional work process reviews led by the then recently established the Operating Margin Efficiency Panel. In this report we have set out details of progress made.

During the year the focus has been on improving the delivery of services to customers. As detailed on page 18 the One Future Programme has been modernising back office services. In the short term this will continue to cost money, though ultimately this will deliver savings as well as many other benefits.

Value for Money (VfM) is both what we spend, but more importantly what we deliver for the benefit of customers in return for this spend. We have set out below three examples of improvements delivered under the One Future Programme which illustrate the benefits being delivered:

1. **Organisational IT resilience;** over the last two years there has been investment in the IT infrastructure, applications, training and support. As a result, when the Covid-19 lockdown was announced with very little notice in March 2020, the Group was able to switch seamlessly to remote working and was able to maintain all essential services to customers. This would not have been possible but for this investment.
2. **Procurement efficiencies;** we recognise the importance of professional procurement in order to achieve efficiencies and have a dedicated team of procurement professionals who support the business. During the 2019/20 year a new Purchase to Pay system was implemented which will greatly assist in strengthening controls over expenditure, in accuracy of reporting, and in providing data that can be used to inform business decisions.
3. **Customer Relationship Management;** a major project took place over the course of the year to introduce a CRM system which went live shortly after year end. This will bring many benefits through better recording and tracking of service delivery.

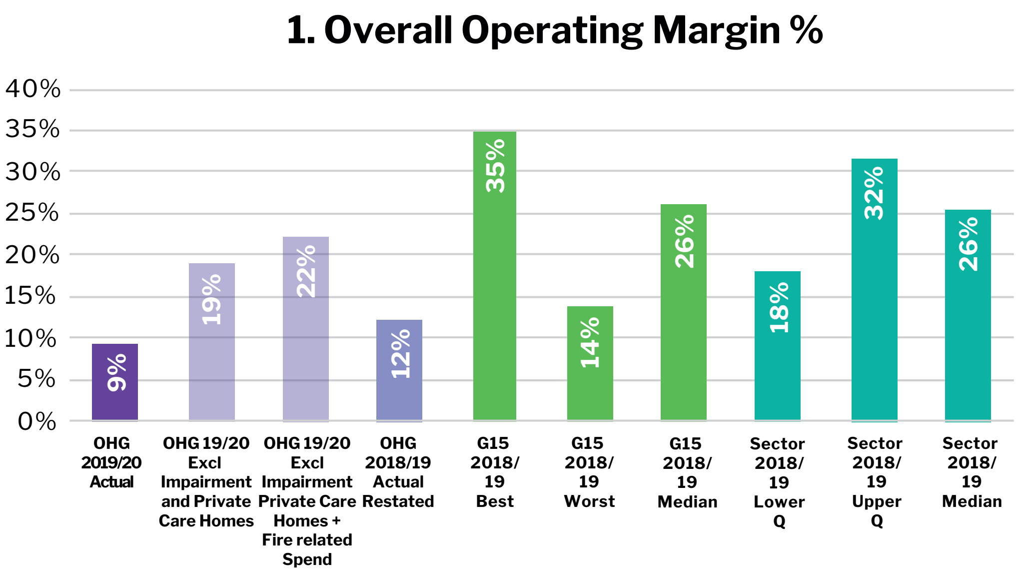
We are mindful that our costs are relatively high by G15 standards. This is partly driven by the nature of our services, since the Care & Support business stream is a low margin activity. Delivery of VfM involves considering costs and benefits over the whole life of an asset or contract, rather than just short-term cost in the coming year. As a long term social housing provider, we believe in investing to deliver ongoing improvements, even if this comes at a short-term cost, provided that this investment delivers significant value for money to our customers. Ultimately this approach will both reduce cost and provide better outcomes.

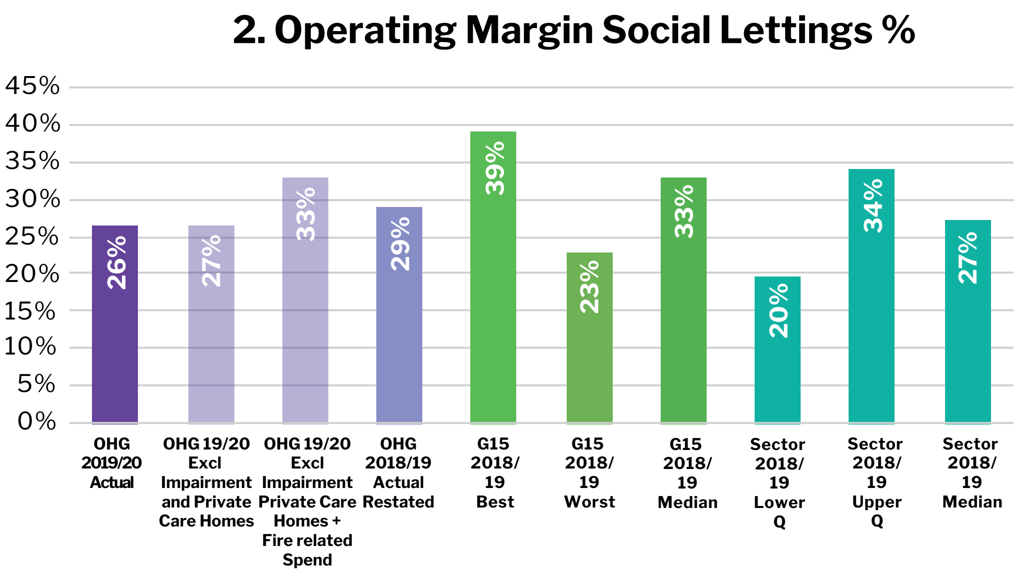
One Housing participates in the annual Sector Scorecard, which reports on 15 metrics that measure our business health, development capacity and supply, outcomes delivered, effective asset management and operating efficiencies. We report in the sections below on our performance measured using these 15 metrics against our peer group, the G15 group of large London-based housing associations, as well as against sector averages. We use 2019 data for comparative purposes as this is a complete data set, whereas 2020 data will not be available in all cases. We track our progress against our prior year metrics. This helps us identify where to focus efforts and resources to deliver improvements for our residents and other stakeholders.

In some cases, we have shown additional measures to exclude the impact of the Baycroft start-up, impairment, additional fire related expenditure, and our low margin care and support business. Where relevant we have restated figures for prior years.

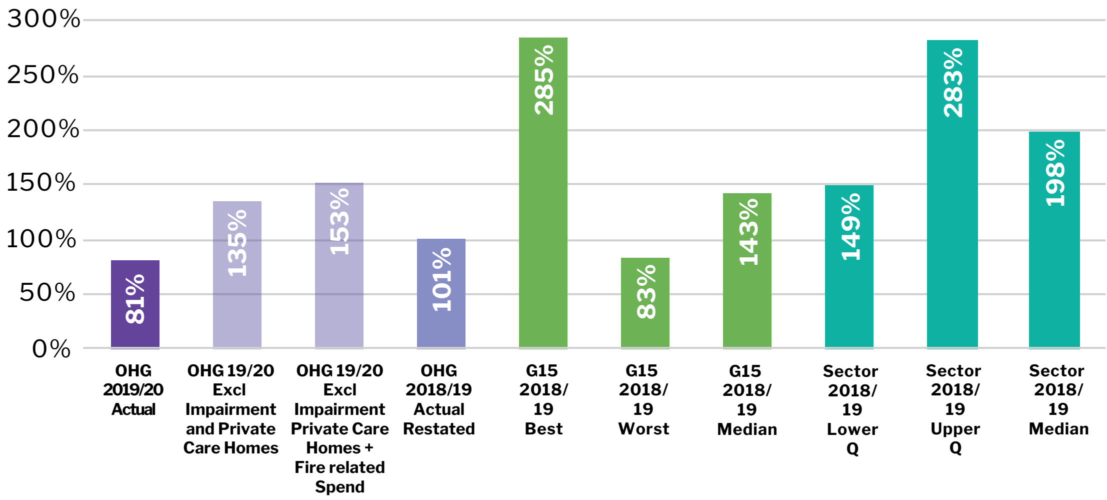
Strategic Report of the Board – Finance
Value for money (continued)

Business Health Measures (metrics 1 – 3)





3. EBITDA MRI (as a % of interest)



Comments on Business Health Measures

- Our overall operating margin metric should be considered in the context of our significant Care and Support activities which operate in a low margin sector;

- The overall operating margin at 9%, a reduction of 3% from prior year of 12% is driven by a number of factors in particular the low sales margins on historic development which were further impacted by impairment provisions totalling £6.8m together with losses from the Baycroft start up;

- We have invested £13.7m in keeping our residents safe through significant expenditure in fire safety and related works, £8.2m of which impacted our operating margin;

- Our operating margin on social housing lettings is broadly in line with sector median but below the G15 median, reflecting the impact of our Care and Support operations.

- Our EBITDA MRI has reduced this year compared to the prior year, primarily for the same reasons associated with historic development schemes, impairment, Baycroft and the increase in our fire related costs.

Over the medium-term, we aim to improve the business health metrics across the Group through improved efficiency, organisational restructure and savings from our One Future Transformational Programme.

Strategic Report of the Board – Finance
Value for money (continued)

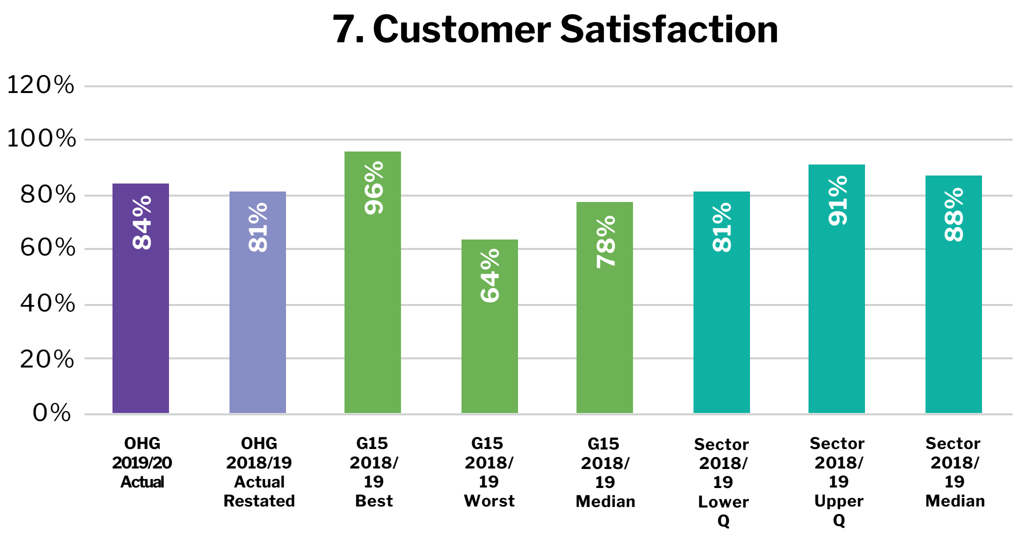
Development Capacity and Supply Measures (metric 4 – 6)

Sector Scorecard	OHG 2020	OHG Restated 2019	G15 Best 2019	G15 Worst 2019	G15 Median 2019	Sector Lower Q 2019	Sector Median 2019	Sector Upper Q 2019
Development- capacity and supply								
4. New supply-social	215	226	1,582	225	790			
4. New supply-social as a % of total units owned	1.3%	1.4%	3.9%	0.8%	1.5%	0.0%	1.0%	2.4%
5. New supply-Non social	123	92	1,292	-	133			
5. New supply-social as a % of total units owned	2.0%	0.6%	2.4%	0.0%	0.6%			
6. Gearing	62%	59%	30%	55%	45%	21%	34%	48%

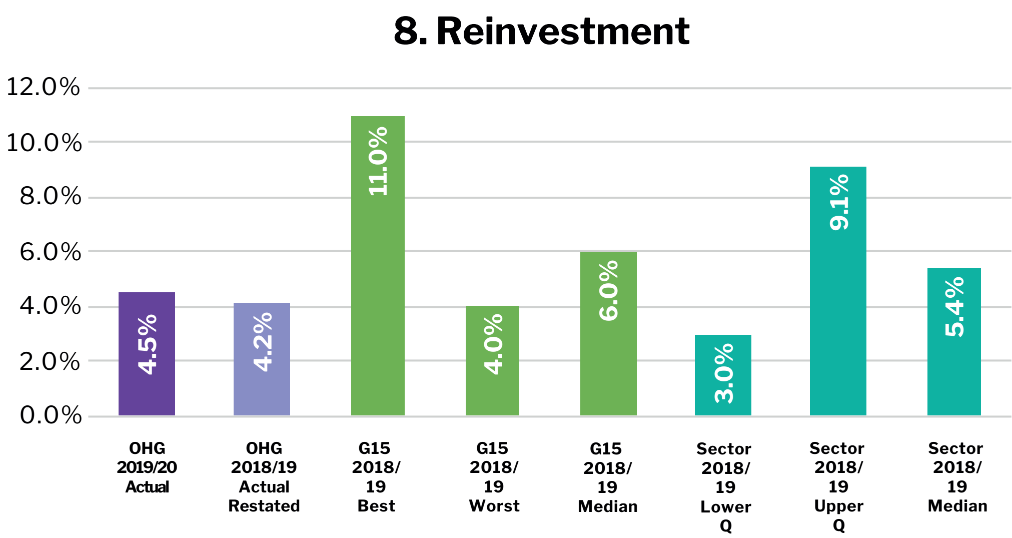
In the year, we delivered 338 new homes for both social and non-social, underlining our ongoing commitment to increase the supply of new homes of which 215 were new social housing properties and 123 non-social housing properties.

Gearing slightly increased to 62% from 59% last year, driven by our debt increasing as a result of delivery of these new homes. The standard calculation for the sector scorecard gearing metric includes the fair value of some non-basic financial instruments as defined under FRS102. After removing this impact, our adjusted gearing ratio is 52%.

Outcomes Delivered Measurements (metrics 7 – 9)



Our customer satisfaction at 84% has increased from last year and is better than the G15 average figure (G15 Median) but a little below the sector median. As detailed on page 18 and elsewhere there are detailed plans in place to improve customer service.



Our reinvestment percentage has increased during the year and is expected to rise further as we increase our investment into existing stock, both in terms of planned component replacement and fire safety spend, and as we look to progress regeneration schemes across our estate.

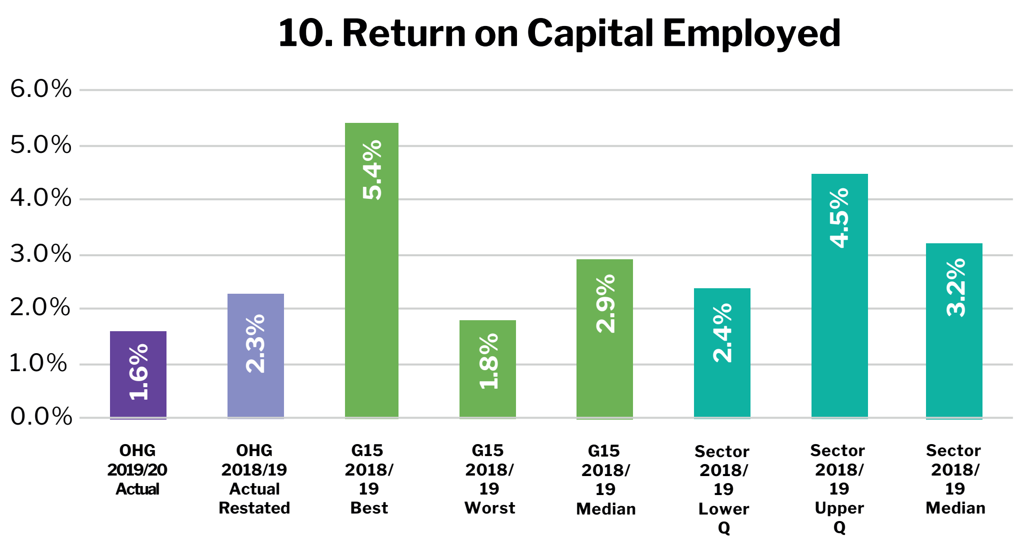
Strategic Report of the Board – Finance
Value for money (continued)

Outcomes Delivered Measurements (metrics 7 – 9) continued

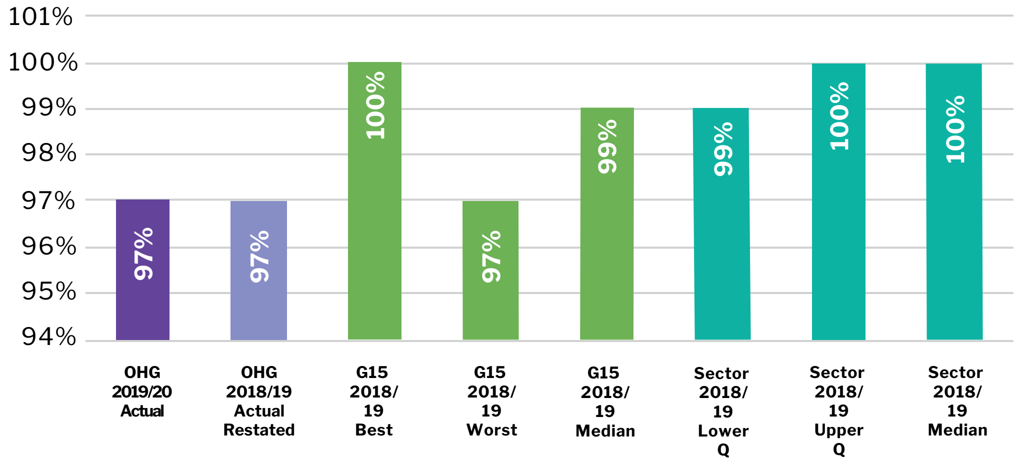
Sector Scorecard	OHG 2020	OHG Restated 2019	G15 Best 2019	G15 Worst 2019	G15 Median 2019	Sector Lower Q 2019	Sector Median 2019	Sector Upper Q 2019
Development- capacity and supply								
7.Customer satisfaction	84%	81%	96%	64%	78%	81%	88%	91%
8. Reinvestment	4.5%	4.2%	11.0%	4.0%	6.0%	3.0%	5.4%	9.1%
9. Investment in communities (£'m)	1.8	1.5	12.4	12.4	0.3	2.6	n/a	n/a

In 2019/20, we invested £1.8 million in community activities across the Group, an increase of £0.3 million from last year. We serve some of the most economically challenged communities in London and through this investment we continue to positively impact our residents' lives.

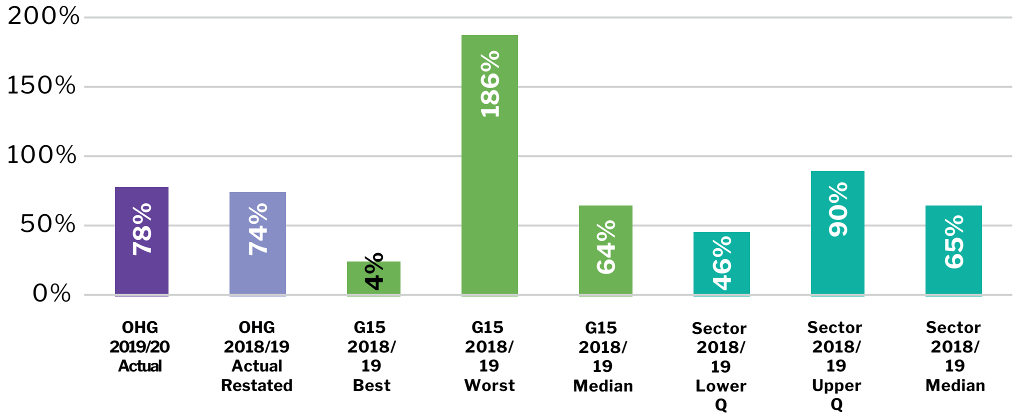
Effective Asset Management Measurements (metrics 10 – 12)



11. Occupancy



12. Ratio of responsive repairs to planned maintenance



The lower return on capital employed reflects our reduced operating margin compared to the prior year for the reasons already discussed.

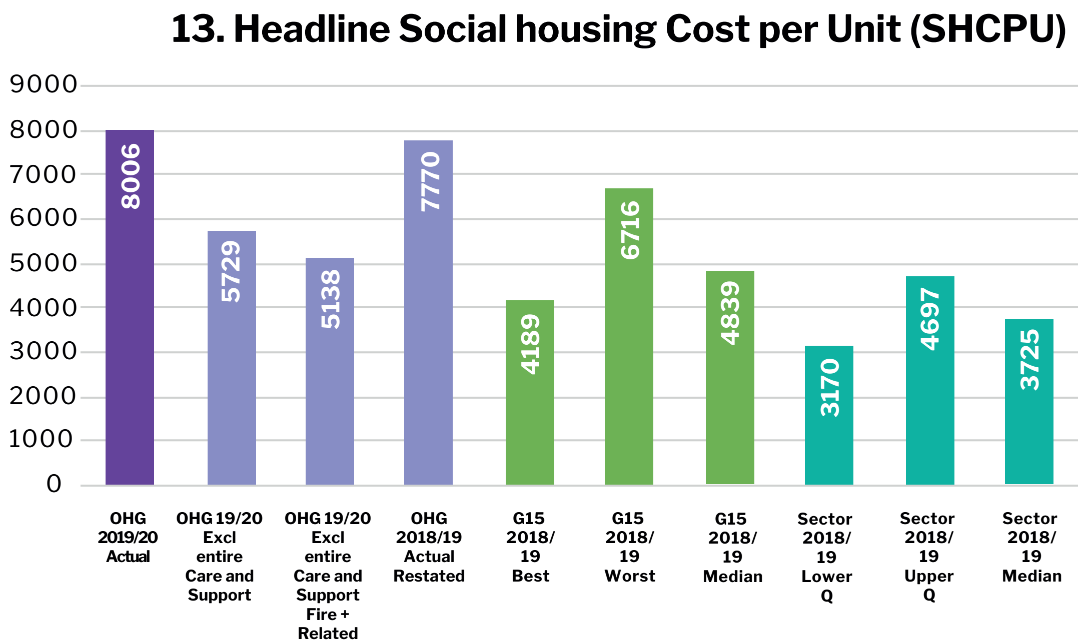
The occupancy percentage of 96.7% is marginally better than last year and the improvements to control over maintenance works should help reduce void turn-around times.

Our ratio of responsive repairs to planned works is too high. The changes made under the new COO detailed earlier, including improved stock condition data, will help address this which will drive VfM.

Strategic Report of the Board – Finance
Value for money (continued)

Operating Efficiencies Measurements (metrics 13 – 15)

Sector Scorecard	OHG 2020	OHG Restated 2019	G15 Best 2019	G15 Worst 2019	G15 Median 2019	Sector Lower Q 2019	Sector Median 2019	Sector Upper Q 2019
Development- capacity and supply								
13. Headline social housing £ cost per unit	8,006	7,770	4,189	6,716	4,839	3,170	3,725	4,697
Management cost per unit	1,155	1,292	588	1,747	1,332	842	1,059	1,319
Service charge per unit	1,499	1,284	511	1,304	767	208	365	648
Maintenance cost per unit	1,066	976	602	1,867	1,166	766	951	1,160
Major Repairs expenditure per unit	1,495	1,444	685	1,683	1,077	470	703	1,020
Other cost per unit	2,791	2,744	33	2,040	450	80	218	259
14. Rent collected	99.5%	100.3%	100.8%	98.8%	99.9%	99.1%	99.8%	100.5%
15. Overheads as a percentage of adjusted turnover	9.2%	10.4%	6.0%	19.1%	10.2%	10.2%	12.8%	15.8%



Headline Social Housing Cost Per Unit (SHCPU)

The graph and table above show how our performance compares with the G15 peer group. Our headline social housing cost per unit of £8,006 is above the G15 average and higher than last year. We are focussing our efforts on reducing our cost base and continuing the drive towards efficiency and improved performance in our overall social housing cost base.

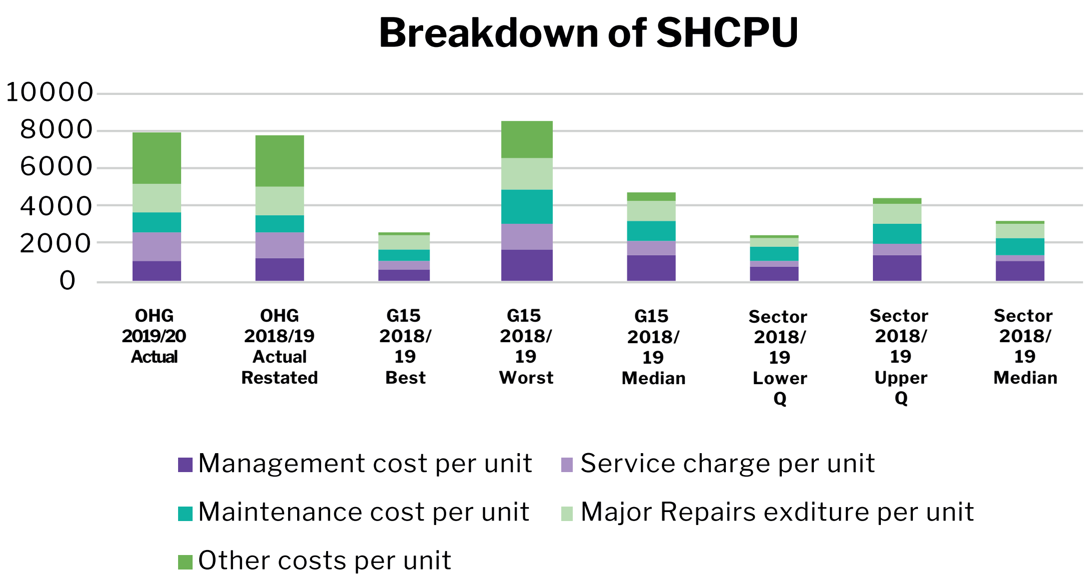
Our maintenance cost per unit at £1,066 although higher this year, continues to be below the G15 median. The stock condition survey work will inform our planned maintenance programme, which will ensure that we deliver value for whatever we spend. Our major repairs cost per unit is higher than last year, a reflection of our continued investment in our fire related and compliance works, as we keep our commitment to ensure our residents are kept safe.

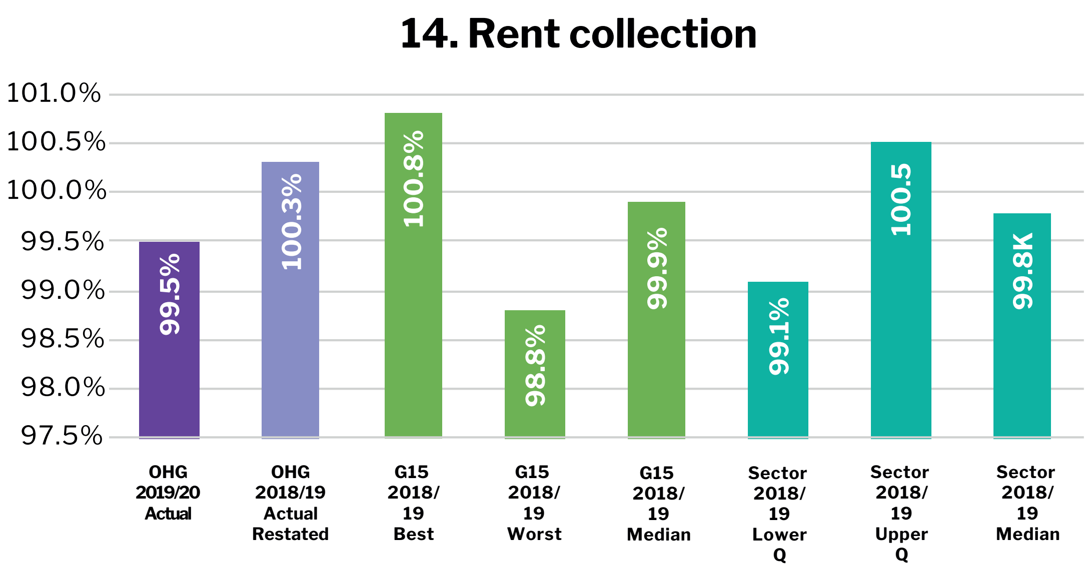
Our supported housing activities include elderly support, floating support and NHS partnership contracts. Our cost base includes £29m from supporting housing contracts. We are a significant provider of lower margin care and support services which materialises in a higher social housing cost per unit. The Headline Social Housing Cost per unit excluding our Care and Support activities is £5,693.

The other costs per unit category is defined by the Regulator as including development costs not capitalised, community costs and charges relating to support services. Support services predominantly includes our care and support services, impacting on the outcome of this metric.

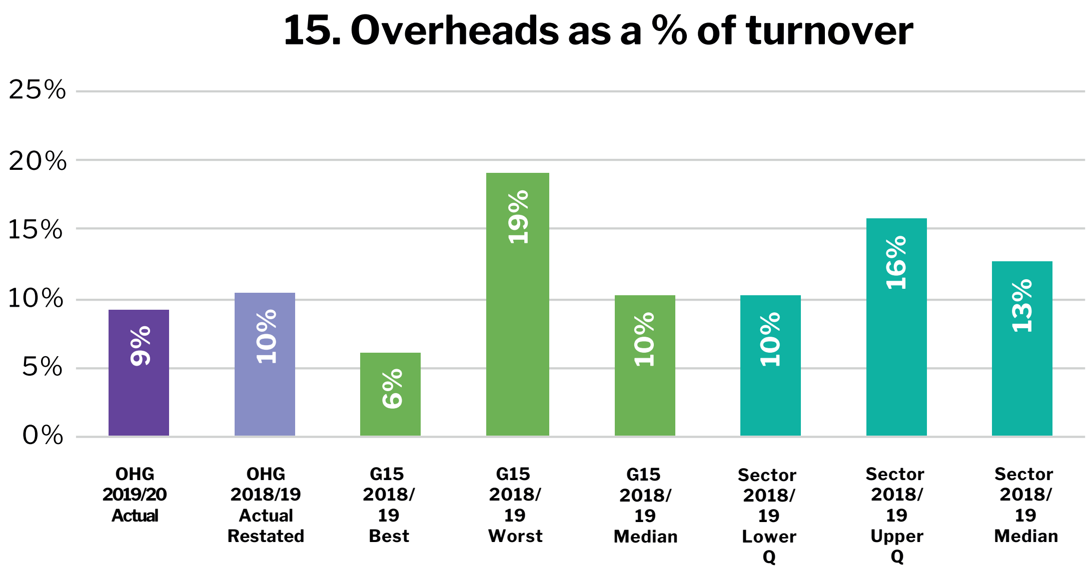
Strategic Report of the Board – Finance

Value for money (continued)

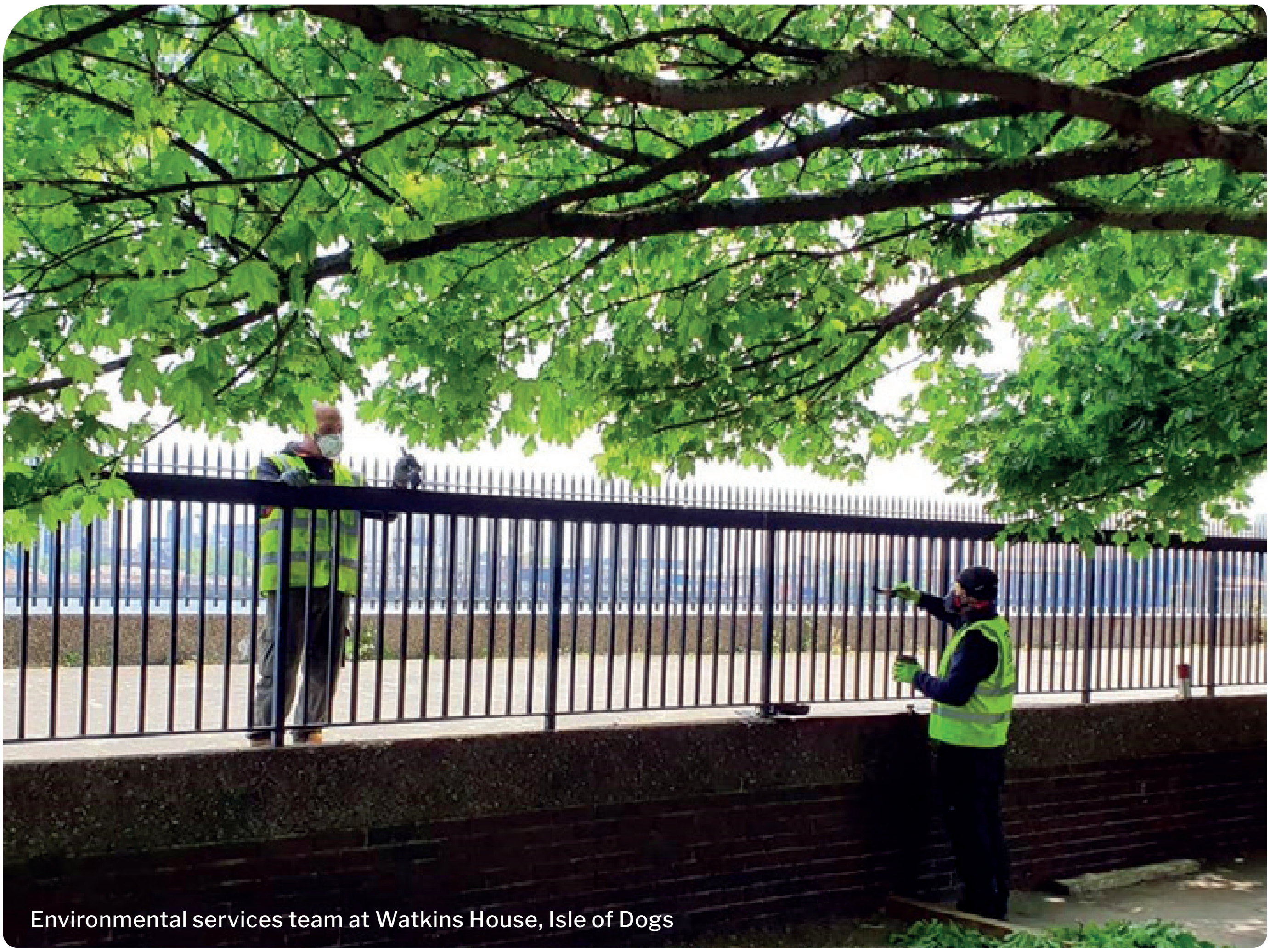




At year end, there were nearly 1,500 residents claiming Universal Credit, an increase of 600 (67%) during the year. Despite this pressure, we achieved our target of 99.5% of rent collection. We gave extra support to residents moving onto Universal Credit, including providing advisers to help support them navigate the challenges of moving onto the new benefit.



Our overheads as a percentage of turnover are slightly better than both the sector and G15 median.


Environmental services team at Watkins House, Isle of Dogs

Strategic Report of the Board – Governance
Group and Committee Structure

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
At the end of July 2019 two long-standing board members, Carol Yarde and Vijay Sodiwala, stood down in line with tenure requirements. A new resident board member, Alexandra Jones, was recruited through open advertisement and appointed in August 2019. On 31 July 2020 the Chair, Steve Douglas, stood down in order to take a full time executive role which could have potentially conflicted with his role as Chair. During the year and in the period since, the Board has consisted of between eight and ten non-executive members plus the Chief Executive Officer and Chief Financial Officer.

Given the level of change in the external environment as well as organisational change, a decision was taken in January 2020 to fill the vacant Board post with additional finance and treasury expertise. Lee Gibson, who had been an independent committee member of the Treasury and Finance Committee and Audit and Risk Committee for 18 months, has joined the Board for a fixed term until July 2021.

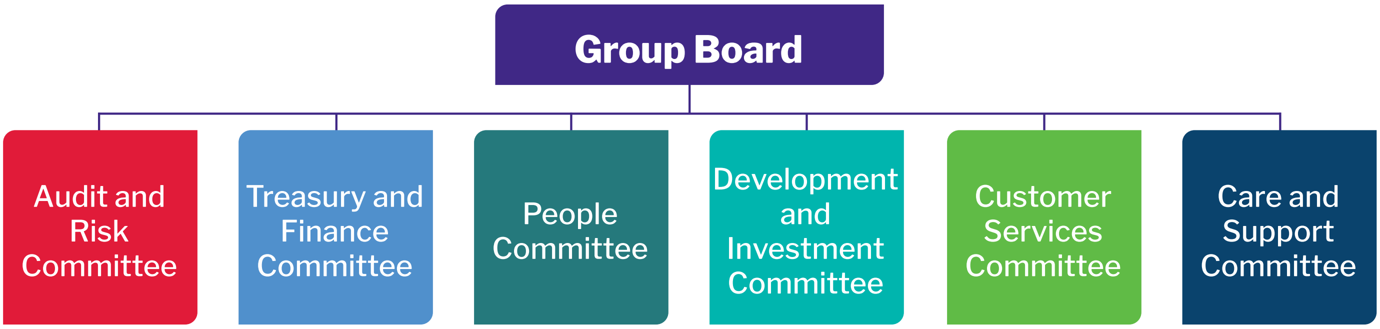
The details of those who served on the Board and Executive Team during the year are detailed on page 104. Our Board members are recruited for their individual skills and experience and more information about each of our Board members' backgrounds can be found on our website.

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 controls 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.

Role of the Board committees
During the year the Group revised its committee structure and concluded that the optimal committee structure for oversight of the Group's activities was the following:



The major committees supporting the Board in its activities are:

Audit and Risk Committee - supports the Board in its responsibilities for risk, control, governance and compliance matters, including reviewing the effectiveness of internal controls and risk management; statutory and regulatory compliance; internal and external audit, including annual accounts; fraud, whistleblowing, probity; and health and safety.

Treasury and Finance Committee - oversees delivery of the Group's Treasury Strategy, compliance with the Treasury Management Policy and other key financial matters. The committee has delegated authority in relation to treasury and finance activities. Subsidiary companies of OHGL have delegated responsibility for treasury management to OHGL which in turn has delegated these matters to this committee.

People Committee - supports Group Board in ensuring that workforce policies and practices are consistent with the values of the Group. The committee is also responsible for leading the process on appointments, ensuring plans are in place for orderly succession to both the Board and Executive positions and to oversee the development of a diverse pipeline for succession.

Development and Investment Committee - assists Group Board in approving certain development activities and in monitoring the performance of the Group's development and sales programme. Subsidiary companies of OHGL have delegated responsibility for development and investment activity to OHGL (in so far as it aligns with their Articles of Association) which in turn has delegated these matters to this committee.

Customer Services Committee - supports Group Board in its responsibilities for scrutinising and reviewing the policy, performance and overall service delivery.

Care and Support Committee - supports Group Board in its responsibilities for overseeing and scrutinising the strategy, performance and operational delivery of care and support services.

All committees report to the Board meeting held subsequent to each committee meeting. Committee membership is drawn from non-executive board members, members of the Executive Team and, for the Customer Services Committee, Area Panel Chairs. There are also independent members on the Care and Support Committee. All committees are chaired by a non-executive Board member.

Strategic Report of the Board – Governance
Group and Committee Structure (continued)

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 ample opportunity to consider the issues to be discussed. Detailed minutes and any actions arising out of the discussions are documented.

Attendance of Board members at Board and committee meetings held during the year ended 31 March 2020 is shown below:

Board and Committee Attendance

	Board	Audit and Risk Committee	People Committee	Development and Investment Committee	Treasury and Finance Committee	Care and Support Committee	Customer Services Committee
Alexandra Jones	3/3						2/3
Caroline Corby	6/6	7/7			10/10		
Julie Price	5/6		3/3				
Kevin Brush	6/6			5/5			4/4
Rommel Pereira	5/6	7/7			10/10		
Sandra Skeete	6/6			3/5			4/4
Steve Douglas	6/6		3/3				
Stewart Daven-port	6/6		2/2	4/5			
Wendy Wallace	6/6	7/7				4/4	

The Group Board Chair also attends at least one meeting of each committee during the year.

Non-Board (Independent) Committee Members

	Board	Audit and Risk Committee	People Committee	Development and Investment Committee	Treasury and Finance Committee	Care and Support Committee	Customer Services Committee
Yvonne Arrowsmith						3/4	
Lee Gibson		6/7			9/10		
Alison Rose-Quirie						4/4	

Chairs of our resident panels are also non-voting members of our Customer Services Committee. Between meetings, the Board has an approved process to decide urgent matters by Written Resolution.

Conflicts of interest

Under the NHF's Code of Conduct which the Board has adopted, 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 and Committee members are also required to complete a declaration of interests form annually or when interests change.

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

The Board undertakes a formal evaluation of its effectiveness on an annual basis. Each committee does likewise and the Chair reviews individual Board member performance with members.

As part of good governance, every three years the Board has an external Board effectiveness review. An external review was carried out in the spring/summer of 2020 and the Board had a detailed discussion of the outcomes at its July 2020 away day. Actions arising are included in a governance plan.

Subsidiary company governance

The Group has subsidiary companies established for specific purposes. Each subsidiary company has its own Board of Directors who meet quarterly. The Development and Investment Committee receives regular reports on the business of the Group's subsidiaries, the Audit & Risk Committee review the annual financial statements and the Board also receives updates. We are in the process of streamlining the group structure.

Strategic Report of the Board – Governance
Diversity and Inclusion

Diversity and gender pay gap

We were pleased to see from our recent staff survey that an overwhelming majority of colleagues at One Housing are positively committed to building a diverse and inclusive organisation.

As an organisation we must publish our gender pay gap each year. This means we look at the gap between what the average woman and man receive in the organisation. This is not the same as equal pay which highlights when men and women are paid differently for the same job.

Pay Gap

Our mean gender pay gap was 21.35% as of 5 April 2019 (8.18% for non health, care and support). This is a reduction of 2% since 2018. The mean percentage is worked out by adding all the men's salaries and dividing by the number of men in the organisation and adding all the women's salaries and dividing by the number of women. The mean gender pay gap is the difference between these two numbers.

Our median gender pay gap was 13.57% as of 5 April 2019 (7.05% for non health, care and support). This is an increase of 2% since 2018, but remains less than the national average of 17.9%. The median is calculated for each gender by listing all the salaries from highest to lowest and then selecting the number in the middle of that list. The median gender pay gap is the difference between the middle figure for women and for men.

Our workforce

In April 2019 our workforce comprised 66.89% females and 31.1% males. This is an increase of 3.19% of women being employed in OH and shows that 3% more women are employed at the top quarter of the organisation. This is part of our work of improving diversity and inclusion within the organisation.

Quartile	Females	Male
Upper quartile (the highest paid 25%)	53.68%	46.32%
Upper middle quartile (the next 25%)	61.05%	38.95%
Lower middle quartile (the next 25%)	68.8%	31.12%
Lowest quartile (the lowest paid 25%)	79.3%	20.7%

As in 2018 we can see that the number of women employed in the lower quartile remains high. We know that a significant number of these roles are care staff working in our 16 homes across London and the South East. We also know that other care providers report similar or higher gender pay gaps, which demonstrates a national trend in this industry, rather than this issue being specific to us.

Bonus Payment

The gender pay gap also looks at the difference in bonus payments to men and women.

The mean bonus pay gap was 39.41% as of 5 April 2019. In this period, 7.7% of men and 2.7% of women received the bonus, compared to the period 2017/2018 when 41.5% of men and 51.3% of women received the bonus. We have taken steps to improve this by reducing eligibility for bonus payments across the business and the mean bonus pay gap for April 2020 is 19.9%.

Our next steps

We continue to develop our diversity and inclusion groups, reporting on diversity statistics and action plans to our non executive directors through our People Committee. We encourage women to develop their careers either in One Housing or, if opportunities are not available, in another organisation. We run monthly learning and personal development events targeted at supporting women to progress in their careers in One Housing. We have also seen an increase in the representation of women at senior levels of the organisation, with our Executive Team now comprising 50% women.

We have introduced the London Living Wage across all our care schemes, which is where a significant number of women are employed.

Ethnicity Pay Gap

Although organisations are not yet required to publish the ethnicity pay gap, we have calculated that the median ethnicity pay gap was 4.3% and the mean ethnicity pay gap was 15.96% as of 5 April 2019. Our current workforce comprises 53% BAME staff.

Strategic Report of the Board – Governance
Compliance with Regulatory Standards

Compliance with Governance and Financial Viability Standard

At their September 2020 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 both during the year to 31 March 2020 and in the period to the date of approving these financial statements.

This Code is issued by 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 (i.e. registered providers and not local authority providers of social housing).

One Housing Group underwent an In-Depth Assessment ("IDA") by the Regulator at the end of 2018 and was upgraded from a G2 to a G1 regulatory rating. OHG retained its V2 rating for viability which recognises we are an active, successful and developing housing association.

The G1/V2 rating was confirmed following the stability check undertaken by the Regulator on the 13th November 2019.

Code of governance
The Board took the decision to adopt the NHF Code of Governance in the summer of 2018 and, following a detailed assessment against the provisions of the Code, has confirmed its compliance. The Board also considers the provisions of the UK Corporate Governance Code.

Compliance with reporting standards and legislation
The Board further confirms 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.

In particular, the Board has considered the material risks arising both from the Covid-19 environment and from the need to undertake material cladding replacement and other fire safety related works in an evolving regulatory environment, the impact of these operational risks and how they can be mitigated. We considered the implications of these risks to ensure that the Group has adequate resources to meet its financial obligations.

Our short-term cash flow forecast went through sensitivity analysis to determine the impact of the Covid-19 significant risks materialising and to support our confidence in our level of liquidity. We have been able to conclude that we hold sufficient liquidity to absorb Covid-19 risks. The stress testing demonstrated that even in severe circumstances we have sufficient available facilities to absorb any significant risks arising from Covid-19. The Board has also considered steps to manage and mitigate against the risks concerning cladding replacement and other fire safety related works, and our mitigations include disposals of cash generating assets, reprofiling our planned programme of capital works and proactive funder engagement.

Following the stress testing analysis, the Board has concluded that the Group has adequate resources to continue its operations for the foreseeable future and meet its financial obligations. For this reason, the going concern principle has been applied in preparing these financial statements.

Strategic Report of the Board – Governance
Effectiveness of Internal Controls

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 Audit & Risk Committee ("ARC") has been in operation throughout the period and overseen 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 ARC 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;
- 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;
- regular Group Board review of risk management processes;
- documented policies and procedures for key operational areas;
- maintaining a fraud register and related processes including the review of the register at ARC meetings;
- adoption of an internal audit programme monitored by the ARC;
- Board review of the external audit management letter;
- A standing item at all ARC meetings for members to meet privately with BDO LLP (external audit) and KPMG (internal audit) without executive or other staff members present;

- review of all regulatory reports;
- insurance policies to ensure that the Group's assets and activities are properly insured in accordance with best practice; and
- controls systems and staff training for core financial operations.

We have a suite of probity policies designed to tackle fraud, bribery, corruption, theft and breaches of regulations. These are reviewed regularly.

The ARC 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 both through an annual report and the minutes of its meetings.

Significant work has continued during the year to continue to strengthen control processes, building on the work of the previous year. These include:

- review of key corporate policies and processes
- substantial uplift in resources for corporate compliance, risk management, assurance, corporate governance and data protection
- implementing systematic monitoring and improving of core data quality
- automation of key performance management reporting.

Continuing this work remains a priority for ARC and the Board.

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 (2019: £nil).

Strategic Report of the Board – Governance
Risk Management

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 Group Board has overall responsibility for risk management. It is supported in this by the Audit and Risk Committee (ARC) and risk is a standing item at all ARC and Board meetings. Strategic risks are identified, evaluated, managed and reported to Board by Executive.

Operational risks are largely the responsibility of executive directors, with Executive Team as a whole and then ARC, providing oversight and challenge. Risks identified in board committees' discussions are reported to ARC to ensure a clear line of sight across all areas of operation and activity at board level.

Emerging risks are reported to Executive, ARC and Board for consideration and discussion. The Board and the committees, in particular ARC, continue to provide robust challenge to the Executive across all aspects of risk management.

Our framework
Our risk management framework – which includes our risk management strategy, risk management policy, our risk appetite approach and an annual review of the Regulator of Social Housing's sector risk profile - forms part of our wider risk, control and assurance framework. A strategic risk register is maintained and in addition all directorates have operational risk registers. Our programme and project management approach also encompasses risk registers and RAG ratings for key performance indicators. When the pandemic struck and our business continuity processes took effect, all directorates produced revised service plans and related risk registers. Key risks were also monitored by individual care scheme.

The approach we take to all aspects of how we work with our customers, stakeholders and colleagues is that we expect risk management to be at the heart of how colleagues interact, engage and work together. Through a range of wider activities across our business such as our change management processes and our audit clinics we focus on an holistic approach to risk, control and assurance.

We assess inherent risk levels (i.e. without mitigations) and re-assess those risks with mitigations in place to ensure that risks are being adequately managed. We also set a target risk score for each risk so that we can, over time, manage risks to an optimum level taking account of what we can control and, in the macro sense, what we can only influence.

Risk appetite

We use risk appetite, or put more simply risk tolerance levels, to set out the level of risk the Board is prepared to accept in given scenarios or specified areas of our activity. Our risk appetite statement was set by the Board in July 2018 and is made up of two types of measurement:

- quantitative measures that are specific and measurable (e.g. approved financial indicators, hurdle rates for scheme development and contractual loan covenant measures); and
- qualitative indicators which are applied to each of our corporate objectives.

Tolerances for qualitative indicators vary within set criteria depending on the risk area. For example, the Board agreed the Group should be strongly risk averse when it comes to customer and employee health and safety and to compliance with legal and regulatory requirements. There is more flexibility for carefully managed innovation in some areas such as development and customer services where the risk appetite is 'open'. Given the vastly changed external environment in which we operate, the Board will be reviewing its risk appetite in November 2020.

2019/20: A challenging year with uncertainties ahead

Like the rest of the sector, One Housing faced significant challenges and consequential heightened risks in 2019/20 and through into 2020/21. Whilst a no-deal Brexit once seemed relatively unlikely it is now a real possibility. The impact on the housing market of Brexit uncertainty, coupled with the impact of Covid-19 has meant we have chosen to manage sales and related financial risks, for example, by changing the tenure balance in some schemes away from market sale.

Ensuring the safety of our residents remains our primary concern. We are committed to making all our buildings safe in line with recent requirements. However, cladding remediation and other works to improve fire safety will cost us, we estimate, c.£265m over the next ten years. Government funding of £1bn for the entire country is significantly short of the amount which it is estimated will be needed.

Towards the very end of 2019/20 we faced the Covid-19 global pandemic. Managing risks to customer and staff safety, particularly in our care homes, was our focus as we prioritised safety over cost. Through our Pandemic Preparedness Planning, key risks were actively and successfully managed. The impact on our costs and the income of our care and support business as a consequence of Covid-19 was significant, and is likely to continue to be through much of 2020/21. We are actively addressing those risks through our risk management processes.

In Quarter four, business continuity activity was undertaken to prepare for and respond to the COVID-19 threat. Key assurance measures implemented were:

- a corporate pandemic preparedness plan supported by risk-based service level plans
- a Board sub-group, which met weekly from the start of April, reviewing the COVID-19 response, risk management and governance
- strategic and operational pandemic preparedness teams with reporting to ARC

Strategic Report of the Board – Governance

Risk Management (continued)

2019/20: A challenging year with uncertainties ahead (continued)

- strategic and operational COVID-19 Risk Registers
- dedicated procedures, assurance and governance arrangements for high risk COVID-19 related activities
- customer and staff facing web-based information centres.

Key strategic risks

Our key risks, causes and risk mitigations are summarised below.

Risk	Caused by	Key mitigations
A challenging operational and financial environment coupled with poor financial performance leads to breach of covenant(s) with potential adverse consequences for service delivery to tenants / other customers	An adverse impact on our costs and revenue streams because of Covid-19 Significant fire/cladding costs, given the profile of our stock A softening housing market - further impacted by Covid-19 and Brexit Market and economic uncertainty	Covenant compliance is a central tenet of our long-term financial plan and budget preparation Proactive engagement with our funders; seek agreement from funders to amend covenants to carve out fire safety / cladding expenditure; delay the timing of expenditure Re-profiling of development schemes to manage cash flow and repurposing of schemes, or a percentage of properties in schemes Defer any non-essential expenditure; Asset disposals

Risk	Caused by	Key mitigations
The financial deliverables in our Care and Support 5 Year Strategy are not achieved in expected timescales	Covid-19's impact on costs including PPE and staffing and on occupancy of care homes Under-occupancy, particularly in the Baycroft schemes results in loss of forecasted revenue	Implemented a flexible staffing model across Care & Support. Income collection and occupancy reported via cascade of Performance Indicators; Care and Support Committee Performance Indicator Suite Proposed pause in development of land led Baycroft schemes until Covid-19 impact on care homes becomes clear and the Baycroft model is more established.
Failure to meet Health & Safety obligations in relation to asset management and compliance	Changes to legal/government requirements and obligations in particular for cladding An asset profile which includes a significant proportion of high-rise flats	Removal of Aluminium Composite Material (ACM) cladding either fully completed or underway. Additional safety measures including Waking Watch. Board agreed additional spend on Fire Safety in 2020/21 and over the long-term financial plan External experts conducting Fire Risk Assessments across the portfolio and ensuring that prioritisation of follow up actions determined on a risk weighted basis. Progress to this and risk-based actions reported to Audit & Risk Committee and Board

Strategic Report of the Board – Governance
Risk Management (continued)

2019/20: A challenging year with uncertainties ahead (continued)

Key strategic risks (continued)
Our key risks, causes and risk mitigations are summarised below.

Risk	Caused by	Key mitigations
We do not manage resident concerns / dissatisfaction effectively in respect of sector-wide issues such as leaseholder cladding costs	Insufficient government funding made available for cladding Leaseholder dissatisfaction at potential re-charge of costs	Bids submitted to Building Safety Fund to cover leaseholder costs for buildings that need cladding replacement Communications to residents being increased following feedback from Resident Panel members at Customer Services Committee
Measures to prevent COVID-19 infection are inadequate leading to serious illness / deaths including major outbreak in C&S scheme(s)	Improper use of PPE Staff not self-isolating as directed by Public Health England advice Poor testing regime fails to register extent of outbreak	Existing suite of Care & Support policies and procedures, supplemented by Covid-19 specific guidance Active management of PPE sourcing, overseen by Care & Support management and PPE Working Group Infection control processes including flagging procedure for self-isolating customers, emergency repair procedure, cocooning procedure

Risk	Caused by	Key mitigations
Significant levels of transformational change in the organisational structure and operating model adversely impact business delivery.	Capacity of organisation to effect simultaneous changes in multiple business areas; purpose of changes not understood or not properly embedded A number of change initiatives happening at the same time which are not coordinated	Clear, regular staff engagement and communication on purpose of change and modernisation. WorkPlace successfully adopted and now the default communication mechanism to keep staff appraised of change drivers, events & outcomes Successful implementation of Customer Relationship Management, Customer Contact Management and Purchase to Pay systems successfully completed with further phases of enhancement ongoing and benefits tracking under way Staff surveys now mandatory project activity in terms of accessing change readiness prior - and effectiveness after a significant change event

Approval

This strategic report was approved by order of the Board

Caroline Corby
Chair

Richard Hill
Chief Executive

Hilary Milne
Secretary

Date: 24 September 2020

Strategic Report of the Board – Governance
Board Members' Responsibilities

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
- 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 and association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and association and enable them to ensure that the financial statements comply 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. They are also responsible for safeguarding the assets of the Group and association and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Board is responsible for ensuring that its report is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

Financial statements are published on the Group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group and association's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Annual general meeting

The Annual General Meeting will be held on 24 September 2020.

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 ARC reviewed the effectiveness of both the external and internal audit process. The Board and ARC are satisfied that BDO LLP continues to meet the Group's requirements for external 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

Caroline Corby	**Richard Hill**	**Hilary Milne**
Chair	Chief Executive	Secretary

Date: 24 September 2020

Independent auditor's report to the members of One Housing Group Limited **for the year ended 31 March 2020**

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 2020 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 equity, 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 2020 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 2019.

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.

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 Report of the Board and the Strategic Report 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.

Independent auditor's report to the members of One Housing Group Limited **for the year ended 31 March 2020 (continued)**

Responsibilities of the Board (continued)

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.

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: 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 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

BDO LLP
Statutory Auditor
Gatwick

Date: 30 September 2020

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

Boyn Heights, Maidenhead

Consolidated and Association statement of comprehensive income **for the year ended 31 March 2020**

	Notes	Group 2020 £'000	Restated 2019 £'000	Association 2020 £'000	Restated 2019 £'000
Turnover	4, 5	**218,962**	212,825	**185,310**	194,657
Cost of sales	4, 5	**(59,479)**	(53,065)	**(12,825)**	(18,249)
Operating costs	4, 5	**(139,247)**	(134,043)	**(142,504)**	(140,176)
Surplus on disposal of fixed assets	11	**11,360**	15,371	**18,304**	13,584
Share of (deficit)/surplus in joint ventures	19	**(16)**	4,337	**-**	-
Operating surplus	7	**31,580**	45,425	**48,285**	49,816
Other interest receivable and similar income	12	**468**	1,205	**913**	1,310
Interest and financing costs	13	**(36,400)**	(33,190)	**(35,885)**	(33,375)
Movement in fair value of financial instruments	29	**(6,019)**	1,559	**(6,019)**	1,559
Movement in fair value of investment properties	17	**1,784**	(2,281)	**5,878**	(3,343)
Movement in fair value of listed investment	20	**(6)**	-	**(6)**	-
(Deficit)/surplus before taxation		**(8,595)**	12,718	**13,164**	15,967
Taxation on (deficit) / surplus	14	**5,936**	98	**40**	50
(Deficit)/surplus for the financial year		**(2,657)**	12,816	**13,206**	16,017
Actuarial gain/(loss) on defined benefit pension schemes	31	**8,572**	(9,268)	**8,572**	(9,268)
Total comprehensive income for year		**5,915**	3,548	**21,778**	6,749
Total comprehensive income attributable to:					
Owners of the parent		**5,897**	3,558	**21,778**	6,749
Non-controlling interests		**18**	(10)	**-**	-
		5,915	**3,548**	**21,778**	**6,749**

All activities relate to continuing operations.
The notes on pages 92 to 165 form part of these financial statements.

Consolidated and Association statement of financial position **as at 31 March 2020**

	Notes	Group 2020 £'000	Restated 2019 £'000	Association 2020 £'000	Restated 2019 £'000
Tangible fixed assets					
Tangible fixed assets - housing properties	15	**1,680,097**	1,644,688	**1,697,000**	1,660,340
Tangible fixed assets - other	16	**30,085**	23,615	**30,013**	22,947
Investment properties	17	**222,219**	214,404	**90,809**	146,766
Investments - subsidiaries	18	**-**	-	**212,817**	176,150
Investments - joint ventures	19	**49,504**	38,336	**-**	-
Investments - listed investments	20	**30**	24	**30**	24
		1,981,935	1,921,067	**2,030,669**	2,006,227
Current assets					
Properties for sale	21	**123,679**	158,194	**62,389**	53,256
Debtors	22	**31,152**	30,491	**127,420**	51,528
Cash and cash equivalents		**53,932**	60,474	**47,351**	53,288
		208,763	249,159	**237,160**	158,072
Creditors: amounts falling due within one year	23	**(199,603)**	(153,347)	**(297,060)**	(169,891)
Net current assets		**9,160**	95,812	**(59,900)**	(11,819)
Total assets less current liabilities		**1,991,095**	2,016,879	**1,970,769**	1,994,408
Creditors: amounts falling due after more than one year	24	**(1,631,561)**	(1,647,949)	**(1,585,056)**	1,620,947)
Provision for liabilities	30	**(1,224)**	(6,934)	**(462)**	(388)

	Notes	**Group 2020 £'000**	Restated 2019 £'000	**Association 2020 £'000**	Restated 2019 £'000
Net assets excluding pension liability		**358,310**	361,996	**385,251**	373,073
Pension liability	31	**(5,983)**	(15,583)	**(5,983)**	(15,583)
Net assets		**352,327**	346,413	**379,268**	357,490
Capital and reserves					
Called up share capital	33	**-**	-	**-**	-
Income and expenditure reserve		**352,183**	344,438	**379,263**	357,485
Restricted reserves		**90**	1,938	**5**	5
Equity attributable to owners of the parent		**352,273**	346,376	**379,268**	357,490
Non-controlling interests		**54**	37	**-**	-
Total equity		**352,327**	**346,413**	**379,268**	**357,490**

The notes on pages 92 to 165 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 24 September 2020 and signed on its behalf by:

Caroline Corby
Chair

Richard Hill
Chief Executive

Hilary Milne
Secretary

Consolidated and Association statement of changes in reserves
for the year ended 31 March 2020

Clarence House, Bedford

Group Year ended 31 March 2020	Income and expenditure reserve Restated £'000	Restricted reserve £'000	Total Restated £'000
Balance at 1 April 2019	410,179	1,938	412,117
Effects of prior year adjustments - note 41	(65,741)	-	(65,741)
Balance at 1 April 2019 (as restated)	344,438	1,938	346,376
(Deficit)/Surplus for the year	(2,609)	(48)	(2,657)
Other comprehensive income:			
Actuarial gain on pensions	8,572	-	8,572
Non - controlling interest	(18)		(18)
Reserves transfers:			
Restricted reserve to income and expenditure reserve	1,800	1,800	-
Balance at 31 March 2020	**352,183**	**90**	**352,273**

Group Year ended 31 March 2019	Income and expenditure reserve Restated £'000	Restricted reserve £'000	Total Restated £'000
Balance at 1 April 2018	399,250	1,948	401,198
Effects of prior year adjustments - note 41	(58,378)	-	(58,378)
Balance at 1 April 2018 (as restated)	340,872	1,948	342,820
Surplus for the year (as restated)	12,814	-	12,814
Other comprehensive income:			
Actuarial (loss) on pensions	(9,268)	-	(9,268)
Non - controlling interest	10		10
Reserves transfers:			
Restricted reserve to income and expenditure reserve	10	(10)	-
Balance at 31 March 2019 (as restated)	**344,438**	**1,938**	**346,376**

Consolidated and Association statement of changes in reserves (continued)
for the year ended 31 March 2020


Environmental services team at Watkins House, Isle of Dogs

Association Year ended 31 March 2020	Income and expenditure reserve Restated £'000	Restricted reserve £'000	Total Restated £'000
Balance at 1 April 2019	412,535	5	412,540
Effects of prior year adjustments - note 41	(55,050)	-	(55,050)
Balance at 1 April 2019 (as restated)	357,485	5	357,490
Surplus for the year	13,206	-	13,206
Other comprehensive income:			
Actuarial gain on pensions	8,572	-	8,572
Reserves transfers:			
Balance at 31 March 2020	**379,263**	**5**	**379,268**

Association Year ended 31 March 2019	Income and expenditure reserve Restated £'000	Restricted reserve £'000	Total Restated £'000
Balance at 1 April 2018	397,420	14	397,434
Effects of prior year adjustments - note 41	(46,694)	-	(46,694)
Balance at 1 April 2018 (as restated)	350,726	14	350,740
Surplus for the year	16,018	-	16,018
Other comprehensive income:			
Actuarial loss on pensions	(9,268)	-	(9,268)
Reserves transfers:			
Restricted reserve to income and expenditure reserve	9	(9)	-
Balance at 31 March 2019 (as restated)	**357,485**	**5**	**357,490**

Consolidated statement of cash flows **for the year ended 31 March 2020**

	2020 £'000	2019 Restated £'000
Cash flows from operating activities surplus for the financial year	5,915	3,548
Adjustments for:		
Depreciation of fixed assets - housing properties	16,233	10,080
Depreciation of fixed assets - other	2,350	1,508
Amortised grant	(5,543)	(4,676)
Disposal of components	435	-
Impairment	(6,811)	(6,162)
Share of deficit/(surplus) in joint ventures	16	(4,337)
Net fair value losses recognised in profit or loss	4,241	722
Interest payable and finance costs	36,400	33,191
Interest received	(468)	(1,205)
Taxation expense	(5,936)	(98)
Add back cost of sales fixed assets - housing properties	10,891	7,617
Value of stock swap	-	2,415
Movement in trade and other debtors	(2,372)	(9,325)
Movement in stocks	53,230	30,709
Movement in trade and other creditors	(735)	37,724
Movement in provisions	75	580
Movement in pension liability	(9,678)	8,283
Cash from operations	98,243	110,574
Taxation paid	-	(309)
Net cash generated from operating activities	**98,243**	**110,265**

	2020 £'000	2019 Restated £'000
Cash flows from investing activities		
Purchase of fixed assets – housing properties	(70,886)	(61,736)
Purchases of fixed assets - other	(14,686)	(8,283)
Purchases of investment properties	(3,434)	(8,439)
Investment in joint ventures	(11,848)	(7,150)
Proceeds from disposal of joint venture investments	663	-
Distribution of joint venture profits	-	2,876
Receipt of grant	9,143	(640)
Repayment of grant	-	(26,439)
Interest received	468	1,555
Purchase of other investments	(6)	(24)
Sale of other investments	-	109
Net cash used in investing activities	(90,586)	(108,171)
Cash flows from financing activities		
Interest paid	(38,921)	(35,719)
New loans - bank	250,163	93,834
Repayment of loans - bank	(227,393)	(46,122)
Repayment of loan security deposits	1,710	-
Net cash used in financing activities	(14,441)	11,993
Net (decrease)/increase in cash and cash equivalents	(6,784)	14,087
Cash and cash equivalents at beginning of year	60,382	46,295
Cash and cash equivalents at end of year	**53,598**	**60,382**

Consolidated statement of cash flows (continued) **for the year ended 31 March 2020**

	At 1 April 2019 £'000	Cashflow £'000	Other non-cash changes £'000	At 31 March 2020 £'000
Cash and cash equivalents				
Cash	60,474	(6,541)	-	**53,932**
Overdrafts	(92)	(242)	-	**(332)**
	60,382	(6,783)	-	**53,600**
Borrowings				
Debt due within one year	(73,488)	-	(56,832)	**(130,318)**
Debt due after one year	(825,146)	(24,127)	56,832	**(792,441)**
	(898,726)	(24,125)	-	**(922,759)**
	(838,252)	(30,911)	-	**(869,161)**


Acton Town Hall, Ealing

Ladderswood, New Southgate

Notes forming part of the financial statements
for the year ended 31 March 2020

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 on a going concern basis 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 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019.

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 but 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 FRS102 chapter 15. 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 Statement of Financial Position.

Currency

The Group financial statements are presented in pound sterling and rounded to thousands.

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.

Notes forming part of the financial statements (continued) **for the year ended 31 March 2020**

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 available for letting.

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.

Service charges

The Group adopts either the fixed method or the variable method for calculating and charging service charges to its tenants and leaseholders. 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 based on 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.

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 borne 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.

Notes forming part of the financial statements (continued) **for the year ended 31 March 2020**

Pension costs

Contributions to the Group's defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

The Group participates in two Local Government Pension Schemes (LGPS). 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.

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.

Under defined benefit accounting, the schemes' assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

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.

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 ongoing 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 for 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.

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.

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.

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.

Notes forming part of the financial statements (continued) **for the year ended 31 March 2020**

Depreciation of housing property (continued)

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	125
Roof structure	80
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	15

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 is with the social landlord to whom they were transferred to.

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 are 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 grants 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 recoverable amount of the properties at the time of disposal is expected to 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.

Notes forming part of the financial statements (continued) **for the year ended 31 March 2020**

Tangible fixed assets – other (continued)

The Group adds to the carrying amount of an item of fixed asset the cost of replacing a part of that item when that cost is incurred, and 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 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

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 2018. 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 2018. 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 2018 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.

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, when it is anticipated it 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

As a result of changes made by the Housing and Planning Act 2016, from 6 April 2017 the Group is no longer required to recycle any further proceeds to the DPF. For the existing fund, the Group adopts a policy of recycling. If unused within a three-year period, it will be repayable to the GLA with interest. When it is anticipated that amounts within the fund will not be used within one year it 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.

Notes forming part of the financial statements (continued) **for the year ended 31 March 2020**

Investment properties (continued)

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, 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.

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.

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 arrangements 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 instruments 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 consist 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.

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 the statement of comprehensive income over the term of

Notes forming part of the financial statements (continued)
for the year ended 31 March 2020

Leased assets: lessee (continued)

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 the statement of comprehensive income 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 are 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 timing of when an impairment trigger occurred was also considered to ensure that the impairment provision was accounted for in the correct period. The measurement basis has been considered to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. Impairment based on their assumptions to define cash or asset generating units has also been considered;

- 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 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. OHGL leases several care homes and considers landlords' covenants, break clauses, length of lease and repair and replacement responsibilities in its assessment.

- 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 categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset. An assessment is made over whether the property is used for a residential basis or not and whether the asset is to be used in furtherance of OHGL's social purpose.

Notes forming part of the financial statements (continued) **for the year ended 31 March 2020**

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

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.

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 the statement of comprehensive income. 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 drive 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	Turnover £'000	Cost of sales £'000	**2020 Operating costs £'000**	Surplus on disposal of fixed assets £'000	Share of surplus in joint ventures £'000	Operating surplus / (deficit) £'000
Social housing lettings (note 5)	104,844		**(77,260)**	-	-	27,584
Other social housing activities						
Supporting people contract income	27,454	-	**(28,589)**	-	-	(1,135)
Development income and cost not capitalised	-	-	**(4,015)**	-	-	(4,015)
Shared ownership first tranche sales	15,815	(11,860)	**-**	-	-	3,955
Leaseholders	5,406		**(9,973)**	-	-	(4,567)
Staircasing activity on low cost home ownership	-	-	**-**	7,558	-	7,558
Right to buy sales	-	-	**-**	3,802	-	3,802
Community regeneration	-	-	**(1,837)**	-	-	(1,837)
	48,675	(11,860)	**(44,414)**	11,360	-	3,761
Non-social housing activities						
Sales of properties developed for outright sale	44,301	(47,620)	**-**	-	(16)	(3,335)
Private care homes	7,600	-	**(13,372)**	-	-	(5,772)
Market rented lettings	6,925	-	**(1,991)**	-	-	4,934
Commercial properties	5,433	-	**(2,689)**	-	-	2,744
Other	1,185	-	**479**	-	-	1,664
	65,444	(47,620)	**(17,573)**	-	(16)	235
Total	**218,962**	**(59,479)**	**(139,247)**	**11,360**	**(16)**	**31,580**

4. Turnover, cost of sales, operating costs and operating surplus (continued)

Group- particulars of turnover, cost of sales, operating costs and operating surplus	Turnover £'000	Cost of sales £'000	**2019** Operating costs £'000	Surplus on disposal of fixed assets £'000	Share of surplus in joint ventures £'000	Operating surplus / (deficit) £'000
Social housing lettings (note 5)	104,979	-	(74,663)	-		30,316
Other social housing activities						
Supporting people contract income	31,092	-	(29,806)	-		1,286
Development income and cost not capitalised	33	-	(2,639)	-		(2,606)
Shared ownership first tranche sales	24,787	(18,162)	-	-		6,625
Leaseholders	3,484	-	(9,105)	-		(5,621)
Staircasing activity on low cost home ownership				11.447		11,447
Sales of properties to other registered providers				368		368
Right to Buy sales				3,556		3,556
Community regeneration	-	-	(1,495)	-		(1,495)
	59,396	(18,162)	(43,045)	15,371		13,560
Non-social housing activities						
Sales of properties developed for outright sale	31,956	(34,903)	(3,745)	-	4,337	(2,355)
Market rented lettings	6,114	-	(1,335)	-	-	4,779
Private care homes	3,977		(7,355)			(3,378)
Commercial properties	5,594	-	(3,698)	-	-	1,896
Other	809	-	(202)	-	-	607
	48,450	(34,903)	(16,335)	-	4,337	1,549
Total	**212,825**	**(53,065)**	**(134,043)**	**15,371**	**4,337**	**45,425**

4. Turnover, cost of sales, operating costs and operating surplus (continued)

Association- particulars of turnover, cost of sales, operating costs and operating surplus	Turnover £'000	Cost of sales £'000	**2019** Operating costs £'000	Surplus on disposal of fixed assets £'000	Operating surplus / (deficit) £'000
Social housing lettings (note 5)	102,525	-	(76,341)	-	26,184
Other social housing activities					
Supporting people contract income	27,454	-	(28,608)	-	(1.154)
Development income and cost not capitalised			(4,034)	-	(4,034)
Shared ownership first tranche sales	15,815	(11,860)		-	3,955
Leaseholders	4,809	-	(9,078)	-	(4,269)
Staircasing activity on low cost home ownership	-	-	-	6,909	6,909
Right to Buy sales	-	-	-	3,801	3,801
Community regeneration	1,800		(137)	-	1,663
	49,878	(11,860)	(41,857)	10,710	6,871
Non-social housing activities					
Impairment of investment in subsidiaries	-	-	(7,301)	-	(7,301)
Sales of properties developed for outright sale	2	(965)	-	-	(963)
Care home	7,600	-	(13,377)	-	(5,777)
Lettings	3,310	-	(1,374)	7,594	9,530
Commercial properties	3,313	-	(1,052)	-	2,261
Gift Aid receipts	16,370	-	-	-	16,370
Management services for group undertakings	1,517	-	(1,202)	-	315
Other	795	-	-	-	795
	32,907	**(965)**	**(24,306)**	**7,594**	**15,230**
Total	**185,310**	**(12,825)**	**(142,504)**	**18,304**	**48,285**

4. Turnover, cost of sales, operating costs and operating surplus (continued)

Association- particulars of turnover, cost of sales, operating costs and operating surplus **Restated**	Turnover £'000	Cost of sales £'000	**2019** Operating costs £'000	Surplus on disposal of fixed assets £'000	Operating surplus / (deficit) £'000
Social housing lettings	102,906	-	(75,150)	-	27,756
Other social housing activities					
Supporting people contract income	31,092	-	(29,806)	-	1,286
Development income and cost not capitalised	34	-	(2,638)	-	(2,604)
Shared ownership first tranche sales	24,680	(18,247)	-	-	6,433
Leaseholders	3,049	-	(8,413)		(5,364)
Staircasing activity on low cost home ownership	-	-	-	9,658	9,658
Sales of properties to other registered providers				368	368
Right to Buy sales	-	-	-	3,558	3,558
Community regeneration	-	-	(97)	-	(97)
	58,855	(18,247)	(40,954)	13,584	13,238
Non-social housing activities					
Impairment of investment in subsidiary			(10,064)		(10,064)
Sales of properties developed for outright sale	160	(2)		-	158
Lettings	3,399	-	(1,106)	-	2,293
Commercial properties	5,594	-	(3,698)	-	1,896
Care homes	3,977		(7,355)		(3,378)
Gift Aid receipts	16,822	-	-	-	16,822
Management services for group undertakings	2,034	-	(1,849)	-	185
Other	910	-	-	-	910
	32,896	(2)	(24,072)	-	8,822
Total	**194,657**	**(18,249)**	**(140,176)**	**13,584**	**49,816**

5. Statement of comprehensive income from social housing lettings

Group- particulars of income and expenditure from Social housing letting	General housing £'000	Shared ownership £'000	2020 £'000	**Restated** 2019 £'000
Income				
Rents receivable net of identifiable service charges	**71,050**	**11,862**	**82,912**	83,948
Service charge income	**11,944**	**4,339**	**16,283**	16,261
Amortised government grants	**5,070**	**472**	**5,542**	4,676
Net rental Income	**88,064**	**16,673**	**104,737**	104,885
Other income	**100**	**7**	**107**	94
Turnover from social housing lettings	**88,164**	**16,680**	**104,844**	104,979
Expenditure				
Management	**(14,101)**	**(1,178)**	**(15,279**	(16,896)
Service charge costs	**(16,348)**	**(3,343)**	**(19,691)**	(17,317)
Routine maintenance	**(12,999)**	**(1,052)**	**(14,051)**	(13,338)
Planned maintenance	**(4,070)**	**(656)**	**(4,726)**	(3,696)
Major repairs expenditure	**(3,213)**	**(886)**	**(4,099)**	(4,491)
Bad debts	**(954)**	**(97)**	**(1,051)**	(560)
Depreciation of housing properties	**(16,233)**	**-**	**(16,233)**	(15,393)
Accelerated depreciation on component write-offs	**(435)**	**-**	**(435)**	(487)
Depreciation of other fixed assets	**(161)**	**6**	**(155)**	(142)
Property lease charge	**(1,526)**	**(14)**	**(1,540)**	(2,343)
Operating costs on social housing lettings	**(70,040)**	**(7,220)**	**(77,260)**	(74,663)
Operating surplus on social housing lettings	**18,124**	**9,460**	**27,584**	30,316
Void losses	**(2,114)**	**(13)**	**(2,127)**	**(17)**

5. Statement of comprehensive income from social housing lettings

Association- particulars of income and expenditure from Social housing letting	General housing £'000	Shared ownership £'000	**2020 £'000**	**Restated** 2019 £'000
Income				
Rents receivable net of identifiable service charges	70,800	10,363	**81,163**	82,454
Service charge income	11,956	3,860	**15,816**	15,785
Amortised government grants	5,070	373	**5,443**	4,575
Net rental Income	87,826	14,596	**102,422**	102,814
Other income	98	5	**103**	92
Turnover from social housing lettings	87,924	14,601	**102,525**	102,906
Expenditure				
Management	(13,449)	(1,255)	**(14,704)**	(17,258)
Service charge costs	(16,344)	(3,377)	**(19,721)**	(16,900)
Routine maintenance	(12,810)	(1,078)	**(13,888)**	(13,946)
Planned maintenance	(3,960)	(623)	**(4,583)**	(3,621)
Major repairs expenditure	(3,192)	(870)	**(4,062)**	(4,456)
Bad debts	(954)	(84)	**(1,038)**	(584)
Depreciation of housing properties	(16,233)	-	**(16,233)**	(15,413)
Accelerated depreciation on component write-offs	(435)	-	**(435)**	(487)
Depreciation of other fixed assets	(144)	7	**(137)**	(142)
Property lease charge	(1,526)	(14)	**(1,540)**	(2,343)
Operating costs on social housing lettings	(69,047)	(7,294)	**(76,341)**	(75,150)
Operating surplus on social housing lettings	18,877	7,307	**26,184**	27,756
Void losses	**(2,043)**	**(14)**	**(2,057)**	**(2,739)**

6. Housing stock

Homes managed:	Group 2020 No.	Group 2019 No.	Association 2020 No.	Association 2019 No.
Social housing General needs housing				
Social	**9,059**	9,448	**9,058**	9,425
Affordable	**1,026**	975	**1,026**	975
Leaseholder	**3,403**	3,242	**3,070**	2,198
Shared ownership	**2,199**	2,086	**1,896**	1,766
Supported housing	**13**	2	**13**	2
Rent to HomeBuy	**1**	7	**1**	7
Care homes	**36**	36	**36**	36
Total social housing	**15,737**	15,796	**15,100**	14,409
Non-social housing				
Market rent	**390**	373	**42**	183
Private care homes	**391**	139	**391**	139
Total non-social housing	**781**	512	**433**	322
Total homes under management	**16,518**	16,308	**15,533**	14,731
Homes owned but not managed	**559**	526	**559**	526
Total Homes	**17,077**	**16,834**	**16,092**	**15,257**

The Association has 652 units under construction at year end (2019: 400 units). The Group has 780 units under construction at year end (2019: 596).

6. Housing stock (continued)

Movement in stock:

Group	2019	Additions	Disposals	Transfer to/from other RPs	Other movements	2020
Total managed accommodation	16,308	587	(45)	(295)	(37)	**16,518**
Units managed by other associations	526	-	(4)	-	37	**559**
Total	**16,834**	**587**	**(49)**	**(295)**	**-**	**17,077**

Association	2019	Additions	Disposals	Transfer to/from other RPs	Other movements	2020
Total managed accommodation	14,731	587	(41)	(459)	(715)	**15,533**
Units managed by other associations	526	-	(4)	-	37	**559**
Total	**15,257**	**587**	**(45)**	**(495)**	**752**	**16,092**

7. Operating surplus

The surplus for the year is stated after charging:	Group 2020 £'000	Restated 2019 £'000	Association 2020 £'000	Restated 2019 £'000
Depreciation on housing properties - annual charge	**16,233**	10,080	**16,233**	10,080
Impairment of Housing Properties under construction	**992**	-	**992**	-
Depreciation on other tangible fixed assets	**2,349**	1,508	**2,299**	1,137
Impairment of properties for sale	**6,588**	10,313	**-**	-
Impairment of investment in subsidiary			**7,301**	10,064
Operating lease charges	**3,170**	2,056	**2,879**	1,270
Auditors' remuneration (excluding VAT): fees payable to the groups auditor for the audit of the group's annual accounts	**121**	115	**61**	58
Defined contribution pension costs	**2,592**	2,092	**2,249**	1,591

8. Employee information

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

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Wages and salaries	**52,519**	47,853	**45,695**	36,840
Social security costs	**5,260**	5,185	**4,164**	3,626
Cost of defined benefit schemes	-	104	-	104
Cost of defined contribution schemes	**2,592**	2,092	**2,249**	1,591
	60,371	**55,234**	**52,108**	**42,161**

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 2020 Number	Group 2019 Number	**Association 2020 Number**	Association 2019 Number
Administration	**172**	140	**172**	140
Care and support	**741**	785	**741**	785
Developing or selling housing stock	**54**	40	**54**	40
Managing or maintaining housing stock	**584**	455	**339**	188
Social mobility	**32**	28	-	-
	1,583	**1,448**	**1,306**	**1,153**

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 pages 166-7.

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

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Depreciation on housing properties - annual charge	**1,486**	1,373	**1,486**	1,373
Impairment of Housing Properties under construction	**-**	70	**-**	70
Depreciation on other tangible fixed assets	**-**	10	**-**	10
Impairment of properties for sale	**125**	92	**125**	92
	1,611	**1,545**	**1,611**	**1,545**

Emoluments paid to the Chief Executive, who was also the highest paid director, were £232k (2019: £235k).

There were no directors in the Group's defined benefits pension scheme (2019: 3). The scheme was closed in June 2018.

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

	Group 2020 Number	Group 2019 Number	**Association 2020 Number**	Association 2019 Number
£60,000 - £70,000	**41**	45	**40**	34
£70,001 - £80,000	**23**	16	**23**	14
£80,001 - £90,000	**9**	-	**9**	-
£90,001 - £100,000	**6**	9	**5**	9
£100,001 - £110,000	**6**	1	**6**	1
£110,001 - £120,000	**1**	4	**1**	4
£120,001 - £130,000	**3**	-	**3**	-
£130,001 - £140,000	**1**	1	**1**	1
£140,001 - £150,000	**-**	2	**-**	-
£150,001 - £160,000	**3**	4	**3**	4
£160,001 - £170,000	**2**	4	**2**	4
£180,001 - £190,000	**1**	-	**1**	-
£220,001 - £230,000	**-**	1	**-**	1
£230,001 - £240,000	**1**	1	**1**	1
	97	**88**	**95**	**73**

10. Non-executive board and independent committee members

Board member	Remuneration	Expenses
Carol Yarde	4,000	-
Vijay Sodiwala	5,000	165
Stuart Davenport	15,000	1,157
Kevin Brush	15,000	-
Caroline Corby	15,000	-
Alexandra Conlin-Oakley	7,164	1,654
Julie Price	15,000	-
Steve Douglas	20,000	-
Rommel Pereira	15,000	96
Wendy Wallace	15,000	783
Sandra Skeete	13,750	-
Independent committee member	**Remuneration**	**Expenses**
Lee Gibson	10,000	314
Yvonne Arrowsmith	10,000	-
Alison Rose-Quire	10,000	763

11. Surplus on sale of fixed assets

Group	Shared ownership staircasing 2020 £'000	Other housing properties 2020 £'000	Total 2020 £'000	Total 2019 £'000
Housing properties:				
Disposal proceeds	**15,654**	**7,460**	**23,114**	30,984
Cost of disposal	**(8,096)**	**(3,658)**	**(11,754)**	(15,613)
Surplus on disposal of housing properties	**7,558**	**3,802**	**11,360**	**15,371**

Association	Shared ownership staircasing 2020 £'000	Other housing properties 2020 £'000	Sales of investment properties to subsidiary 2020 £'000	Total 2020 £'000	Total 2019 £'000
Housing properties:					
Disposal proceeds	**14,437**	**7,460**	**68,985**	**90,882**	27,263
Cost of disposal	**(7,528)**	**(3,658)**	**(61,392)**	**(72,578)**	(13,679)
Surplus on disposal of housing properties	**6,909**	**3,802**	**7,593**	**18,304**	**13,584**

12. Interest receivable and income from investments

	Group 2020 £'000	Group Restated 2019 £'000	**Association 2020 £'000**	Association Restated 2019 £'000
Bank and other interest	**468**	1,205	**478**	1,168
Interest receivable from group undertakings	**-**	-	**435**	142
	468	**1,205**	**913**	**1,310**

13. Interest payable and similar charges

	Group 2020 £'000	Group Restated 2019 £'000	**Association 2020 £'000**	Association Restated 2019 £'000
Bank loans and overdrafts	**30,639**	29,647	**29,537**	29,506
Loan set up cost amortised	**1,921**	449	**1,881**	449
Derivatives	**4,899**	4,975	**4,899**	4,975
Interest payable to group undertakings	**-**	-	**194**	326
Other interest payable	**82**	320	**82**	320
Loan breakage costs	**1,668**	1,834	**1,668**	1,834
Non-utilisation and other loan fees	**1,100**	705	**1,045**	705
Net interest on defined benefit liability	**342**	307	**342**	307
	40,651	38,237	**39,648**	38,422
Interest capitalised on construction of housing properties	**(4,251)**	(5,047)	**(3,763)**	(5,047)
	36,400	**33,190**	**35,885**	**33,375**
Capitalisation rate used to determine the finance costs capitalised during the period	**3.60%**	4.11%	**3.60%**	4.11%

14. Taxation

	Group 2020 £'000	Group Restated 2019 £'000	Association 2020 £'000	Association Restated 2019 £'000
UK Corporation Tax Current tax on surplus/ (deficit) for the year	**(151)**	(288)	**(40)**	(50)
Total current tax	**(151)**	(288)	**(40)**	(50)
Deferred tax Origination and reversal of timing differences (note 32)	**(5,785)**	(1,209)	**-**	-
Taxation on surplus	**(5,936)**	**(98)**	**(40)**	**(50)**

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.

	Group 2020 £'000	Group Restated 2019 £'000	Association 2020 £'000	Association Restated 2019 £'000
Surplus on ordinary activities before tax	**(8,595)**	12,718	**13,164**	15,967
Surplus multiplied by 19% (2019: 19%) standard rate of UK Corporation Tax	**(1,633)**	2,416	**2,502**	3,034
Effects of:				
Exemption of charitable activities	**(3,090)**	(2,645)	**(3,103)**	(2,663)
Use of charitable qualifying donations	**(2,397)**	(1,621)	**-**	-
Revaluation of listed investments	**1,761**	-	**1,761**	-
Movement in fair value of financial instruments	**(616)**	(169)	**(616)**	(169)
Movement in investment properties	**2,365**	14	**(544)**	268
Utilisation of losses from prior year	**1,337**	-	**-**	-
Under provision for prior year	**(149)**	(398)	**(40)**	(520)
Expenses not deductible for tax purposes	**2,271**	2,115	**-**	-
Tax provision for the year	**(151)**	**(288)**	**(40)**	**(50)**

15. Tangible fixed assets: housing properties

Group	Housing property under construction £'000	completed and available for letting £'000	Shared ownership under construction £'000	completed and available for letting £'000	2020 Total £'000
Cost/valuation					
At 1 April 2019	188,655	1,353,255	68,896	186,368	**1,797,174**
Effects of prior year adjustments - note 41	(122,472)	118,469	(47,444)	47,444	**(4,003)**
At 1 April 2019 (as restated)	66,183	1,471,724	21,452	233,812	**1,793,171**
Additions: construction	7,132	725	43,099	(78)	**50,878**
Additions: works to existing properties	-	2,568	-	19	**2,587**
Additions: components	-	11,919	-	-	**11,919**
Tenure change	-	(1,265)	-	1,265	**-**
Completions in year	(27,410)	27,410	(29,370)	29,370	**-**
Disposals	-	(3,412)	-	(7,902)	**(11,314)**
Eliminated on component replacements	-	(1,325)	-	-	**(1,325)**
Transfer to current assets	-	-	(17,674)	-	**(17,674)**
Transfer from current assets	5,869	122	-	1,657	**7,648**
Adjustment to first tranche percentage	-	-	-	(886)	**(886)**
Transfer from investment properties	-	(2,597)	-	-	**(2,597)**
Transfer from another housing association	-	10,249	-	-	**10,249**
At 31 March 2020	**51,774**	**1,516,118**	**17,507**	**257,257**	**1,842,656**
Depreciation					
At 1 April 2019	**-**	**(154,259)**	**-**	**16**	**(154,243)**
Effects of prior year adjustments - note 41	-	5,760	-	-	**5,760**
At 1 April 2019 (as restated)	-	(148,499)	-	16	**(148,483)**
Charged in the year	-	(16,233)	-	-	**(16,233)**
Eliminated on component replacements	-	890	-	-	**890**
Disposals	-	1,267	-	-	**1,267**
At 31 March 2020	**-**	**(162,575)**	**-**	**16**	**(162,559)**
Net book value At 31 March 2020	**51,774**	**1,353,543**	**17,507**	**257,273**	**1,680,097**
At 31 March 2019 - Restated	**66,183**	**1,323,225**	**21,452**	**233,828**	**1,644,688**

15. Tangible fixed assets: housing properties (continued)

Association	Housing property under construction £'000	completed and available for letting £'000	Shared ownership under construction £'000	completed and available for letting £'000	2020 Total £'000
Cost/valuation					
At 1 April 2019	185,490	1,379,283	21,452	226,613	**1,812,838**
Effects of prior year adjustments - note 41	(121,820)	117,821	-	-	**(3,999)**
At 1 April 2019 (as restated)	63,670	1,497,104	21,452	226,613	**1,808,839**
Additions: construction	7,868	725	43,099	32	**51,724**
Additions: works to existing properties	-	2,568	-	-	**2,568**
Additions: components	-	11,919	-	-	**11,919**
Tenure change	-	(1,265)	-	1,265	**-**
Completions in year	(24,897)	24,897	(29,370)	29,370	**-**
Disposals	-	(3,412)	-	(7,356)	**(10,768)**
Eliminated on component replacement	-	(1,325)	-	-	**(1,325)**
Transfers from group undertakings	5,869	-	-	2,550	**8,419**
Transfer to current assets	-	-	(17,674)	-	**(17,674)**
Adjustment to first tranche percentage	-	-	-	(1,779)	**(1,779)**
Transfer to investment properties		(2,597)			**(2,597)**
Transfer from another housing association	-	10,249	-	-	**10,249**
At 31 March 2020	**52,510**	**1,538,863**	**17,507**	**250,695**	**1,859,575**
Depreciation					
At 1 April 2019	-	**(154,257)**	-	**(15)**	**(154,272)**
Effects of prior year adjustments - note 41	-	5,758	-	15	**5,773**
At 1 April 2019 (as restated)	-	(148,499)	-	-	**(148,499)**
Charged in the year	-	(16,233)	-	-	**(16,233)**
Eliminated on component replacements	-	890	-	-	**890**
Disposals	-	1,267	-	-	**1,267**
At 31 March 2020	-	**(162,575)**	-	-	**(162,575)**
Net book value At 31 March 2020	**52,510**	**1,376,288**	**17,507**	**250,695**	**1,697,000**
At 31 March 2019 - Restated	**63,670**	**1,348,605**	**21,452**	**226,613**	**1,660,340**

15. Tangible fixed assets: housing properties (continued)

During the year the Association and Group has recognised an impairment of £991k (2019: £nil) in Housing Properties under construction.

Fire related expenditure	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Fire related revenue spend	**8,206**	3,575	**8,206**	3,575
Fire related capital spend	**5,541**	984	**5,541**	984
	13,747	4,560	**13,747**	4,560

The expenditure relates to fire safety and building cladding works. Spend on building cladding are works required on our high-rise blocks as we continue works on fire safety compliance.

Housing properties comprise:	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Freeholds	**1,549,525**	1,513,880	**1,576,439**	1,539,779
Long leaseholds	**130,572**	130,808	**120,561**	120,561
	1,680,097	**1,644,688**	**1,697,000**	**1,660,340**

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:

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Historic cost	**1,800,831**	1,642,895	**1,817,753**	1,658,563
Accumulated depreciation	**(131,515)**	(154,258)	**(131,531)**	(154,274)
Impairment	**(991)**	-	**(991)**	-
	1,668,325	**1,488,637**	**1,685,231**	**1,504,289**

15. Tangible fixed assets: housing properties (continued)

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Interest capitalisation:				
Interest capitalised in the year	**3,763**	5,047	**3,763**	5,047
Cumulative interest capitalised	**68,836**	70,326	**68,836**	70,326
	72,599	**75,373**	**72,599**	**75,373**
Rate used for capitalisation	**3.60%**	4.11%	**3.60%**	4.11%

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Works to properties:				
Improvements to existing properties capitalised	**14,506**	12,659	**14,487**	12,383
Major repairs expenditure to income and expenditure account	**4,726**	3,697	**4,061**	3,621
	19,232	**16,356**	**18,548**	**16,004**

Finance leases

The net book value of housing properties for the Group includes an amount of £nil (2019 - £nil).

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 2018. During the current year, the Group and association have recognised an impairment loss of £991k (2019 - £nil) in respect of general needs housing stock under construction.

Properties held for security

One Housing Group Limited – Registered social housing provider had property with a net book value of £1.72bn pledged as security at 31 March 2020.


Acton Town Hall, Ealing

16. Other tangible fixed assets

Group	Freehold offices £'000	Leasehold offices £'000	Furniture & equipment £'000	Computer equipment £'000	Information systems £'000	Motor vehicles £'000	2020 Total £'000
Cost							
At 1 April 2019	9,282	1,420	5,353	2,206	16,607	29	**34,897**
Effects of prior year adjustments - note 41	-	(148)	-	-	(4,602)	-	**(4,750)**
At 31 March 2019 (as restated)	9,282	1,272	5,353	2,206	12,005	29	**30,147**
Additions	17	854	3,677	87	10,053	-	**14,688**
Transfer to housing properties under construction	(6,980)	-	-	-	-	-	**(6,980)**
At 31 March 2020	**2,319**	**2,126**	**9,030**	**2,293**	**22,058**	**29**	**37,855**
Depreciation							
At 1 April 2019	(2,226)	-	(1,808)	370	(2,838)	(29)	**(6,531)**
Effects of prior year adjustments - note 41	-	-	-	(1,791)	1790	-	**(1)**
At 31 March 2019 (as restated)	**(2,226)**	**-**	**(1,808)**	**(1,421)**	**(1,048)**	**(29)**	**(6,532)**
Disposals	-	-	-	-	-	-	**-**
Charge for year	(248)	-	(766)	(724)	(612)	-	**(2,350)**
Transfer to housing properties under construction	1,112	-	-	-	-	-	**1,112**
At 31 March 2020	**(1,362)**	**-**	**(2,574)**	**(2,145)**	**(1,660)**	**(29)**	**(7,770)**
Net book value As at 31 March 2020	**957**	**2,126**	**6,456**	**1,937**	**18,609**	**-**	**30,085**
As at 31 March 2019 (as restated)	7,056	1,272	3,545	9,168	9,168	-	23,615

Association	Freehold offices £'000	Leasehold offices £'000	Furniture & equipment £'000	Computer equipment £'000	Information systems £'000	Motor vehicles £'000	2020 Total £'000
Cost							
At 1 April 2019	9,282	1,420	5,067	706	16,611	29	**33,115**
Effects of prior year adjustments - note 41	-	(148)	-	-	(4,602)	-	**(4,750)**
At 31 March 2019 (as restated)							
Additions	17	854	3,677	87	10,052	-	**14,687**
Transfer to housing properties under construction	(6,981)	-	-	-	-	-	**(6,981)**
Transfer of operations from subsidiary	-	-	191	1,500	-	-	**1,691**
At 31 March 2020	**2,318**	**2,126**	**8,935**	**2,293**	**22,061**	**29**	**37,762**
Depreciation							
At 1 April 2019	(2,226)		(1,632)	1,307	(2,837)	(30)	**(5,418)**
Effects of prior year adjustments - note 41			(1)	(1,789)	1,789	1	-
At 31 March 2019 (as restated)	**(2,226)**	-	**(1,633)**	**(482)**	**(1,048)**	**(29)**	**(5,418)**
Charge for year	(248)	-	(737)	(702)	(613)	-	**(2,300)**
Transfer to housing properties under construction	1,112	-	-	-	-	-	**1,112**
Transfer of operations from subsidiary			(183	(961)			**(1,144)**
At 31 March 2020	**(1,362)**		**(2,553)**	**(2,145**	**(1,661)**	**(29**	**(7,750)**
Net book value As at 31 March 2020	**956**	**2,126**	**6,382**	**1,937**	**18,612**	-	**30,013**
As at 31 March 2019 (as restated)	**7,056**	**1,272**	**3,545**	**9,168**	**9,168**	-	**23,615**

17. Investment properties

Group	Market rented £'000	Commercial £'000	Total £'000
At April 2019	167,086	73,068	**240,154**
Effects of prior year adjustments - note 41	(25,457)	(293)	(25,570)
At 1 April 2019 (as restated)	141,629	72,775	**214,404**
Additions	3,354	80	**3,434**
Transfers from housing properties	2,597	-	**2,597**
Revaluations	(3,987)	5,771	**1,784**
At 31 March 2020	**143,593**	**78,626**	**222,219**

Association	Market rented £'000	Commercial £'000	Total £'000
At April 2019	87,852	73,361	**161,213**
Effects of prior year adjustments - note 41	(14,375)	(72)	**(14,447)**
At 1 April 2019 (as restated)	73,477	73,289	**146,766**
Transfer from housing properties	2,597	-	**2,597**
Revaluations	107	5,771	**5,878**
Disposals to subsidiary	(64,432)	-	**(64,432)**
At 31 March 2020	**11,749**	**79,060**	**90,809**

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	6.75%
Annual inflation rate	3.00%
Level of long term annual rent increase	3.50%

The surplus on revaluation of investment property arising of £1,784k (Association - £5,878k) has been credited/ (charged) 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 2020 £'000**	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Historic cost	**91,716**	89,662	**4,193**	56,000
Accumulated depreciation	**(17,051)**	(9,769)	**(926)**	(8,993)
	74,665	**78,893**	**3,267**	**47,006**

18. Investments: subsidiaries

Association investments in subsidiaries:		**Association 2020 £'000**	Restated 2019 £'000
At 1 April		**176,150**	208,474
Additions		**77,048**	16,725
Return of capital		**(33,080)**	(38,032)
Amortisation of additional investment on acquisition		**-**	(953)
Impairment		**(7,301)**	(10,064)
At 31 March 2020		**212,817**	**176,150**

The purchase of £61.0m shares in Citystyle Living (Victoria Quarter) Ltd during the year was to enable that subsidiary company to purchase land from One Housing Group Ltd.

Total impairment included in investment in subsidiaries is £24,822k (2019: £18,234).

18. Investments: subsidiaries (continued)

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
One Housing Foundation	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

Name (continued)	Ordinary share capital held	Nature of business	Nature of entity
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 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
One Housing Investments Ltd	100%	SPV Holding Company	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
Citystyle Fairview VQ LLP	50%	Property development	Limited liability partnership

The equity value of investments was:

	2020 £'000	2019 £'000
At 1 April	**38,336**	29,725
Additions	**11,849**	7,150
Return of capital	**(665)**	-
Share of profit / (loss) for the year	**(16)**	4,337
Distributions received in the year	**-**	(2,876)
At 31 March	**49,504**	**38,336**

20. Investments: other investments

	31 March 2020		31 March 2019	
	Cost £'000	**Fair value £'000**	Cost £'000	Fair value £'000
Share subscription	**30**	**30**	24	24

21. Properties for sale

Group	First tranche Shared ownership 2020 £'000	Outright Sale 2020 £'000	Total 2020 £'000	Total 2019 £'000
Work in progress	**12,026**	**114,099**	**126,125**	129,653
Impairment	-	**(38,327)**	**(38,327)**	(37,571)
	12,026	**75,772**	**87,798**	92,081
Completed properties	**12,807**	**27,019**	**39,826**	65,870
Impairment	-	**(3,945)**	**(3,945)**	(34)
Materials	-	-	-	276
Total properties for sale	**24,833**	**98,846**	**123,679**	**158,194**

Association	First tranche Shared ownership 2020 £'000	Outright Sale 2020 £'000	Total 2020 £'000	Total 2019 £'000
Work in progress	**12,000**	**61,446**	**73,446**	72,673
Impairment	-	**(23,864)**	**(23,864)**	(23,864)
	12,000	**37,582**	**49,582**	48,809
Completed properties	**12,807**	-	**12,807**	4,447
Total properties for sale	**24,807**	**37,582**	**62,389**	**53,256**

Impairment is charged as follows:	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
At 1 April	**37,604**	31,442	**23,864**	23,864
Charge for the year	**5,819**	6,162	-	-
Released on disposal	**(1,152)**	-	-	-
At 31 March	**42,271**	**37,604**	**23,864**	**23,864**

22. Debtors

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Rent arrears	**15,492**	13,804	**14,933**	13,373
Less provision for bad and doubtful debts	**(7,019)**	(6,650)	**(6,755)**	(6,501)
	8,473	7,154	**8,178**	6,872
Amounts due from group companies	**-**	-	**104,553**	29,141
Other debtors	**16,567**	16,375	**8,577**	8,553
Prepayments and accrued income	**5,941**	5,081	**5,941**	5,081
Loan security deposits	**18**	1,728	**18**	1,728
Amounts due from leaseholders	**153**	153	**153**	153
	31,152	**30,491**	**127,420**	**51,528**

23. Creditors: amounts falling due within one year

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Bank overdraft (note 28)	**332**	90	**330**	-
Housing and short-term loans (note 28)	**130,320**	73,490	**124,792**	53,536
	130,652	73,580	**125,122**	53,536
Trade creditors	**2,982**	952	**2,606**	919
Social Housing Grant repayable	**19,326**	27,651	**19,326**	23,544
Amounts due to group undertakings	**-**	-	**106,589**	56,673
Other taxation and social security	**1,353**	1,801	**1,288**	1,261
Other creditors	**5,511**	6,186	**5,037**	5,822
Accruals and deferred income	**29,607**	33,780	**27,312**	19,081
Rent and service charges paid in advance	**8,214**	7,525	**7,849**	7,219
Property deposits and sinking fund	**1,958**	1,792	**1,931**	1,757
SHPS pension deficit contribution	**-**	80	**-**	79
	199,603	**153,347**	**297,060**	**169,891**


Acton Town Hall, Ealing

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

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Bank loans (note 28)	**404,186**	591,126	**404,186**	602,758
Bond (note 28)	**88,000**	88,500	**88,000**	88,500
Loans previously measured at fair value (note 28)	**97,310**	100,595	**97,310**	100,595
Private placement (note 28)	**235,000**	85,000	**235,000**	85,000
Other loans (note 28)	**65,255**	48,888	**45,255**	48,888
Derivative financial instruments (note 28)	**56,370**	47,109	**56,370**	47,109
Loan issue costs (note 28)	**(12,488)**	(11,094)	**(11,812)**	(11,024)
Bond discount (note 28)	**(2,756)**	(2,862)	**(2,756)**	(2,862)
Bond premium (note 28)	**330**	392	**330**	392
Deferred capital grant (note 25)	**670,571**	662,674	**648,579**	640,193
RCGF (note 26)	**12,558**	9,708	**10,468**	7,914
DPF (note 27)	**998**	990	**998**	990
Sinking fund balances	**16,227**	15,291	**13,128**	12,494
	1,631,561	**1,647,949**	**1,585,056**	**1,620,947**

25. Deferred capital grant

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Total grant at start of period - Restated	**714,213**	721,323	**701,569**	707,944
Received during the period	**9,494**	1,516	**9,494**	1,516
Disposals	**(5,046)**	(8,266)	**(4,766)**	(7,530)
Other	**8,608**	(361)	**8,608**	(361)
Total grant at end of period	**727,269**	**714,212**	**714,905**	**701,569**
Total amortisation at start of period	**(51,539)**	(59,455)	**(61,376)**	(58,083)
Released to income in the period	**(5,543)**	(4,676)	**(5,444)**	(4,575)
Released on disposal	**384**	815	**494**	755
Other	**-**	527	**-**	527
Total amortisation at end of period	**(56,698)**	**(62,789)**	**(66,326)**	**(61,376)**
Net book value at end of period	**670,571**	**651,423**	**648,579**	**640,193**

26. Recycled capital grant fund

Group Funds pertaining to activities within areas covered by	**2020 Homes England £'000**	**GLA £'000**	**Total £'000**	2019 Homes England £'000	GLA £'000	Total £'000
At 1 April	**736**	**8,972**	**9,708**	681	29,119	29,800
Inputs to fund:						
Grants recycled from deferred capital grants	-	**5,226**	**5,226**	53	5,463	5,516
Grants recycled from statement of comprehensive income	-	-	-	-	2,654	2,654
Interest accrued	-	**89**	**89**	2	313	315
Recycling of grant:						
New build	-	**(351)**	**(351)**	-	(677)	(677)
Other	-	**(2,114)**	**(2,114)**	-	(6,987)	(6,987)
Repayment of grant to Homes England/GLA	-	-	-	-	(20,913)	(20,913)
At 31 March	**736**	**11,822**	**12,558**	736	8,972	9,708
Amounts three years or older where payment may be required		577	577	69	7,846	7,915

Association Funds pertaining to activities within areas covered by	**2020 Homes England £'000**	**GLA £'000**	**Total £'000**	2019 Homes England £'000	GLA £'000	Total £'000
At 1 April	**69**	**7,845**	**7,914**	69	19,962	20,031
Inputs to fund:						
Grants recycled from deferred capital grants	-	**4,946**	**4,946**	-	4,791	4,791
Grants recycled from statement of comprehensive income	-	-	-	-	314	314
Interest accrued	-	**74**	**74**	-	285	285
Recycling of grant:						
New build	-	**(351)**	**(351)**	-	(677)	(677)
Other	-	**(2,115)**	**(2,115)**	-	(22)	(22)
Repayment of grant to Homes England/GLA	-	-	-	-	(16,808)	(16,808))
At the end of the year	**69**	**10,399**	**10,468**	69	7,845	7,914
Amounts three years or older where payment may be required	-	42	42	-	-	-

27. Disposal proceeds fund

	Group GLA 2020 £'000	Group GLA 2019 £'000	Association GLA 2020 £'000	Association GLA 2019 £'000
At 1 April – Restated	**989**	6,468	**989**	6,488
Inputs to fund:				
Interest accrued	**9**	35	**9**	35
Use/allocation of funds:				
New build	-	(8)	-	(8)
Repayment of grant to the GLA	-	(5,526)	-	(5,526)
At 31 March	**998**	989	**998**	989
Amounts three years or older where payment may be required	193	1,120	193	1,120

The fund has no balances with Homes England (2019: £nil).

28. Loans and borrowings

Loans repayable	**Group 2020 £'000**	**Group** Restated 2019 £'000	**Association 2020 £'000**	**Association** Restated 2019 £'000
Within one year	**130,652**	73,580	**125,122**	53,536
One to two years	**19,039**	81,932	**19,039**	81,932
Two to five years	**53,828**	74,247	**53,828**	74,247
In more than five years	**719,574**	668,967	**699,574**	668,967
	923,093	**898,726**	**897,563**	**878,682**

Loans repayable	**Group 2020 £'000**	Restated 2019 £'000	**Association 2020 £'000**	Restated 2019 £'000
Bank loans	**520,417**	644,222	**517,345**	626,661
Bond	**88,000**	88,500	**88,000**	88,500
Private placement	**235,000**	85,000	**235,000**	85,000
Other loans	**79,344**	80,913	**56,888**	78,521
Bank overdraft	**332**	90	**330**	-
Total loans and borrowings	923,093	898,726	**897,563**	878,682
Bond discounts	**(2,756)**	(2,862)	**(2,756)**	(2,862)
Bond premiums	**330**	392	**330**	392
Loan issue costs	**(12,488)**	(11,094)	**(11,812)**	(11,024)
Sub total	908,177	885,162	**883,325**	865,188
Loans previously measured at fair value	**97,310**	100,595	**97,310**	100,595
Derivative fair value	**56,370**	47,109	**56,370**	47,109
	1,061,859	1,032,865	**1,037,005**	1,012,892

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

The association has £180m of unsecured loans, £70m secured under numerical apportionment basis and £647.6m secured by specific charges on the housing properties of the association.

Derivatives Fair Value includes the value of the standalone derivatives and the FV of an £18m embedded option.

The mark to market values of free standing SWAPs as at 31 March 2020 was £47.3m out of the money (2019 - £39.3m out of the money).

29. Financial instruments

Loans repayable	Group 2020 £'000	Restated 2019 £'000	Association 2020 £'000	Restated 2019 £'000
Financial liabilities Financial liabilities measured at amortised cost				
Loans payable	**923,091**	898,726	**897,563**	878,682
Derivative financial instruments designated as hedges of variable interest rate risk	**56,370**	47,109	**56,370**	47,109
Total financial liabilities	**979,461**	945,835	**953,933**	925,791

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR, the Group has entered into standalone floating to fixed interest rate swaps with a nominal value of £313.2m of which £25m are forward starting. The Group also has an £18m cancellable embedded swap.

The swaps have a mark-to-market valuation of £47.4m, the embedded option has a mark-to-market of £9.1m.

30. Provision for liabilities

Group	Deferred taxation £'000	Other £'000	Total £'000
At 1 April 2019	7,804	388	**8,192**
Effect of prior year adjustment - note 41	(1,258)	-	**(1,258)**
At 1 April 2019 - Restated	6,546	388	**6,934**
Charged to statement of comprehensive income			
Additions	-	141	**141**
Released	(1,209)	(67)	**(1,276)**
Origination and reversal of timing differences	(4,575)	-	**(4,575)**
At 31 March 2020	**762**	**462**	**1,224**

Association	Deferred taxation £'000	Other £'000	Total £'000
At 1 April 2019		388	**388**
Charged to statement of comprehensive income			
Additions		141	**141**
Released		(67)	**(67)**
At 31 March 2020		**462**	**462**

Other provisions consist of amounts provided in respect of disrepair cases.

31. Pension obligations

The Group participates in the following defined benefit pension schemes; LGPS (Tower Hamlets) and LGPS (Lewisham). The employees in the LGPS schemes have been TUPE'd from local authorities and are closed to new members. The defined benefit SHPS scheme closed to future accrual in 2019.

Group Statement of comprehensive income	**SHPS £'000**	LGPS £'000	**2020 Total £'000**	2019 Total £'000
Actuarial gain/(loss) on defined benefit pension scheme	**7,815**	757	**8,572**	(9,268)
Net interest expense	**(331)**	(11)	**(342)**	(307)
	7,484	**746**	**8,230**	**(9,575)**

Group Net pension scheme liability	**SHPS £'000**	LGPS £'000	**2020 Total £'000**	2019 Total £'000
Fair value of plan assets	**44,054**	9,839	**53,893**	**52,264**
Present value of plan liabilities	**(50,084)**	(9,394)	**(59,478)**	**(67,824)**
Provision for cessation debt	**-**	(398)	**(398)**	**-**
Total	**(6,030)**	**47**	**(5,983)**	**(15,583)**

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 £2,249k (2019: £1,591k). Contributions totalling £468k (2019: £354k) were payable to the fund at the year-end and are included in creditors.

Social Housing Pension Scheme (SHPS)

The Group participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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, sets out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Group 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.

31. Pension obligations (continued)

For financial years ending on or before 28 February 2019, it has not been possible for the Group to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Group has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Group to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

Financial assumptions

	2020 %	2019 %
Discount rate	**2.37**	2.33
Salary increase rate	**2.60**	3.28
Inflation - RPI	**2.60**	3.28
Inflation - CPI	**1.60**	2.28
Allowance for commutation of pension for cash at retirement	**75%**	75%

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

	2020 years	2019 years
Retiring in 2020		
- male	**21.5**	21.8
- female	**23.3**	23.5
Retiring in 2040		
- male	**22.9**	23.2
- female	**24.5**	24.7

31. Pension obligations (continued)

Reconciliation of present value of plan liabilities	2020 £'000	2019 £'000
At 1 April	**57,245**	51,016
Current service cost	-	(21)
Expenses	**35**	34
Interest cost	**1,326**	1,299
Employee contributions	-	66
Benefits paid	**(913)**	(1,769)
Remeasurement - change in financial assumptions	**(7,083)**	4,100
Remeasurements - experience	**(31)**	2,362
Remeasurements - demographic assumptions	**(495)**	158
At 31 March	**50,084**	**57,245**

Reconciliation of fair value of plan assets	2020 £'000	2019 £'000
At 1 April	**42,371**	38,911
Interest income on plan assets	**995**	1,002
Employee contributions	-	66
Employer contributions	**1,395**	1,337
Benefits paid	**(913)**	(1,769)
Experience on plan assets - gain	**206**	2,824
At 31 March	**44,054**	**42,371**

Net pension scheme liability	2020 £'000	2019 £'000
Fair value of plan assets	**44,054**	38,911
Present value of plan liabilities	**(50,084)**	(51,016)
	(6,030)	**(12,105)**

Amounts recognised in comprehensive income	**2020 £'000**	2019 £'000
Included in administrative expenses:		
Current service cost	-	(21)
Expenses	**35**	34
Interest	**331**	297
	366	**310**

Analysis of actuarial loss recognised in other comprehensive income	**2020 £'000**	2019 £'000
Remeasurements - change in financial assumptions	**7,083**	(4,100)
Remeasurements - experience	**31**	(2,362)
Remeasurements - demographic assumptions	**495**	(158)
Experience on plan assets	**206**	2,824
	7,815	**(3,796)**

31. Pension obligations (continued)

Composition of plan assets	2020 %	2019 %
Equities	**6,443**	7,129
Property	**970**	954
Absolute return	**2,297**	3,666
Distressed opportunities	**849**	770
Credit relative value	**1,208**	776
Alternative risk premia	**3,080**	2,444
Fund of hedge funds	**26**	191
Emerging markets debt	**1,334**	1,462
Risk sharing	**1,488**	1,280
Insurance linked securities	**1,353**	1,215
Infrastructure	**3,279**	2,222
Private debt	**888**	569
Corporate bond fund	**2,512**	1,977
Long lease property	**762**	623
Secured income	**1,671**	1,517
Liability driven investment	**14,621**	15,495
Opportunistic Illiquid credit	**1,066**	-
Liquid credit	**18**	-
Net current assets	**189**	81
Total plan assets	**44,054**	**42,371**

32. Deferred taxation

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Deferred tax liabilities				
Investment property revaluations	**762**	6,546	**-**	-
	762	6,546	**-**	-

32. Share capital

	2020 £	2019 £
Allotted, issued and fully paid shares of £1 each		
At 1 April	**10**	8
Issued in year	**1**	5
Redeemed/cancelled in the year	**(2)**	(3)
At 31 March	**9**	10

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.

34. Restricted reserves

The movement of £1.8m from the restricted reserve to the income and expenditure reserve is in respect of a donation originally made in 2013 by OHGL to One Housing Foundation (OHF) and repaid by OHF to OHGL in July 2019. The major capital projects fund, a restricted reserve in OHF, was originally designated to act as initial funding towards the building of a second homeless hostel (Arlington 2), a project which is no longer taking place and being a restricted reserve fund in OHF, the funds could not be used to support any other activity in OHF. As a result, the Board approved the return of the donation by OHF to OHGL.

35. Contingent liabilities

At 31 March 2020, the Group and Association had contingent liabilities in respect of litigation and claims arising in the ordinary course of business of £204k (2019: £716k).

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, the value of the transaction must be the fair value.

35. Contingent liabilities (continued)

Where there is government grant associated with the housing properties, 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 £11.1m (2019: £11.2m). 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 is therefore included in brought forward reserves.

As at 31 March 2020, grant which has been written off to reserves represents a contingent liability of £44.8m (2019 £40.3m). This contingent liability will be realised if the assets to which the written off grant relates are disposed.

In addition, the stock swap of 2019 and stock acquisition in 2020 has added a further £4.8m to the contingent liability.

As at 31 March 2020, Citystyle Living (Sutton Court Road) Ltd (SCR) had external debt facilities. As part of the terms of this external debt facility, we have entered into an agreement whereby OHGL would fund any shortfall arising from the difference in the expected sales value of units and that realised. It is likely to require OHGL investing £2.4m in equity to enable SCR to repay the loan. Any impairment implications related to this scheme are included in the results to 31 March 2020.

36. Operating leases

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

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Amounts payable as lessee				
Not later than one year	**7,787**	5,627	**7,787**	5,570
Later than one year and not later than five years	**27,790**	21,839	**27,790**	21,839
Later than five years	**187,867**	187,978	**187,867**	187,978
At 31 March	**223,444**	215,444	**223,444**	215,387

36. Operating leases (continued)

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Amounts receivable as lessor				
Not later than one year	**11,338**	10,711	**9,867**	9,145
Later than one year and not later than five years	**49,458**	46,729	**43,043**	39,895
Later than five years	**265,731**	251,067	**231,262**	214,347
	326,527	308,507	**284,172**	263,387

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.

37. Capital commitments

	Group 2020 £'000	Group 2019 £'000	**Association 2020 £'000**	Association 2019 £'000
Commitments contracted but not provided for				
Construction	**243,424**	59,596	**169,380**	39,754
Acquisition	**42,084**	28,679	**24,924**	-
Commitments approved by the Board but not contracted for				
Construction	**543,153**	403,507	**346,255**	62,670
Acquisition	**85,839**	311,339	**49,634**	-
	914,500	803,121	**590,193**	102,424

37. Capital commitments (continued)

Capital commitments for the group and association will be funded as follows:

	Group 2020 £'000	2019 £'000	Association 2020 £'000	2019 £'000
Commitments contracted but not provided for				
Social housing grant	**43,586**	20,320	**43,587**	20,320
New loans	**239,793**	160,778	**311,287**	19,900
Sales of properties	**631,121**	559,882	**235,319**	7,236
Existing reserves	-	62,141	-	54,968
	914,500	803,121	**590,193**	102,424

Included in capital expenditure that has been contracted for - PPE is £90,070k in respect of commitments relating to joint ventures.

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 the statement of comprehensive income.

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.

38. 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.

All transactions in respect of the tenant board member and other related public and commercial entities are carried out at arm's length and under normal commercial terms. Rent charged to the tenant board member during the year was £4,506 (2019: £4,590) of which £178 (2019: £Nil) was included in amounts owing at the year-end.

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.

38. Related party disclosures (continued)

Payable by the Association: **2020**	Management fees £'000	Interest £'000	Gift Aid £'000	Other £'000	Total £'000
By regulated entities					
TPHA Limited	263	-	9,000	-	9,263
Social housing total	263	-	**9,000**	13	**9,263**
By non-regulated entities					
One Housing Foundation	-	-	-	1,800	1,800
CHA Ventures Limited	-	-	715	-	715
Citystyle Living (Close) Limited	-	-	(130)	-	(130)
Citystyle Living (Goldhawk Road) Limited	-	-	1,810	-	1,810
Citystyle Living (Kidwells) Limited	-	-	52	-	52
Citystyle Living (Polo) Limited	-	-	214	-	214
Citystyle Living (Thurlow Park Limited	-	-	133	-	133
Citystyle Living (Wenlock Road) Limited	-	-	(108)	-	(108)
Citystyle Living Limited	514	435	1,140	76	2,165
East End Lettings (2) Limited	-	-	2,277	-	2,277
One Direct Maintenance Limited	898	-	-	-	898
Renovo Facilities & Services Limited	261	-	-	-	261
Citystyle Living (Acton Town Hall) Limited	-	-	1,267	-	1,267
Non-social housing total	**1,673**	**435**	**7,370**	**1,876**	**11,354**
Grand total	**1,936**	**435**	**16,370**	**1,876**	**20,617**

38. Related party disclosures (continued)

Payable by the Association: **2019**	Management fees £'000	Interest £'000	Gift Aid £'000	Other £'000	Total £'000
By regulated entities					
TPHA Limited	95	-	2,800	13	2,908
Social housing total	**95**	-	**2,800**	**13**	2,908
By non-regulated entities					
One Housing Foundation	-	-	-	90	90
CHA Ventures Limited	-	100	4,855	-	4,955
Citystyle Living (Belmont) Limited	-	-	-	1	1
Citystyle Living (Close) Limited	-	-	652	1	653
Citystyle Living (Goldhawk Road) Limited	-	-	2,701	-	2,701
Citystyle Living (Kidwells) Limited	-	-	839	-	839
Citystyle Living (Polo) Limited	-	-	31	-	31
Citystyle Living (Thurlow Park Limited	-	-	16	-	16
Citystyle Living (Victoria Quarter) Limited	-	-	72	-	72
Citystyle Living (Wenlock Road) Limited	-	-	346	-	346
Citystyle Living Limited	61	42	2,985	76	3,164
East End Lettings (2) Limited	11	-	1,001	-	1,012
One Direct Maintenance Limited	1,868	-	-	-	1,868
Renovo Facilities & Services Limited	199	-	-	-	199
Citystyle Living (Acton Town Hall) Limited	-	-	(66)	3	(63)
Citystyle Living (Haringey) Limited	-	-	591	-	591
Citystyle Living (St Ann's) Limited	-		-	11	11
Non-social housing total	**2,139**	**142**	**14,023**	**182**	**16,486**
Grand total	**2,234**	**142**	**16,823**	**195**	**19,394**

38. Related party disclosures (continued)

Payable by the Association: 2020	Sales £'000	Maintenance services £'000	Management fees £'000	Interest £'000	Other £'000	Total £'000
By regulated entities						
TPHA Limited	-	-	-	-	-	-
Social housing total	-	-	-	-	-	-
By non-regulated entities						
One Housing Foundation	-	-	-	11	116	127
CHA Ventures Limited	26,933	-	-	-	-	26,933
Citystyle Living (Close) Limited	-	-	-	1	-	1
Citystyle Living (Kidwells) Limited	-	-	-	21	-	21
Citystyle Living (Polo) Limited	-	-	-	-	213	213
Citystyle Living (Wenlock Road) Limited	-	-	-	1	-	1
Citystyle Living Limited	-	-	-	12	-	12
One Direct Maintenance Limited	-	8,050	922	-	-	8,972
Citystyle Living (Haringey) Limited	-	-	-	48	-	48
Citystyle Living (Acton Town Hall) Limited	-	-	-	53	-	53
Citystyle Living (St Ann's) Limited	-	-	-	17	-	17
Non-social housing total	**26,933**	**8,050**	**922**	**164**	**329**	**36,398**
Grand total	**26,933**	**8,050**	**922**	**194**	**329**	**36,428**

38. Related party disclosures (continued)

Payable by the Association: 2019	Sales £'000	Management fees £'000	Maintenance services £'000	Interest £'000	Other £'000	Total £'000
To non-regulated entities						
One Housing Foundation	-	-	-	13	42	55
CHA Ventures Limited	38,128	-	-	-	-	38,128
Citystyle Living (Close) Limited	-	-	-	4	-	4
Citystyle Living (Goldhawk Road) Limited	-	-	-	132	-	132
Citystyle Living (Kidwells) Limited	-	-	-	3	-	3
Citystyle Living (Polo) Limited	-	-	-	-	426	426
Citystyle Living (Wenlock Road) Limited	-	-	-	92	-	92
Citystyle Living	-	-	-	7	-	7
One Direct Maintenance Limited	-	5,028	24,411	-	-	29.439
East End Lettings (2) Limited	-	-	-	1	-	1
Citystyle Living (Haringey) Limited	-	-	-	16	-	16
Citystyle Living (Acton Town Hall) Limited	-	-	-	12	-	12
Citystyle Living (St Ann's) Limited	-	-	-	1	-	1
Citystyle Living (Thurlow Park) Limited	-	-	-	30	-	19
Non-social housing total	**38,128**	**5,028**	**24,411**	**300**	**468**	**68,335**
Grand total	**38,128**	**5,028**	**24,411**	**300**	**468**	**68,335**

38. Related party disclosures (continued)

Transactions with subsidiaries use the following basis of allocation:

Property development fees:
CHA Ventures Limited applies a mark-up of 2.0% (2018: 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.

Management fees:
The Association provides management and administrative services to subsidiaries. The most significant element of this is staff costs, as the subsidiaries do not have their own employees.

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

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.

38. Related party disclosures (continued)

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

31 March 2020	One Housing Group Limited Assets £'000	Liabilities £'000	Total £'000	TPHA Limited Assets £'000	Liabilities £'000	Total £'000
Social housing						
One Housing Group Limited	-	-	-	1	(3,858)	(3,857)
TPHA Limited	3,858	(1)	**3,857**	-	-	-
Social housing total	**3,858**	**(1)**	**3,857**	**1**	**(3,858)**	(3,857)
Non-social housing						
One Housing Foundation	-	(752)	**(752)**	-	-	-
CHA Ventures Limited	802	-	**802**	-	-	-
Citystyle (Site A Nunhead Lane) Living Limited	614	-	**614**	-	-	-
Citystyle Living (Acton Town Hall) Limited	1,256	(1,009)	**247**	-	-	-
Citystyle Living (Bangor Wharf) Ltd	-	(6,663)	**(6,663)**	-	-	-
Citystyle Living (Belmont) Limited	-	(6,340)	**(6,340)**	-	-	-
Citystyle Living (Close) Limited	-	(115)	**(115)**	-	-	-
Citystyle Living (Goldhawk Road) Limited	1,715	(689)	**1,026**	-	-	-
Citystyle Living (High Road Haringey 624 THA) Limited	-	(1,318)	**(1,318)**	-	-	-
Citystyle Living (Kidwells THA) Limited	-	(51)	**(51)**	-	-	-
CSL (Polo) Limited	-	(701)	**(701)**	-	-	-
Citystyle Living (Slough Station) Limited	-	(307)	**(307)**	-	-	-
Citystyle Living (St Ann's) Limited	-	(1,917)	**(1,917)**	-	-	-
Citystyle Living (Sutton Court Road) Limited	1,523	-	**1,523**	-	-	-
Citystyle Living (Thurlow Park) Limited	73	(72)	**1**	-	-	-
Citystyle Living (Victoria Quarter) Limited	18	(59,002)	**(58,984)**	-	-	-
Citystyle Living (Wenlock Road) Limited	492	(123)	**369**	-	-	-
Citystyle Living (White Horse Field) Limited	-	(4,228)	**(4,228)**			
Citystyle Living (Shakespeare Orchard) Limited	-	(1,797)	**(1,797)**			
Citystyle Living Limited	93,539	-	**93,539**	-	-	-
East End Lettings (2) Limited	610	(20,797)	**(20,187)**	-	-	-
Non-social housing total	**100,642**	**105,881**	**(5,239)**	-	-	-
Grand total	**104,500**	**(105,882)**	**(1,382)**	**1**	**(3,858)**	**(3,857)**

38. Related party disclosures (continued)

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

31 March 2019	One Housing Group Limited Assets £'000	Liabilities £'000	Total £'000	TPHA Limited Assets £'000	Liabilities £'000	Total £'000
Social housing						
One Housing Group Limited	-	-	-	6,542	(343)	6,199
TPHA Limited	343	(6,542)	**(6,199)**	-	-	-
Social housing total	**343**	**(6,542)**	**(6,199)**	**6,542**	**(343)**	6,199
Non-social housing						
One Housing Foundation	950	(3,691)	**(2,741)**	-	-	-
CHA Ventures Limited	8,511	-	**8,511**	-	-	-
Citystyle (Site A Nunhead Lane) Living Limited	93	-	**93**	-	-	-
Citystyle Living (Acton Town Hall) Limited	484	(13,718)	**(13,234)**	-	-	-
Citystyle Living (Bangor Wharf) Ltd	-	(6,691)	**(6,691)**	-	-	-
Citystyle Living (Belmont) Limited	-	(1,659)	**(1,659)**	-	-	-
Citystyle Living (Close) Limited	4	(110)	**(106)**	-	-	-
Citystyle Living (Goldhawk Road) Limited	36	(2,069)	**(2,033)**	-	-	-
Citystyle Living (High Road Haringey 624 THA) Limited	1,186	(11,234)	**(10,048)**	-	-	-
Citystyle Living (Kidwells THA) Limited	3	(45)	**(42)**	-	-	-
CSL (Polo) Limited	56	(26)	**30**	-	-	-
Citystyle Living (Slough Station) Limited	-	(330)	**(330)**	-	-	-
Citystyle Living (St Ann's) Limited	57	(4,202)	**(4,145)**	-	-	-
CityStyle Living (Sutton Court Road) Limited	672	-	**672**	-	-	-
Citystyle Living (Thurlow Park) Limited	75	(80)	**(5)**	-	-	-
Citystyle Living (Wenlock Road) Limited	109	(150)	**(41)**	-	-	-
Citystyle Living (White Horse Field) Limited	16	-	**16**			
Citystyle Living (Shakespeare Orchard) Limited	41	-	**41**			
Citystyle Living Limited	11,666	(47)	**11,619**	-	-	-
East End Lettings (2) Limited	572	(550)	**22**	-	-	-
One Direct Maintenance Limited	15,177	(12,293)	**2,884**	-	-	-
Renovo Limited	249	-	**249**			
Non-social housing total	**39,957**	**(56,895)**	**(16,938)**	-	-	-
Grand total	**40,300**	**(63,437)**	**(23,137)**	**6,542**	**(343)**	**6,199**

39. Capital and reserves

The statement of comprehensive income reserve for the Group includes £102.5m (2019: £98.4m) 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 £2.9m (2019: £110.6m) in respect of investment properties.

40. Business combinations

On 1 October 2019, One Direct Maintenance Ltd, a subsidiary of OHGL, transferred all of its business and assets to OHGL. The value of the transfer was as follows

	2020 £'000
Tangible fixed assets - other	**548**
Stock	**293**
Debtors	**2,140**
Cash and cash equivalents	**45**
Creditors: amounts falling due within one year	**(3,026)**

41. Prior year adjustments

Over the last two years the Group has been strengthening its controls and as part of this process KPMG were appointed as internal auditors in June 2018. The Board recognised that there was scope to improve accounting controls and processes and various recommendations have been made by KPMG, including in relation to financial controls and reconciliations.

During the year to 31 March 2020 the Group has strengthened its accounting controls and processes. As part of the year end process of preparing the 2020 financial statements an extensive internal review was undertaken of balances recorded in the Group's statement of financial position. Whilst the majority of balances were found to be correct, this review has identified a number of items which had either been incorrectly accounted for in previous years or where the Group has now decided to take a stricter interpretation of its stated accounting policies.

The items concerned fall into three categories:

1. Accounting errors. Several different errors have been identified whereby amounts were either mis-posted or wrongly carried forward within control accounts or which did not agree to the stated accounting policy or to the requirements of FRS102. All such errors have been corrected and have been accounted for in the period in which the original error was made.

2. Impairment FRS 102 requires an impairment review to take place if there is any indication that an asset may be impaired. Prior to 2019, the Group's processes for recognising that there were events which should trigger an impairment review were not as strong as they are now. Primarily in relation to two schemes, it is now apparent that certain trigger events, such as planning permission having been declined or changes in the proposed delivery model through use of joint ventures, were not recognised in 2018. Therefore, there was an error in failing to conduct an impairment review at that time. Impairment has been recalculated to take account of facts already known at the relevant prior period.

3. Investment Property Valuations. The Group has been carrying its portfolio of market rented housing applying external valuations using market value on a vacant possession basis. Whilst it would theoretically be possible to terminate leases and realise on a vacant possession basis, the portfolio is held to generate income to subsidise our social housing activities, rather than for sale. The accounting policy also states that values are "determined annually by qualified valuers and derived from the current market rents". The Group has therefore decided to adopt a stricter interpretation of its accounting policy and apply external professional valuations calculated on a tenanted basis and to restate valuations on this basis.

41. Prior year adjustments (continued)

	Group 2018 & prior periods £'000	Group year ended 31 March 2019 £'000	Group Total £'000	Association 2018 & prior periods £'000	Association year ended 31 March 2019 £'000	Association Total £'000
Prior Year Adjustments						
Accounting errors	(4,652)	(10,836)	(15,488)	(2,791)	(7,110)	(9,901)
Impairment	(30,184)	5,681	(24,503)	(31,391)	689	(30,702)
Investment property valuations	(23,541)	(2,209)	(24,750)	(12,513)	(1,934)	(14,447)
Reduction in income and expenditure reserve	(58,377)	(7,364)	(65,741)	(46,695)	(8,355)	(55,050)
Income and Expenditure Reserves						
As previously reported 31 March 2018			399,250			397,420
Prior year adjustment			(58,377)			(46,695)
As restated 31 March 2018			340,873			350,725
Surplus for the year to 31 March 2019						
As previously reported			20,177			24,374
Prior year adjustment			(7,364)			(8,355)
As restated			12,813			16,019
Other comprehensive income and reserves movements						
As previously reported			(9,248)			(9,259)
Balance at 31 March 2019						
As previously reported			410,179			412,535
Prior year adjustment			(65,741)			(55,050)
I&E reserves as restated at 31 March 2019			**344,438**			**357,485**

41. Prior year adjustments (continued)

	Group As originally reported	Group Adjustments	Group As restated	Association As originally reported	Association Adjustments	Association As restated
Statement of Combined Income for the year ended as 31 March 2019						
Turnover	213,254	(429)	212,825	195,835	(1,178)	194,657
Cost of sales	(58,747)	5,682	(53,065)	(27,274)	9,025	(18,249)
Operating costs	(123,697)	(10,346)	(134,043)	(125,968)	(14,208)	(140,176)
Surplus on disposal of fixed assets	15,371	-	15,371	13,584	-	13,584
Share of surplus in joint ventures	4,338	(1)	**4,337**	-	-	-
Operating surplus	**50,519**	**(5,094)**	**45,425**	**56,177**	**(6,361)**	**49,816**
Other interest receivable and similar income	428	777	1,205	534	776	1,310
Interest and financing costs	(31,682)	(1,508)	(33,190)	(31,865)	(1,510)	(33,375)
Movement in fair value of financial instruments	888	671	1,559	888	671	1,559
Movement in fair value of investment properties	(73)	(2,208)	(2,281)	(1,410)	(1,933)	(3,343)
Movement in fair value of listed investment	-	-	-	-	-	-
Surplus before taxation	20,080	(7,362)	12,718	24,324	(8,357)	15,967
Taxation	98	-	98	50	-	50
Surplus for the financial year	20,178	(7,362)	12,816	24,374	(8,357)	16,017
Actuarial gain on defined benefit pension schemes	(9,268)	-	(9,268)	(9,268)	-	(9,268)
Total comprehensive income for the year	**10,910**	**(7,362)**	**3,548**	**15,106**	**(8,357)**	**6,749**

41. Prior year adjustments (continued)

	Group As originally reported	Group Adjustments	Group As restated	Association As originally reported	Association Adjustments	Association As restated
Statement of Financial Position as at 31 March 2019						
Tangible fixed assets - housing properties	1,642,915	1,773	1,644,688	1,658,567	1,773	1,660,340
Tangible fixed assets - other	28,366	(4,751)	23,615	27,697	(4,750)	22,947
Investment properties	240,154	(25,750)	214,404	161,213	(14,447)	146,766
Investments - subsidiaries	-	-	-	191,265	(15,115)	176,150
Investments - joint ventures	40,239	(1,903)	**38,336**	-	-	-
Investments - listed investments	25	(1)	24	24	-	24
	1,951,699	(30,632)	1,921,067	2,038,766	(32,539)	2,006,227
Properties for sale	183,955	(25,761)	158,194	68,095	(14,839)	53,256
Debtors	31,484	(993)	30,491	52,518	(990)	51,528
Cash and cash equivalents	62,148	(1,674)	**60,474**	54,967	(1,679)	53,288
	277,587	(28,428)	(249,159)	175,580	(17,508)	158,072
Creditors: amounts falling due within one year	(143,855)	(9,492)	(153,347)	(163,373)	(6,518)	(169,891)
Net current assets	133,732	(37,920)	95,812	12,207	(24,026)	(11,819)
Total assets less current liabilities	2,085,431	(68,552)	2,016,879	2,050,973	(56,565)	1,994,408
Creditors: amounts falling due after more than one year	(1,649,502)	1,553	(1,647,949)	(1,622,462)	1,515	(1,620,947)
Provision for liabilities	(8,192)	1,258	(6,934)	(388)	-	(388)
Pension liability	(15,583)	-	(15,583)	(15,583)	-	(15,583)
Net assets	**412,154**	**(65,741)**	**346,413**	**412,540**	**(55,050)**	**357,490**
Capital and reserves	**412,154**	**(65,741)**	**346,413**	**412,540**	**(55,050)**	**357,490**

In all cases controls have now been introduced which ensure that these issues do not recur. The strengthened controls and processes put in place include a formal and regular impairment review process and stronger balance sheet controls and reconciliations, together with enhanced oversight from Executive and Committees.

Board members, executive directors, advisers, and bankers

Board members:

Chair:

Caroline Corby
(appointed as Chair 1 August 2020)

Steve Douglas
(resigned 31 July 2020)

Ordinary Members:

Ebele Akojie (resigned 31 March 2020)
Chief Financial Officer

Kevin Brush

Caroline Corby
Chair Treasury & Finance Committee

Stewart Davenport
Chair Development and Investment Committee

Lee Gibson (appointed 01 May 2020)

Paul Gray (appointed 02 April 2020)
Chief Financial Officer

Richard Hill
Chief Executive

Alexandra Jones (appointed 27 August 2019

Rommel Pereira
Chair Audit & Risk Committee

Julie Price
Chair People Committee

Sandra Skeete
Chair Customer Services Committee

Vijay Sodiwala (resigned 12 July 2019)
Senior Independent Director

Wendy Wallace
Chair Care & Support Committee

Carol Yarde (resigned 12 July 2019)

Executive Team:

Richard Hill
Chief Executive

Paul Gray (appointed 02 April 2020)
Chief Financial Officer

Ebele Akojie (resigned 31 March 2020)

Chyrel Brown (appointed 22 July 2019)
Chief Operating Officer

Mike Johnson
Group Director Development

Hilary Milne
Group Director of Governance & Compliance

Martin D'Mello
Group Director Care & Support

Ria Bailes
Group Director People and Change

Tony Blows
Chief Information Officer

Hilary Milne
Company Secretary

Registered office:

Atelier House
64 Pratt Street
London NW1 0DL

Principal bankers:

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Auditors:

BDO LLP
2 City Place
Beehive Ring Road
Gatwick,
West Sussex RH6 0PA

Principal solicitors:

Towers & Hamlins LLP
3 Bunhill Row
London EC1Y 8YZ

Devonshires Solicitors
Salisbury House
London Wall
London EC2M 5QY

Penningtons Manches LLP
125 Wood Street
London EC2V 7AW

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Regulator of Social Housing No: LH0171. Registered Office:
Atelier House, 64 Pratt Street, London NW1 0DL.