



OCEAN HOUSING LIMITED

(REGISTERED SOCIETY)

FINANCIAL STATEMENTS

FOR THE YEAR TO

31 MARCH 2020

Community Benefit Registered Society Number: 30521R
Regulator of Social Housing Registration Number: LH4248

Ocean Housing Limited

Financial Statements for the year to 31 March 2020

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Ocean Housing Limited

Directors and Advisors for the year ended 31 March 2020

The Board

Christopher Durkin (Chair) (Resigned 29th February 2020)
Louise Barnden
Kevin Pearce
Frances Turner
Karen Littler
Christopher Spencer
Christopher Grose
Andrea Smith (Chair 1st March 2020)
Debbie Wilshire (ex-officio)

Company secretary

Frances Turner (Managing Director)

Executive director

Frances Turner (Managing Director)

External auditor

KPMG LLP
Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth
PL4 0HP

Internal auditor

RSM Ltd
Chartered Accountants
Howard House
Queens Avenue
Bristol
BS8 1QT

Principal Solicitors

Trowers & Hamlins
The Senate
Southernhay Gardens
Exeter
EX1 1UG

Funders

Abbey National Treasury Services
2 Triton Square
Regent's Place
London
NW1 3AN

M&G Investments

Laurence Pountney Hill
London
EC4R 0HH

Bankers

NatWest plc
1 Church Street
St Austell
Cornwall
PL25 4AW

Funding Advisors

Aquila Treasury Solutions
Tempus Wharf
29a Bermondsey Wall West
London
SW16 4SA

Ocean Housing Limited is a Registered Society under The Co-operative and Community Benefit Society Act 2014 (Registered in England: Number 30521R) and is a Registered Provider with the Regulator of Social Housing (Registration Number LH4248). It is a member of the Ocean Housing Group of companies and wholly controlled by Ocean Housing Group Limited, a company limited by guarantee registered in England (Company Number 5000720) and also a Registered Provider with the Homes and Communities Agency (Registration Number L4422).

The registered office is at:

Stennack House
Stennack Road
St Austell
Cornwall
PL25 3SW

Ocean Housing Limited

Directors' report for the year ended 31 March 2020

The Board presents its report and audited financial statements for the year ended 31 March 2020.

Introduction

Ocean Housing Limited is a Registered Society under The Co-operative and Community Benefit Society Act 2014 and Registered Provider of social housing with the Regulator for Social Housing. The Company was established in 1998 as Restormel Housing Trust to effect a Large Scale Voluntary Transfer from Restormel Borough Council of 3,502 former council houses and related assets which took place in February 2000. In May 2004, the Company became a subsidiary of Ocean Housing Group Limited.

Nature of business and principal activities

The principal activity of the Company is the provision of social housing. The Company is a registered housing association and its primary objective is to provide quality homes for its tenants and to build new affordable homes for those in need within Cornwall.

Company mission and key objectives

The Company adopts the Group mission which states that it wants "To be an innovative provider of quality homes and services with residents and staff at the heart of Ocean, and Ocean at the heart of the community"

The 5 key objectives are:

- Have residents at the heart of everything we do
- Maintain strong and effective Governance.
- Provide good quality services, right first time
- Provide innovative, energy efficient, good quality homes
- Be an employer of choice

The Company's constitution and the Board

As detailed in the publicly available rules, the full Board has 7 members, 5 of which are non-executive. The Board meets at least four times a year. At 31 March 2020 there were no vacancies.

Ocean Housing Limited

Directors' report (continued)

Review of the business

Financial performance for the year was positive. The financial statements for 2019/20 gave rise to a surplus of £2,949,000 (2019: £3,731,000) after receipt of £nil (2019: £370,000) gift aid from other group companies. Turnover reduction from 2018/19 was due to a reduced number of shared ownership sales in the year. This was expected and the results therefore were in line with original budget expectations for the year. It should also be noted that there was no expectation of Gift Aid in 2019/20 as a higher than expected sum had been paid in the previously year.

During the year, debt rose by £1 million to £151 million. However the level of cash holding fell as planned to support the new build development programme, the reduction in cash holding during the year amounted to £12 million.

The Company remains committed to the development of new social housing in addition to managing of its existing properties. Existing agreed and secure loan facilities support the Boards' development ambitions to 2023. Through the Group Boards' 5-year New Homes Strategy, the Company has an ambition to build 693 new affordable homes to 2025. New finance will be required to fulfil such ambition in its final 2 years. Covid-19 did not have any material impact on the receipts of the Company and has improved the cash position through delays to development and maintenance expenditure. However whilst in 2019/20 the Covid implications were not material, during 2020/21 the impact has been greater recognising the effect of a national lockdown with new build development and planned maintenance projects delayed. This is being effectively managed and presents no material risk to the business. It is to also be noted that rent arrears continues to be at similar levels as 2019/20 levels so currently there are no Covid triggered adverse cash flow material issues.

The Company, as part of the Ocean Housing Group and as a stand alone entity, complies with all regulatory standards. The results of the Company are incorporated in the consolidated financial statements of Ocean Housing Group Limited. No separate Strategic Report or Value for Money statement is included in these Financial Statements as it is contained in the consolidated financial statements. This document is available on request from the registered office address.

Ocean Housing Limited

Directors' report (continued)

At the 31 March 2020, Ocean Housing Limited owned and managed 4,613 (2019: 4,594) affordable homes. An analysis of the Company's assets is as follows:

Ocean Housing affordable housing stock

	2020	2019
General needs	2,910	2,853
Housing for older persons	625	751
Affordable rented	367	352
Other rented	248	194
Sub Total	4,150	4,150
Shared ownership	463	444
Total	4,613	4,594
Leasehold properties	136	134
Garages and car spaces	562	562
Shops and offices	6	6

Employees

At 31 March 2020 the number of employees was 134 (2019: 130). During the year ended 31 March 2020 the Company employed an average of 125 full time equivalent staff (2019: 124).

Treasury management and financial instruments

As at 31 March 2020 the Company had outstanding loans amounting to £151.0 million (2019: £150.0 million) with funding secured for a further £29.0 million (2019: £30.0 million). The Company has housing assets held in its balance sheet of £228 million (2019: £219 million).

Treasury strategy and operations are managed within Ocean Housing Limited by the Group Director of Resources through parameters set down by the Group Board in its Treasury Management Strategy. This activity is reported to and monitored by the Group Board and the Company's Board. The process is subject to review by external and internal auditors.

The main risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees the management of these risks as summarised below:

Interest rate risk

The Company finances its operations through a potential mixture of generated surpluses and a long-term loan facility. The Company portfolio is a mix of floating and fixed rates through its long term facility. At the year end 70% (2019: 70%) of the Company's borrowings were at fixed rates of interest.

Liquidity risk

Continuity of funding is ensured by arranging borrowings and committed facilities and by limiting the amount of debt repayable in any one year. At the year end undrawn facilities from Santander amounted to £29 million (2019: £30 million) and the average maturity of net debt is shown in note 13.

Ocean Housing Limited

Directors' report (continued)

Health and safety

The Company recognises its responsibilities under Health and Safety at work legislation and, as far as is reasonably practicable, provides and maintains a safe working environment for all staff. The Company has adopted the comprehensive Group Health and Safety Policy and this Policy is regularly reviewed. Within the Group there is a Health and Safety Committee, which meets three times a year. During 2019/20, the Ocean Group maintained its health and safety accreditation to ISO 45001 (Formally ISO 18001) standard.

Environmental position

The Company recognises its responsibilities under environmental legislation and is committed to promoting and delivering its services in the most sustainable manner including the investment in new technologies when the opportunity permits. The Group has an Environmental Policy and a sound framework of procedures supporting this. During 2019/20, the Ocean Group maintained its environmental accreditation to ISO 14001 standard.

The Ocean Group and its companies have strengthened their environmental aspirations during 2019/20 and are actively looking to improve performance in the areas of tenant fuel poverty, energy efficiency, carbon emissions and environmental planning and landscaping on estates.

Resident participation and involvement

The Board firmly believes in involving tenants in the decision making process. The Company supports a Tenant and Residents Panel that influences Board decisions on all potential issues of importance to tenants. In addition a Tenant Scrutiny Panel exists to provide effective and detailed challenge of the Company's operations. Through its Tenant Involvement and Social Inclusion team the Company supports a number of activities and events with tenants. In addition, the Company actively consults with tenants and other interested parties on general and specific issues to ensure that key stakeholder issues are properly considered

European Union

The United Kingdom's pending exit and the subsequent uncertainties this introduces into the future economic outlook are being carefully monitored. The Company believes it is agile enough to respond and mitigate any negative outcomes and to take advantage of any positive outcomes.

Payment of creditors

The Company is committed to supporting local businesses and has a policy to always pay its suppliers within their agreed settlement terms.

Future developments

The Company remains confident of delivering its 5 year New Homes Strategy despite the Covid lockdown in March 2020 generating build delays for up to 3 months. Within 18 months, latest plans indicate that the delay will have been recovered and handovers of new homes will flow into management in a manner not materially different to original expectations. The Company is seeing no signs of concerns to demand for property and anticipate that its future plans can still be broadly delivered as anticipated with material threats to the long term business plan projections, Red Lines and covenants.

Ocean Housing Limited

Directors' report (continued)

Auditor

KPMG LLP were appointed auditor on 18 September 2019.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware; and each Director has taken all the steps that he/ she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Going Concern.

The directors, after reviewing the company's budgets for 2020/21 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the company will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements . The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

By order of the Board.



Andrea Smith

Director

Date: 23rd September 2020

Registered Society Number: 30521R

Ocean Housing Limited

Statement of Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Ocean Housing Limited

Report of the Board on Internal Control

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of Ocean's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which Ocean is exposed and is consistent with Turnbull principles, and application of the Regulator for Social Housings requirements in respect of the regulatory standards, in particular the governance and viability standard.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of Ocean's activities. This process is co-ordinated through a regular reporting framework of performance management and control by the Executive Group. The Executive Group regularly considers reports on significant risks facing Ocean and the Group Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

Monitoring and corrective action

A process of control self-assessment and regular management performance reporting on control issues and key performance indicators provides assurance to the Executive Group and to the Board. This includes a rigorous approach for ensuring that corrective action is taken in relation to any significant control issue, particularly those with a material impact on the financial statements.

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering operational, financial and compliance issues including the appraisal of new investment projects. The Board has adopted, and disseminated to employees, the NHF code of governance 'Excellence in governance' revised July 2015. This sets out Ocean's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of business objectives, targets and outcomes.

Ocean Housing Limited

Report of the Board on Internal Control (continued)

The internal control framework and the risk management process are subject to regular review by the Internal Auditor who is responsible for providing independent assurance to the Board and Board of Ocean Housing Group Limited via the Group Audit, Risk and Assurance Committee. The Group Audit, Risk and Assurance Committee considers internal control at each of its meetings during the year. At all of its meetings the Group Audit, Risk and Assurance Committee reviews the Risk and Assurance Framework to ensure it is appropriate to meet the increasing pressures faced by the Board.

The Board has received the Group Chief Executive's annual report on internal control and has conducted its annual review of the effectiveness of the system of internal control. It has taken account of any changes needed to maintain the effectiveness of the risk management and control process. In The Group Chief Executive's 2019/20 review, he identified 2 specific areas where, during the year, additional measures were applied to enhance internal controls. These 2 areas were property compliance arrangements and cyber security,

In respect of property compliance, following a gas compliance breach in 2018/19 and self-referral to the regulator in 2019/20, the Group Board drove forward a programme of compliance arrangement strengthening, supported by the Group Audit, risk and Assurance Committee, This led to a new robust Compliance framework being created and implemented in 2019/20. This has provided the necessary additional assurance and control needed. Secondly, to recognise the increased risks of cyber security the Group Board and Group Audit Risk and Assurance Committee embarked on initiatives in 2019/20 to enhance the Company's protection from cyber attack. Investment in additional cyber tools and enhanced training of IT security awareness has given a greater level of internal control and assurance for the Company

Having comprehensively reviewed the Group's overall framework of internal control the Group Chief Executive concluded there were no material areas of control weakness and the Company Board are assured.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Company. This process has been in place throughout the year under review, up to the date of the annual report.

By order of the Board.



Andrea Smith

Chair

Date: 23rd September 2020

Registered Society Number: 30521R

Ocean Housing Limited



Regus, 4th floor
Salt Quay House
6 North East Quay
Plymouth
PL4 0HP

Independent auditor's report to Ocean Housing Limited

Opinion

We have audited the financial statements of Ocean Housing Limited ("the Association") for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the Association as at 31 March 2020 and of the income and expenditure of the Association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the Association or to cease their operations, and as they have concluded that the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the business model and analysed how those risks might affect Association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Association will continue in operation.

Ocean Housing Limited

Independent auditor's report (continued)

Other information

The directors are responsible for the other information, which comprises the Director's Report and Report of the Board on Internal Controls. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over transactions; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in their statement set out on page 8, the Association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing 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 it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Ocean Housing Limited

Independent auditor's report (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.



Victoria Sewell

for and on behalf of KPMG LLP

Chartered Accountants

Regus, 4th Floor

Salt Quay House

6 North East Quay

Plymouth

PL4 0HP

30 September 2020

Ocean Housing Limited

Income and expenditure account and statement of comprehensive income for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	2	24,149	26,697
Operating costs	2	(13,526)	(15,528)
Operating surplus	2	10,623	11,169
Interest receivable and other income	4	372	66
Interest payable and similar charges	5	(7,986)	(7,810)
Net finance cost on pension fund liabilities	5	(59)	(57)
Surplus on ordinary activities before taxation		2,950	3,368
Gift aid receivable	21	-	370
Taxation	7	(1)	(7)
Surplus for the year		2,949	3,731
Initial recognition of SHPS defined benefit scheme	15a	-	(1,050)
Remeasurement of the net defined benefit liability.	15e	1,189	(479)
Total comprehensive income for the year		4,138	2,202



Chair
Andrea Smith



Director
Karen Littler



Secretary
Frances Turner

Ocean Housing Limited

Statement of Changes in Equity

	Revenue Reserve	Total Equity
	£'000	£'000
Balance at 1 April 2018	37,182	37,182
Surplus for the year	3,731	3,731
Other Comprehensive Income	(1,529)	(1,529)
Balance at 31 March 2019	39,384	39,384

	Revenue Reserve	Total Equity
	£'000	£'000
Balance at 1 April 2019	39,384	39,384
Surplus for the year	2,949	2,949
Other Comprehensive Income	1,189	1,189
Balance at 31 March 2020	43,522	43,522

Ocean Housing Limited

Statement of Financial Position as at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Housing properties at cost less depreciation	8a	227,963	219,043
Total housing properties	8a	227,963	219,043
Other tangible fixed assets	8b	4,766	4,671
Total fixed assets		232,729	223,714
Current assets			
Debtors (including £6.5m (2019: £1.5m) due in more than one year)	9	8,988	2,686
Stock	10	1,054	501
Cash at bank and in hand		3,066	15,383
Total current assets		13,108	18,570
Current liabilities			
Creditors: amounts falling due within one year	11	(2,748)	(3,437)
Net current assets		10,360	15,133
Total assets less current liabilities		243,089	238,847
Creditors: amounts falling due after more than one year	12	(198,309)	(196,845)
Pension liability	15a	(1,258)	(2,618)
Total Net assets		43,522	39,384
Represented by:			
Capital and reserves			
Reserves including pension liability		43,522	39,384
Total Capital and reserves		43,522	39,384

The accompanying notes form an integral part of the financial information.



Chair
Andrea Smith



Director
Karen Littler



Secretary
Frances Turner

Ocean Housing Limited

Notes to the financial statements for the year to 31 March 2020

1 Accounting policies

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

The financial statements of the organisation are prepared in accordance with Financial Reporting Standard 102 – The applicable financial reporting standard in the UK and Republic of Ireland (FRS102) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Ocean Housing Limited is registered and domiciled in England.

The Company's parent undertaking, Ocean Housing Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Ocean Housing Group Limited are available to the public and may be obtained from Stennack House, Stennack Road, St Austell, Cornwall, PL25 3SW. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared using the historical cost convention.

Going concern

The directors, after reviewing the company's budgets for 2020/21 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the company will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Ocean Housing Limited

Accounting policies (continued)

Basic financial instruments

Tenant Arrears, Trade and other debtors

Tenant Arrears, Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries and jointly controlled entities

Investments in subsidiaries and jointly controlled entities are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Ocean Housing Limited

Accounting policies (continued)

Housing Properties

Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Shared ownership properties are included in housing properties at cost related to the percentage of equity retained, less any provisions needed for impairment or depreciation.

Depreciation

Depreciation is charged to the income and expenditure account on a straight-line basis over the estimated useful lives of each component part of housing properties. Land is not depreciated. The estimated useful lives are as follows:

Component	Economic useful life
Structure:	
Traditional flats and houses (Pre 1945)	100 years
PRC flats and houses (All years)	100 years
Traditional flats and houses (1945 to 1965)	100 years
Traditional flats and houses (1965 to 2000)	100 years
New build houses (Post 2000)	100 years
External wall insulation	30 years
Roof	50 years
Windows and doors	30 years
Heating system	15 years
Kitchen	20 years
Bathroom	30 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Non component works to existing properties

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the income and expenditure account in the period in which it is incurred.

Interest capitalised

Interest on borrowings is capitalised to housing properties during the course of construction up to the end of the month of completion of each scheme. The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. For the period ending 31st March 2020, interest has been capitalised at an average rate of 5.12% (2019: 5.01%) that reflects the weighted average effective interest rate on the Group's borrowings required to finance housing property developments.

Ocean Housing Limited

Accounting policies (continued)

Other fixed assets

Other tangible assets include those assets with an individual value in excess of £1,000.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

	Economic useful life
Freehold operating accommodation	60 years
Motor vehicles	5 years
Office furniture, equipment and telephones	10 years
Computer hardware	3 years
Furnished tenancy scheme	5 years
Computer software	10 years

Social Housing Grant

Social housing grant (SHG) is initially recognised at fair value as a long term liability, specifically as deferred grant income and released through the income and expenditure account as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, all associated SHG are transferred to either the Recycled capital grant fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

Properties held for sale and work in progress

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress up to the point of practical completion of the development scheme. Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through income and expenditure is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in income and expenditure. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Ocean Housing Limited

Accounting policies (continued)

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income and expenditure account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income.

The Company participates in one defined benefit plan as set out below:

Social Housing Pension Scheme

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme of which the liability is accounted for on a full FRS 102 valuation.

Ocean Housing Limited

Accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Turnover

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership and amortisation of Social Housing Grant (SHG) under the accruals model. Rental income is recognised on the execution of tenancy agreements. Proceeds on sales are recognised on practical completions. Other income is recognised as receivable on the delivery of services provided.

Expenses

Operating Costs

Operating costs represents the direct and administrative costs derived from social housing activities, including capitalised interest and direct overheads incurred in the development of the properties, and marketing, and other incidental costs incurred in the sale of the properties.

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the income and expenditure account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in income and expenditure over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Borrowing costs that are directly attributable to the acquisition, construction or production of Housing Properties that take a substantial time to be prepared for use are capitalised as part of the cost of that asset.

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

Interest income and interest payable are recognised in income and expenditure as they accrue, using the effective interest method.

Ocean Housing Limited

Accounting policies (continued)

Taxation

Tax on the income and expenditure for the year comprises current and deferred tax. Tax is recognised in the income and expenditure account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as sundry debts to the extent that they are considered irrecoverable. Current tenant debts are not written off, however a prudent provision is made to allow for all potential bad debts. The formula adopted is as follows, based on expected recovery rates:

Rents

Current tenant arrears less than 4 weeks	0%
Current tenant arrears between 4 and 15 weeks	10%
Current tenant arrears between 16 and 32 weeks	25%
Current tenant arrears greater than 33 weeks	50%
Former tenant arrears	90%

Debtors

Service and tenant charge arrears less than 4 weeks	0%
Service and tenant charge arrears between 4 and 15 weeks	10%
Service and tenant charge arrears between 16 and 32 weeks	25%
Service and tenant charge arrears greater than 33 weeks	50%
Service and tenant charge arrears (Former tenants)	90%

Ocean Housing Limited

2 Turnover, operating costs and operating surplus

(a) Particulars of turnover, operating costs and operating surplus	Turnover	Costs	Surplus / (Deficit)	Surplus / (Deficit)
	2020 £'000	2020 £'000	2020 £'000	2019 £'000
Social housing lettings	21,510	(12,629)	8,881	8,329
Supporting people contract income	75	(79)	(4)	(4)
Other activities	560	(504)	56	55
First tranche shared ownership sales	2,004	(1,637)	367	1,162
Sub Total	24,149	(14,849)	9,300	9,542
Asset Sales				
Net surplus on the sale of assets	-	1,323	1,323	1,627
Total	24,149	(13,526)	10,623	11,169
(b) Income and expenditure from social housing lettings				
	2020 £'000	2020 £'000	2020 £'000	2019 £'000
Income from lettings	General Housing	Shared Ownership	Total	Total
Rent receivable net of identifiable service charges	19,210	812	20,022	19,701
Service income	787	129	916	854
Grant amortisation	521	51	572	548
Turnover from social housing lettings	20,518	992	21,510	21,103
Expenditure on lettings				
Management	(2,990)	(81)	(3,071)	(2,914)
Services	(823)	(13)	(836)	(751)
Routine maintenance	(2,584)	-	(2,584)	(2,322)
Planned maintenance	(1,621)	-	(1,621)	(1,209)
Major repairs expenditure	(386)	-	(386)	(252)
Bad debts	(212)	(23)	(235)	(223)
Depreciation of housing properties	(3,651)	(245)	(3,896)	(3,791)
Impairment of housing properties	-	-	-	(1,312)
Operating costs on social housing lettings	(12,267)	(362)	(12,629)	(12,774)
Operating surplus on social housing lettings	8,251	630	8,881	8,329
Void losses	163	-	163	136

Ocean Housing Limited

3 Property and land disposals

	2020 £'000	2019 £'000
Proceeds of Right To Buy and other property sales	2,261	2,650
Depreciation charged on Right To Buy and other properties sold	86	170
Book value of Right To Buy and other properties sold	(1,002)	(989)
Cost of sales of Right To Buy and other property sales	(22)	(19)
Refund payable to Cornwall Council of proceeds from Right To Buy sales	-	(185)
Surplus attributable to Company	1,323	1,627

During the year the Company sold 0 (2019: 5) homes under Right to Buy legislation and 0 under the Right to Acquire (2019:4). There were 12 occurrences of the staircasing of shared ownership properties, 6 units to 100% (2019: 3) and 7 general disposals (2019: 8).

4 Interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable from cash deposits and investments	17	31
Other interest receivable	355	35
Total	372	66

Interest receivable and similar income includes income from group undertakings of £355,000 (2019: £35,000).

5 Interest payable and similar charges

	2020 £'000	2019 £'000
Interest payable on long term loans	7,749	7,961
Lender's fees paid	407	169
Fair Value Adjustment on Borrowings	(2)	(2)
Less interest capitalised in respect of development schemes	(168)	(318)
Sub Total	7,986	7,810
Net finance cost on pension fund liabilities (note 16 &16d)	59	57
Total	8,045	7,867

The average interest rate used for calculating the capitalised interest in respect of development schemes for the year was 5.12% (2019: 5.01%).

Ocean Housing Limited

6 Surplus on ordinary activities before taxation

	2020 £'000	2019 £'000
The surplus on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation on dwellings including impairment	3,896	3,793
Depreciation on other tangible fixed assets	273	70
Impairment of housing stock	-	1,312
External auditor's remuneration in their capacity as auditor	18	21
External auditor's remuneration in respect of other services	-	-
Operating lease rentals (Plant and machinery)	19	7
Operating lease rentals (Other assets)	173	176

7 Taxation

	2020 £'000	2019 £'000
UK corporation tax charge / (credit)	-	-
Current tax on income for the year	-	7
Current tax on income for prior year	1	-
Tax charge on ordinary activities	1	7

Factors affecting the tax charge for the current year

The current tax charge for the year for the Company is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The reconciliation between current taxation and deferred taxation is below:

Reconciliation of effective tax rate

Surplus for the year	2,949	3,375
Total tax expense	1	7
Surplus excluding tax	2,950	3,368
Current tax: 19% (2019: 19%)	557	640
Non taxable income	(525)	(606)
Group relief claimed	(32)	(27)
Adjustments to tax charge in respect of previous periods	1	-
Total current tax charge (see above)	1	7

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. Deferred tax at 31 March 2020 has been calculated at 19% (2019: 17%).

Ocean Housing Limited

8 Tangible fixed assets

(a) Housing properties	Housing property held for letting	Housing property under construction	Leasehold shared ownership	Leasehold shared ownership under construction	Total housing property
	£'000	£'000	£'000	£'000	£'000
Cost					
Brought forward at 1st April 2019	209,503	8,453	37,733	1,744	257,433
Completions	1,585	(1,585)	3,617	(3,617)	-
Additions	-	4,224	-	6,187	10,411
Component additions	3,321	-	-	-	3,321
Disposals	(204)	(110)	(688)	-	(1,002)
At 31 March 2020	214,205	10,982	40,662	4,314	270,163
Depreciation					
Brought forward at 1 st April 2019	(37,289)	-	(1,101)	-	(38,390)
Charge for the year	(3,551)	-	(345)	-	(3,896)
Impairment	-	-	-	-	-
Written out through property disposals	50	-	36	-	86
At 31 March 2020	(40,790)	-	(1,410)	-	(42,200)
Net book value at 31 March 2019	172,214	8,453	36,632	1,744	219,043
Net book value at 31 March 2020	173,415	10,982	39,252	4,314	227,963

In the year revenue expenditure on existing properties was £4,615,000 (2019: £3,783,000) and capital expenditure was £3,317,000 (2019: £2,138,000) of which £1,413,000 (2019: £1,121,000) related to kitchen, bathroom or heating system replacements.

Additions to housing properties include capitalised interest of £168,000 (2019: £318,000) for the year (cumulative total of £3,495,000).

Ocean Housing Limited

8 Tangible fixed assets (continued)

Recycled Capital Grant	2020 £'000	2019 £'000
Balance as at 1 April 2019	273	391
Inputs to the fund:		
Grants recycled	103	38
Interest accrued	3	4
Recycling of grant:		
Purchase of repossessed homebuy dwellings	-	(40)
New development schemes	-	(120)
Balance as at 31 March 2020	379	273

The number of rented properties in management at 31 March 2020 was 4,150 (2019: 4,150). 3,810 (2019: 3,879) carried a fixed charge at 31 March 2020. Of these properties, 3,187 (2019: 3,256) are valued using EUV-SH, 623 (2019: 623) using MV-STT. As at 31 March 2020 there were 340 rented properties unencumbered (2019: 271)

The number of shared ownership properties at 31 March 2020 was 463 (2019: 444). 278 (2019: 283) of these dwellings are in charge as at 31 March 2020.

The sum of the latest independent valuations of Ocean's housing properties as at 31 March 2019 as extracted from the group asset register is £237,553,870. This valuation arises from the various professional valuations undertaken by Savills (L&P) Ltd whose operatives are members of the Royal Institute of Chartered Surveyors. The timings of any revaluations are in accordance with lenders requirements.

Ocean Housing Limited

8 Tangible fixed assets (continued)

(b) Other assets	Operating premises	Office furniture and equipment	Plant and vehicles	IT Hardware & software	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
As at 1 April 2019	3,193	181	70	2,436	5,880
Additions	-	-	9	359	368
At 31 March 2020	3,193	181	79	2,795	6,248
Depreciation					
As at 1 April 2019	(638)	(137)	(53)	(381)	(1,209)
Charge for the year	(47)	(7)	(5)	(214)	(273)
At 31 March 2020	(685)	(144)	(58)	(595)	(1,482)
Net book value at 31 March 2019	2,555	44	17	2,055	4,671
Net book value at 31 March 2020	2,508	37	21	2,200	4,766

Ocean Housing Limited

9 Debtors

Amounts falling due within one year:	2020 £'000	2019 £'000
Rent and service charge arrears	786	1,018
Less provision for bad debts	(562)	(453)
Net rent and service charge arrears	224	565
Prepayments and accrued income	281	260
Amounts owing from other group subsidiaries	1,795	32
VAT	22	-
Corporation Tax	9	-
Other debtors	155	327
	2,486	1,184
Amounts falling due in more than one year:		
Other Debtors	6,500	1,500
Employee car loans	2	2
	6,502	1,502
Total	8,988	2,686

Amounts owed by group companies are trading balances repayable on demand and are non-interest bearing.

Long term debtors comprise of loans made to other group companies. The interest rates is calculated daily at the BOE base rate plus 4.5%, payable monthly.

10 Stock

	2020 £'000	2019 £'000
Completed properties available for sale	695	218
Properties in construction	312	250
Van Stocks	47	33
Total	1,054	501

Completed properties available for sale relates to acquisition and development expenditure on the first tranche of unsold shared ownership properties. Properties in construction relates to incomplete shared ownership properties. Van stocks are trade items held on the Companies vehicles.

Ocean Housing Limited

11 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	364	285
Rent and service charge prepayments	663	482
Taxation and social security	127	120
Corporation tax	-	8
VAT	-	7
Amounts due under Right to Buy sharing agreement	-	185
Interest	15	79
Amounts owing to other group subsidiaries	560	1,049
Other Creditors	-	47
Grant Creditor	582	572
Accruals and deferred income	437	603
Total	2,748	3,437

Amounts owed by group companies are trading balances repayable on demand and are non-interest bearing.

Ocean Housing Limited

12 Creditors: amounts falling due after more than one year

Housing finance

In September 2014, Ocean Housing Limited entered into a Note Purchase Agreement with M&G Investments which resulted in the Company receiving £50 million in new financing by March 2017. £20 million was issued in the 2014/15 financial year and the remaining £30 million was received on the 31st March 2017.

As at 31 March 2020 there were facilities in place of £180 million (2019: £180 million) and £151 million (2019: £150 million) was drawn from these facilities.

Debt outstanding	2020	2019
	£'000	£'000
Loans outstanding	151,000	150,000
Deferred financing costs	(675)	(725)
Grant Creditor	47,984	47,570
Total	198,309	196,845

Maturity of debt		
Repayable in greater than one year but less than five years	-	-
Repayable In more than five years	151,000	150,000
Total	151,000	150,000

Interest rate profile		
Floating rate	46,000	45,000
Fixed rate	105,000	105,000
Total	151,000	150,000

The Company has undrawn committed borrowing facilities at 31 March 2020 of £29 million (2019: £30 million) from a total facility of £180.0 million. The weighted average fixed interest rate as at 31 March 2020 was 6.08% (2019: 5.84%) and floating rate was 2.91% (2019: 3.07%). Combined the average interest rate for the year was 5.12% (2019: 5.01%). At 31 March 2020 the maturity profile for borrowings was:

<i>£35 million</i>	<i>15 years to 31 March 2035</i>
<i>£10 million</i>	<i>10 years to 31 March 2030</i>
<i>£45 million</i>	<i>4 years to 18 December 2023</i>
<i>£10 million</i>	<i>Converts to floating rate loan on 31 March 2021, repayable in 3 years on 18 December 2023</i>
<i>£50 million</i>	<i>Repayable in equal, annual instalments between April 2025 and April 2054</i>

Ocean Housing Limited

12 Creditors: amounts falling due after more than one year (continued)

Deferred Financing Costs	2020 £'000	2019 £'000
Brought forward at 1 st April	725	775
Charged to the Income & Expenditure account	(50)	(50)
Carried forward at 31st March	675	725
Grant Creditor	2020 £'000	2019 £'000
Brought forward at 1 April	48,142	47,504
Grants received in the year	996	1,186
Grant amortised to the Income Statement during the year	(572)	(548)
Total Grants held.	48,566	48,142
Total held in Creditors: amounts falling due within one year (Note 11)	(582)	(572)
Total held in Creditors: amounts falling due after more than one year	47,984	47,570

The total value of grant received as at 31 March 2020 was £53,848,000 (2019: £52,828,000). £47,984,000 (2019: £47,570,000) is held in creditors: amounts due after more than one year, £5,282,000 (2019: £4,710,000) in reserves and £582,000 (2019: £572,000) in creditors amounts due within one year. During the year £996,000 (2019: £1,182,000) of grant was received and £572,000 (2019: £548,000) was amortised through the income and expenditure account.

Ocean Housing Limited

13 Employee information

(a) Number of employees:	2020	2019
Office staff	73	71
Wardens, caretakers and cleaners	8	7
Maintenance staff	52	51
Support Officers	1	1
Average total full-time and part-time employees employed during the year	134	130
Average number of full-time equivalents employed during the year	125	124

(b) Staff costs for the above employees:	2020 £'000	2019 £'000
Wages and salaries	3,671	3,496
Social security costs	345	323
Pension costs (see note 16)	388	380
Total	4,404	4,199

Salary bandings for employees earning over £60,000 is set out below

	2020 Number	2019 Number
£60,000-£70,000	2	2
£70,001-£80,000	1	1
£120,001-£130,000	1	-
£130,001-£140,000	-	1

Ocean Housing Limited

14 Directors' emoluments

Directors are defined as Members of the Board and Executive Officers who sit on Executive Group. The remuneration paid to Board Members and Executive Officers of the Company during the year was as follows:

(a) Aggregate payments made to Executive Officers and Board Members	2020 £'000	2019 £'000
Emoluments - Board Members	24	21
Emoluments - Executive Officers	129	135
Social Security - Executive Officers	17	17
Pensions - Executive Officers	9	9
Total	179	182

Board members are paid £5,000 and the Chair is paid £9,000.

(b) Highest paid Director	Salary £'000	Employer Pension contribution £'000	2020 £'000	2019 £'000
Mrs F Turner	129	9	138	144
Total	129	9	138	144

Retirement benefits accrue for one Executive Director who is an ordinary member of the Company's adopted defined contribution pension scheme, known as the Social Housing (DC) Pension Scheme. No enhancement or special terms apply and the Director has no individual pension arrangement to which the Company makes a contribution. The Directors' defined contribution scheme payment represents 8% of salary and is matched by the Company.

Some members of the Executive Group are paid through Ocean Housing Group Limited, the Company's parent company. Their remuneration is disclosed within those financial statements.

Ocean Housing Limited

15 Pensions

Social Housing Pension Scheme (SHPS): DB Pension Scheme

15 a. Present values of provision for the period 31 March 2020

	2020 £'000	2019 £'000
Fair value of plan assets (Note 16 b.)	7,283	6,992
Present value of defined benefit obligation (Note 16 c.)	(8,541)	(9,610)
Defined benefit liability to be recognised	(1,258)	(2,618)
Long Term Creditor	(1,258)	(2,618)
Defined benefit liability to be recognised	(1,258)	(2,618)

15 b. Reconciliation of opening and closing balances of the defined benefit obligation

	2020 £'000	2019 £'000
Defined benefit obligation at start of period	9,610	8,881
Expenses	9	11
Interest expense	228	230
Actuarial losses / (gains) due to scheme experience	189	(196)
Actuarial (gains) / losses due to changes in demographic assumptions	(82)	26
Actuarial (gains) / losses due to changes in financial assumptions	(1,332)	737
Benefits paid and expenses	(81)	(79)
Defined benefit obligation at end of period	8,541	9,610

Ocean Housing Limited

15 Pensions (continued)

15 c. Reconciliation of opening and closing balances of the fair value of plan assets

	2020 £'000	2019 £'000
Fair value of plan assets at start of period	6,992	6,562
Interest income	169	173
Experience on plan assets (excluding amounts included in interest income) – gain	(37)	88
Employer contributions	240	248
Benefits paid and expenses	(81)	(79)
Fair value of plan assets at end of period	7,283	6,992

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £132,000 (2019: £261,000).

15 d. Defined benefit costs recognised in statement of comprehensive income (SoCI)

	2020 £'000	2019 £'000
Expenses	9	11
Net interest expense	59	57
Defined benefit costs recognised in statement of comprehensive income (SoCI)	68	68

15 e. Defined benefit costs recognised in Other Comprehensive Income

	2020 £'000	2019 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(37)	88
Experience gains and losses arising on the plan liabilities - gain (loss)	(189)	196
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	82	(26)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,332	(737)
Total amount recognised in other comprehensive income - gain (loss)	1,188	(479)

Ocean Housing Limited

15 Pensions (continued)

15 f. Assets

	2020 £'000	2019 £'000
Global Equity	1,065	1,177
Absolute Return	380	605
Distressed Opportunities	140	127
Credit Relative Value	200	128
Alternative Risk Premia	509	403
Fund of Hedge Funds	4	31
Emerging Markets Debt	221	241
Risk Sharing	246	211
Insurance-Linked Securities	224	201
Property	160	157
Infrastructure	542	367
Private Debt	147	94
Opportunistic Illiquid Credit	176	-
Corporate Bond Fund	415	326
Liquid Credit	3	-
Long Lease Property	126	103
Secured Income	276	250
Over 15 Year Gilts	-	-
Liability Driven Investment	2,418	2,558
Net Current Assets	31	13
Total assets	7,283	6,992

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Ocean Housing Limited

15 Pensions (continued)

15 g. Key assumptions

	2020 % per annum	2019 % per annum
Discount Rate	2.34%	2.38%
Inflation (RPI)	2.53%	3.23%
Inflation (CPI)	1.53%	2.23%
Salary Growth	2.53%	3.23%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

15 h. The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5	21.8
Female retiring in 2020	23.3	23.3
Male retiring in 2040	22.9	23.5
Female retiring in 2040	24.5	23.2

Ocean Housing Limited

16 Legislative provision

Ocean Housing Limited is a Registered Society under The Co-operative and Community Benefit Society Act 2014 and Registered Provider of social housing with the Regulator of Social Housing.

17 Membership of the Company

Subscribing members of the Company are required to contribute £1 in the event of a winding up. Members are entitled to vote at General Meetings of the Company in accordance with the voting rights granted to members.

18 Related party transactions

The Board members who served during the year that are also tenants have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefit as other tenants.

The Company is controlled by Ocean Housing Group Limited. Details of all transactions with the Group entities have not been disclosed in these financial statements on the grounds that consolidated financial statements are prepared for the Group, and are available to the public and the address found in note 1.

All transactions in the year with non regulated related parties have been disclosed in the consolidated accounts of Ocean Housing Group Limited.

19 Capital commitments

	2020 £'000	2019 £'000
Capital expenditure that has been contracted for but not provided for in the financial statements	10,187	9,633
Funded By:		
Grant	-	696
Reserves	2,980	1,176
Loans	7,207	7,761
Total	10,187	9,633

Ocean Housing Limited

20 Operating lease commitments

Minimum lease payments under non-cancellable operating lease rentals are payable on leases expiring as follows:

	2020 Land & Buildings £000	2020 Equipment £000	2020 Total £000	2019 Land & Buildings £000	2019 Equipment £000	2019 Total £000
Operating leases and contract hire arrangements which expire:						
Less than one year	21	140	161	21	176	197
In the second to fifth years inclusive	22	24	46	41	175	216
After more than five years	-	-	-	-	-	-
Total	43	164	207	62	351	413

21 Gift aid

Nil gift aid was paid to Ocean Housing Limited from Gilbert & Goode Ltd (2019: £370,000) during the year ended 31 March 2020.

22 Ultimate Parent Company and parent undertaking of larger Group of which the Company is a member

The Company is a subsidiary undertaking of Ocean Housing Group Limited, who is the controlling party, incorporated in England (Company Number 5000720) and results of the Company are consolidated in the financial statements of Ocean Housing Group Limited, which are available to the public and may be obtained from Stennack House, Stennack Road, St Austell, Cornwall, PL25 3SW

23 Accounting estimates and judgements

23.1 Key sources of estimation uncertainty

Recoverability of stock and work in progress on housing development properties

Stock and work in progress is held at cost at the reporting date without any impairment. This is management's estimate, based on historical sales performance, its assessment of quality of the Company's development properties and its assessment of the current market conditions.

Impairment of debtors

Provision is made for doubtful debts based on management's estimate of the prospect of recovering the debt using the formula outlined in the bad and doubtful debt accounting policy. Where management has determined that the recovery of the debt is doubtful, the amount is provided for immediately.

Pension scheme

The pension liability is calculated using the default assumption provided by The Pensions Trust.

23.2 Critical accounting judgements in applying the Company's accounting policies

There are no critical judgements applied.

Ocean Housing Limited

24 Transactions with non-regulated subsidiaries

During the year Ocean Housing Limited received the following construction services from Gilbert & Goode Limited

Inter-company trading	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Gilbert and Goode Limited	4,554	2,301
Total	4,554	2,301

During the year Ocean Housing Limited charged rent to Gilbert & Goode Limited

Inter-company trading	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Gilbert and Goode Limited	49	68
Total	49	68

25 Events after the end of the reporting period

The Covid-19 pandemic is disclosed as a non-adjusting balance sheet event and the Board has adopted the going concern basis in preparing the annual financial statements, as outlined on Page 2.