



OCEAN HOUSING LIMITED

(REGISTERED SOCIETY)

FINANCIAL STATEMENTS

FOR THE YEAR TO

31 MARCH 2024

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

Ocean Housing Limited

Financial Statements for the year to 31 March 2024

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Ocean Housing Limited

Directors and Advisors for the year ended 31 March 2024

The Board

Andrea Smith (Chair)
Louise Barnden (resigned 31 December 2023)
Rachel Bayliss
Frances Turner
Karen Littler
Mark Gardner
Christopher Grose
Yusef Masih (appointed 1 January 2024)

Company secretary

Frances Turner (Managing Director)

Executive director

Frances Turner (Managing Director)

External auditor

KPMG LLP
Tollgate
Chandler's Ford
Eastleigh
Hampshire
SO53 3TG

Internal auditor

RSM Ltd
Second Floor
1 The Square
Temple Quay
Bristol
BS1 6DG

The Registered Office is at:

Stennack House
Stennack Road
St Austell
Cornwall
PL25 3SW

Principal Solicitor

Trowers & Hamblins
The Senate
Southernhay Gardens
Exeter
EX1 1UG

Funders

Santander
2 Triton Square
Regent's Place
London
NW1 3AN

M&G Investments
Laurence Pountney Hill
London
EC4R 0HH

MetLife Investment Management Ltd
Level 34
One Canada Square
London
E14 5AA

Banker

NatWest plc
1 Church Street
St Austell
Cornwall
PL25 4AW

Funding Advisor

Intermedium Ltd
48 Lymington Bottom Road
Medstead
Hampshire
GU34 5EW

Ocean Housing Limited

Directors' report for the year ended 31 March 2024

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

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 affect 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 provider, 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. As at 31 March 2024 there were no vacancies on the Board.

Review of the business

The financial statements for 2023/24 gave rise to a surplus before tax of £9,171,000 (2023: £9,496,000) after receipt of £250,000 (2023: £nil) gift aid from Gilbert and Goode Limited group company.

During 2023/24 Ocean Housing Ltd built 85 new affordable homes (2023: 75). In addition, the Company spent £4.7 million on stock investment in respect of energy and new components (2023: £3.6 million). Despite the cost-of-living crisis having a significant pressure on tenants, the level of rent collection remained sound, current tenant rent arrears at 31 March 2024 being 1.30% (1.33% at 31 March 2023).

The Company, as part of the Ocean Housing Group and as a standalone 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 has adopted as its governance code the National Housing Federation (NHF) Code of Governance 2020 and is also compliant with the Regulator of Social Housing (RSH) Governance and Financial Viability Standard and Code of Practice.

During 2023/24, as part of the Ocean Group, the Company went through an in-depth assessment with the Regulator of Social Housing. This review from the Regulator critically assessed performance and compliance of the Company against

Ocean Housing Limited

Directors' report (continued)

Regulatory Standards. The outcome of this assessment was that the Group retained its regulatory status gradings unchanged, rated for Governance as 'G1' and viability as 'V2'.

Ocean Housing affordable housing stock

At the 31 March 2024, Ocean Housing Limited owned 4,314 (2023: 4,271) affordable homes. In addition, following sale of the substantial part of its shared ownership stock in December 2022, the Company now manages this portfolio on behalf of ReSi Homes Ltd. As at 31 March 2024, the shared ownership units under contract to manage was 467 (2023: 467) An analysis of the Company's assets is as follows:

| <u>Ocean Housing Affordable Housing Stock</u> | 2024 | 2023 | 2022 |
|--|--------------|-------|-------|
| Social rented general needs | 2,891 | 2,913 | 2,919 |
| Social rented housing for older persons | 622 | 625 | 625 |
| Affordable rented | 369 | 367 | 367 |
| Intermediate rented | 345 | 319 | 277 |
| Other rented | 14 | 14 | 14 |
| Sub Total | 4,241 | 4,238 | 4,202 |
| Shared ownership | 73 | 33 | 487 |
| Total | 4,314 | 4,271 | 4,689 |
| Leasehold properties | 153 | 144 | 142 |
| Garages and car spaces | 568 | 568 | 568 |
| Shops | 4 | 4 | 4 |

Employees

At 31 March 2024 the number of employees was 141 (2023:135). During the year ended 31 March 2024 the Company employed an average of 130 full time equivalent staff (2023:128).

Treasury management and financial instruments

As at 31 March 2024, the Company had outstanding loans amounting to £131 million (2023: £120 million) with funding secured for a further £39 million (2023: £50 million). The Company has housing assets held in its Statement of Financial Position of £234 million (2023: £214 million).

Treasury strategy and operations are managed within Ocean Housing Limited by the Deputy Chief Executive through parameters set down by the Group Board in its Treasury Management Strategy and Group Investment Policy. This activity is reported to and monitored by the Group Board and the Company's Board. The process is subject to review by internal auditors as well as the Group's treasury advisor.

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, revolving credit facility and long-term loan facilities. The Company portfolio is typically a mix of floating and fixed rates through its long-term facilities and revolving credit facility. At the year-end 92% (2023: 100%) 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 the Santander revolving credit facility amounted to £39 million (2023:

Ocean Housing Limited

Directors' report (continued)

£50 million). The average maturity of net debt is shown in note 12. Cash held at year end amounted to £3.3 million (2023: £4.9 million).

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 2023/24, the Ocean Group maintained its health and safety accreditation to ISO 45001 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 2023/24, the Ocean Group maintained its environmental accreditation to ISO 14001 standard.

The Ocean Group and its companies strengthened their environmental aspirations during 2023/24 and continue to improve performance in the areas of tenant fuel poverty, energy efficiency, carbon emissions and environmental planning and landscaping on estates still further. Ocean Housing Ltd is playing its key part in the Groups strategic drive including Environmental, Social and Governance (ESG) reporting.

Equalities, Diversity and Inclusion (EDI)

The Group is committed to an EDI policy within which it actively encourages applications for employment and housing from all groups in society. It is policy that any persons who are included within the diversity strands should be considered for housing, employment, training, career development and promotion on the basis of their abilities, and access to opportunities is open to all. During 2023/24, the Group Board further enhanced its approach to EDI with a pro-active action plan for strengthening its inclusivity. This has been underpinned by improving EDI awareness across the whole Group and Board driven engagement to embed new policies and cultures. Ocean Housing Board has ensured that throughout the company the Group policy and direction is effectively implemented and pursued.

Resident participation and involvement

The Board firmly believes in involving tenants in the decision-making process. The Company supports a Tenant and Residents Panel, known as Together With Ocean (TWO), that influences Board decisions on all potential issues of importance to tenants. The group provide significant challenge and scrutiny to the Company. Through its Tenant Involvement and Social Inclusion team the Company supports several 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.

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.

Challenges

The key challenges, threats and risks the Company are facing at this current time are:

Cooling of the housing market, with a high volume of Shared Ownership units in the development programme.

Concentration risk with significant number of shared ownership sales located in Newquay.

Continuing higher level of interest costs for longer, albeit mitigated by treasury strategy of substantial fixed rate debt.

Availability of sub-contractors to support the delivery of the maintenance and energy programmes,

Ocean Housing Limited

Directors' report (continued)

Increased volume of demand for repairs, including significant levels of damp, mould and condensation cases.

Increased expectations through implementation of Consumer Regulation Standards and stronger property compliance requirements.

Recruitment and retention of quality staff.

Uncertainty of medium and long-term Rent Standard requirements.

Substantial costs of improving existing stock to required energy rating levels to 2030 then 2050.

Challenge of changing culture to become financially stronger, smarter working and delivering customer service excellence.

Future developments

The Company remains committed to the development of new social housing in addition to managing of existing properties. Existing agreed and secure loan facilities support the Boards' development ambitions to 2030. Through the Group Boards' New Homes Strategy, the Company has an ambition to build 536 new affordable homes from April 2024 to March 2030.

The Company remains confident of delivering this New Homes Strategy, The Company recognises that it faces competing pressures on its financial capacity and ability to provide new affordable homes. The Company are mindful that building new homes through the New Homes Strategy needs to be pursued in a balanced manner that also allows the Company to continue to invest the necessary expenditure on its existing stock to meet energy efficiency needs, damp, mould and condensation pressures and improved standards.

The Company is seeing no signs of concern in demand for its property and anticipate that future plans will be delivered as anticipated in its long-term strategies for new homes and asset management within current business plan projections, internal control targets, known as "Red Lines", and its loan covenants.

There is confidence in delivering current ambitions, despite the Company seeing significant cost inflation and a large increase in stock investment expenditure. This confidence being based on the early success and the future delivery of a Group wide Resilience Plan specifically targeted at strengthening financial capacity, resilience to adverse shocks and a stronger culture of business awareness and customer focus. In particular, the successful outcome of the sale of shared ownership stock and subsequent prepayment of £35 million long-term loan in December 2022 has created a significant improvement in gearing, liquidity and interest cover that substantially mitigates the threats faced by Ocean Housing from rent controls, high inflation, increased stock investments and higher new build costs.

The Resilience Plan is a long-term goal setting improvements in gearing, interest cover and liquidity for Ocean Housing. The success of this Resilience Plan is what underpins Ocean Housing's future development aspirations.

The Company is preparing for increased regulatory focus via stronger consumer regulation standards from 2024. This involves engaging in independent reviews of processes, engaging with peers and looking for best practice, greater engagement in benchmarking and the pursuit of the 'Fit for the Future' (FFF) project that is the strategic plan to ensure Ocean Housing will have a positive long term future providing quality services that our customers want.

The Company has had a positive 2023/24 and is driving forward with FFF, increased focus on services to residents and smarter working initiatives. It recognises that past achievements do not necessarily ensure future successes and is committed to a plan of continuous improvement in respect of service delivery.

Auditor

KPMG LLP were reappointed as auditor on 20 September 2023. A resolution for the reappointment of KPMG LLP will be proposed at the AGM on 25 September 2024.

Ocean Housing Limited

Directors' report (continued)

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 they ought to have taken in their role to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going Concern

The Directors, after reviewing the company's budgets for 2024/25 and the Group's medium term financial position as detailed in the 40-year business plan, 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: 21st August 2024

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 Report of the Board 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 its income and expenditure 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;
- 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 2022. 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.

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, along with the Group Leadership Team and the Group Chief Executive is responsible for reporting to the Board any significant changes affecting key risks. Every Board and Committee meeting has a standard item on risk and stress testing to ensure constant opportunity to evaluate risk, proactively manage it with early warning triggers and clear understanding of mitigating levers in the event of material adverse scenarios arising.

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. The Risk Framework is based on the 3 lines of defence principle with support from an early warning system process, with quantified RAG rated triggers, embedded in the Groups Risk IT system, Evolution of risk maturity and closer links to stress testing and mitigation plans continues in order to uphold best practice. The use of target risk scores supports management effectively deploy resources in pursuit of mitigating risk exposure.

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, 2020. 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 regularly 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. The Board routinely assess the Groups financial performance against peers with benchmark reporting on the key financial metrics report at every Group Board meeting alongside a strategically presented Group Performance Dashboard Bulletin, management accounts, treasury report, covenant and 'Red Line' compliance.

Ocean Housing Limited

Review of Controls, including annual report of Group Chief Executive

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 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, through the Group Audit Risk and Assurance Committee, has received the Group Chief Executive's annual report on internal control and conducted its annual review of the effectiveness of the system of internal control. It has noted the further positive changes introduced in risk reporting and stress testing during the year and 'deep dive' briefing papers which have strengthened the effectiveness of the risk management and control process. In the Group Chief Executive's 2023/24 review, he addressed the challenges with stock investment pressures from energy efficiency requirements and damp, mould and condensation and provided assurance these challenges are under control, along with property compliance arrangements. In addition, in his report, the Group Chief Executive reported on the outcome of Housing Ombudsman maladministration rulings during 2023/24 and how he oversaw lessons learned improvements and established improved internal controls in the areas required.

Having comprehensively reviewed the Group's overall framework of internal control, the Group Chief Executive concluded there were no material areas of control weakness in 2023/24 and the Board were 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: 21st August 2024

Registered Society Number: 30521R

Ocean Housing Limited



Tollgate
Chandler's Ford
Eastleigh
Hampshire
SO53 3TG

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 2024 which comprise the income and expenditure account and statement of comprehensive income, statement of changes in equity, statement of financial position, cash flow statement 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 2024 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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 its 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 its 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").

In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the association will continue in operation.

Ocean Housing Limited

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the board, the audit and risk committee and internal audit as to the Association’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association’s channel for “whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit and risk committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk of bias in accounting estimates such as pension assumptions;
- the risk that income from property sales and non-social housing income is recorded in the wrong period; and
- the risk that group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Association wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to a fraud risk, journal entries containing key words, unbalanced journal entries, journals posted to suspense account codes and unexpected journals posted to stock and work in progress and cash at bank and in hand.
- Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in pension valuations and the value of housing stock held in current assets.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Association’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Ocean Housing Limited

The Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), pensions legislation, specific disclosures required by housing legislation, and requirements imposed by the Regulator for Social Housing, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Association is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance allow could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The association's Board is responsible for the other information, which comprises the Director's Report and the Statement on Internal Control on page 9. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or 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 its 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 explained more fully 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

Ocean Housing Limited

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.

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, for our audit work, for this report, or for the opinions we have formed.



Harry Mears

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Tollgate

Chandler's Ford

Eastleigh

Hampshire

SO53 3TG

27 September 2024

Ocean Housing Limited

Income and expenditure account and statement of comprehensive income for the year ended 31 March 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|------|---------------|---------------|
| Turnover | 2a | 28,759 | 26,347 |
| Operating costs | 2a | (20,554) | (17,782) |
| Gain on disposal of tangible fixed assets | 3 | 4,712 | 16,252 |
| Operating surplus | 2a | 12,917 | 24,817 |
| Interest receivable and other income | 4 | 770 | 250 |
| Interest payable and similar charges | 5 | (4,718) | (15,548) |
| Net finance cost on pension fund liabilities | 5 | (48) | (23) |
| Gift aid receivable | | 250 | - |
| Surplus on ordinary activities before taxation | | 9,171 | 9,496 |
| Taxation | 7 | (47) | (4) |
| Surplus for the year | | 9,124 | 9,492 |
| Remeasurement of the net defined benefit liability | 15e | (434) | (429) |
| Total comprehensive Income for the year | | 8,690 | 9,063 |

The accompanying notes on pages 18 to 44 form an integral part of the financial information.

Chair
Andrea Smith



Director
Karen Littler



Secretary
Frances Turner



Ocean Housing Limited

Statement of Changes in Equity for the year ended 31 March 2024

| | Revenue Reserve | Total Equity |
|---------------------------------|-----------------|---------------|
| | £'000 | £'000 |
| Balance at 1 April 2022 | 46,855 | 46,855 |
| Surplus for the year | 9,492 | 9,492 |
| Other Comprehensive Income | (429) | (429) |
| Balance at 31 March 2023 | 55,918 | 55,918 |

| | Revenue Reserve | Total Equity |
|---------------------------------|-----------------|---------------|
| | £'000 | £'000 |
| Balance at 1 April 2023 | 55,918 | 55,918 |
| Surplus for the year | 9,124 | 9,124 |
| Other Comprehensive Income | (434) | (434) |
| Balance at 31 March 2024 | 64,608 | 64,608 |

The accompanying notes on pages 18 to 44 form an integral part of the financial information.

Ocean Housing Limited

Statement of Financial Position as at 31 March 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|------|------------------|---------------|
| Fixed assets | | | |
| Housing properties at cost less depreciation | 8a | 234,319 | 214,383 |
| Total housing properties | 8a | 234,319 | 214,383 |
| Other tangible fixed assets | 8b | 4,148 | 4,379 |
| Total fixed assets | | 238,467 | 218,762 |
| Current assets | | | |
| Debtors (including £9.3m (2023: £3.7m) due in more than one year) | 9 | 13,216 | 8,934 |
| Stock | 10 | 1,556 | 784 |
| Cash at bank and in hand | | 3,301 | 4,909 |
| Total current assets | | 18,073 | 14,627 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 11 | (5,763) | (4,804) |
| Net current assets | | 12,310 | 9,823 |
| Total assets less current liabilities | | 250,777 | 228,585 |
| Creditors: amounts falling due after more than one year | 12 | (184,874) | (171,520) |
| Pension liability | 15a | (1,295) | (1,147) |
| Total Net assets | | 64,608 | 55,918 |
| Represented by: | | | |
| Capital and reserves | | | |
| Reserves including pension liability | | 64,608 | 55,918 |
| Total Capital and reserves | | 64,608 | 55,918 |

The accompanying notes on pages 18 to 44 form an integral part of the financial information.

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

Chair
Andrea Smith



Director
Karen Littler



Secretary
Frances Turner



Ocean Housing Limited

Cash flow statement for the year to 31 March 2024

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------------|
| | £'000 | £'000 |
| Cash flows from operating activities | | |
| Surplus/(Deficit) for the year | 8,690 | 9,063 |
| Adjustments for: | | |
| Depreciation, amortisation and impairment | 4,555 | 4,567 |
| Gain on Disposal of Assets | (4,712) | (16,252) |
| Interest receivable and similar income | (770) | (250) |
| Interest payable and similar charges | 4,714 | 15,548 |
| Deferred government grant | 612 | 650 |
| Taxation | (47) | (4) |
| Decrease/(Increase) in trade and other debtors | 381 | (953) |
| (Increase)/Decrease in stocks | (772) | 326 |
| Increase in trade and other creditors | 1,011 | 1,030 |
| Increase in provisions and employee benefits | 147 | 141 |
| Tax Refunded | - | 8 |
| Net cash from operating activities | 13,809 | 13,874 |
| Cash flows from investing activities | | |
| Proceeds from sale of tangible fixed assets | 6,373 | 50,620 |
| Interest received | 770 | 250 |
| Acquisition of tangible fixed assets | (25,420) | (16,843) |
| Amounts forwarded to subsidiaries | (5,550) | (500) |
| Proceeds from the receipt of government grants | 2,564 | 2,820 |
| Capitalised development expenditure | (256) | (237) |
| Net cash from investing activities | (21,519) | 36,110 |
| Cash flows from financing activities | | |
| Proceeds from new loan | 11,000 | - |
| Interest paid | (4,898) | (15,622) |
| Repayment of borrowings | - | (35,000) |
| Net cash from financing activities | 6,102 | (50,622) |
| Net (decrease) in cash and cash equivalents | (1,608) | (638) |
| Cash and cash equivalents Brought Forward. | 4,909 | 5,547 |
| Cash and cash equivalents at 31 March 2024 | 3,301 | 4,909 |

The accompanying notes on pages 19 to 45 form an integral part of the financial information.

Ocean Housing Limited

Notes to the financial statements for the year to 31 March 2024

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 2022.

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;
- Key Management Personnel compensation.

Related party transactions which require disclosure under the Accounting Direction are disclosed in note 23.

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 financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Board has prepared cash flow forecasts covering a period of 12 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of severe but plausible downsides, the Group and Association will have sufficient funds to meet their liabilities as they fall due for that period. In addition, the Board prepares a 40-year business plan which is updated and approved on an annual basis. The most recent business plan was approved on 19th June 2024 by the Board.

As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

Ocean Housing Limited

The Board, after reviewing the Group and Association budgets for 2024/25 and the Group's medium term financial position as detailed in the cash flow forecasts and 40-year business plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the going concern period. In reaching this conclusion, the Board has considered the following factors:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash and unutilised loan facilities across the group of £44 million (2023 £56.2 million) which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The Board believes the Group and Association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios. Consequently, the Board is confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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. As at 31 March 2024, following review, management consider there is no requirement for any impairment of housing assets.

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. A full years depreciation is charged in the year of Disposal. 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 | 20 years |
| Roof | 50 years |
| Windows and doors | 30 years |
| Heating system | 15 years |
| Kitchen | 20 years |
| Bathroom | 30 years |
| Other Major Works | Between 10 and 60 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 2024, interest has been capitalised at an average rate of 4% (2023: 3.5%) 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 both as short (the first year of amortisation) and 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. A full year's amount of amortisation is released in the financial year of disposal.

Properties held for sale and work in progress

Completed properties and properties under construction for LCH 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.

Ocean Housing Limited

Accounting policies (continued)

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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)

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: Additional, provisions may be made during uncertain economic times.

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) |
|--|------------------------|-------------------------|---------------------|---------------------|
| | 2024 £'000 | 2024 £'000 | 2024 £'000 | 2023 £'000 |
| Social housing lettings | 24,111 | (17,202) | 6,909 | 8,220 |
| Supporting people contract income | 52 | (60) | (8) | (7) |
| Other activities | 788 | (709) | 79 | 68 |
| First tranche shared ownership sales | 3,808 | (2,583) | 1,225 | 284 |
| Sub Total | 28,759 | (20,554) | 8,205 | 8,565 |
| Asset Sales | | | | |
| Net surplus on the sale of assets | - | 4,712 | 4,712 | 16,252 |
| Total | 28,759 | (15,842) | 12,917 | 24,817 |
| | | | | |
| (b) Income and expenditure from social housing lettings | | | | |
| | 2024 £'000 | 2024 £'000 | 2024 £'000 | 2023 £'000 |
| Income from lettings | General Housing | Shared Ownership | Total | Total |
| Rent receivable net of identifiable service charges | 21,852 | 116 | 21,968 | 21,368 |
| Service charge income | 1,502 | 29 | 1,530 | 1,355 |
| Grant amortisation | 531 | 81 | 612 | 650 |
| Turnover from social housing lettings | 23,885 | 226 | 24,111 | 23,373 |
| Expenditure on lettings | | | | |
| Management | (4,060) | (2) | (4,062) | (3,699) |
| Services | (1,397) | - | (1,397) | (956) |
| Routine maintenance | (3,504) | - | (3,504) | (3,221) |
| Planned maintenance | (3,412) | - | (3,412) | (2,374) |
| Major repairs expenditure | (451) | - | (451) | (486) |
| Bad debts | (141) | (2) | (143) | (170) |
| Depreciation of housing properties | (4,204) | (29) | (4,233) | (4,247) |
| Operating costs on social housing lettings | (17,169) | (33) | (17,202) | (15,153) |
| Operating surplus on social housing lettings | 6,716 | 193 | 6,909 | 8,220 |
| Void losses | 127 | - | 127 | 153 |

Ocean Housing Limited

3 Property and land disposals

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Proceeds of Right to Buy and other property sales | 6,373 | 50,620 |
| Depreciation charged on Right to Buy and other properties sold | 528 | 2,337 |
| Book value of Right to Buy and other properties sold | (1,757) | (42,418) |
| Grant novated | - | 6,312 |
| Cost of sales of Right to Buy and other property sales | (221) | (407) |
| Refund payable to Cornwall Council of proceeds from Right to Buy sales | (211) | (192) |
| Surplus attributable to Company | 4,712 | 16,252 |

During the year the Company sold 3 (2023: 2) homes under Right to Buy legislation and none under the Right to Acquire (2023: 1). There were no occurrences of the staircasing of shared ownership property units to 100% (2023: 4) and 41 general disposals (2023: 19).

4 Interest receivable and similar income

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Interest receivable from cash deposits and investments | 30 | 21 |
| Other interest receivable | 740 | 229 |
| Total | 770 | 250 |

Interest receivable and similar income includes income from group undertakings of £740,000 (2023: £229,000).

5 Interest payable and similar charges

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Interest payable on long term loans | 4,617 | 6,442 |
| Lender's fees paid | 345 | 438 |
| Loan breakage costs | - | 8,934 |
| Fair Value Adjustment on Borrowings | 1 | 1 |
| Less interest capitalised in respect of development schemes | (245) | (267) |
| Sub Total | 4,718 | 15,548 |
| Net finance cost on pension fund liabilities (note 15d) | 48 | 23 |
| Total | 4,766 | 15,571 |

The average interest rate used for calculating the capitalised interest in respect of development schemes for the year was 4% (2023: 3.5%).

Ocean Housing Limited

6 Surplus on ordinary activities before taxation

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| The surplus on ordinary activities before taxation is stated after charging: | | |
| Depreciation on dwellings including impairment | 4,233 | 4,247 |
| Depreciation on other tangible fixed assets | 320 | 320 |
| External auditor's remuneration in their capacity as auditor | 57 | 47 |
| External auditor's remuneration in respect of other services | 10 | 8 |
| Operating lease rentals (Plant & Machinery) | 54 | 50 |
| Operating lease rentals (Other assets) | 390 | 269 |
| Abortive development costs | 5 | 54 |

7 Taxation

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| UK corporation tax charge /(credit) | - | - |
| Current tax on income for the year | 47 | 4 |
| Current tax on income for prior year | - | - |
| Tax charge on ordinary activities | 47 | 4 |

Factors affecting the tax charge for the current year

The current tax charge for the year for the Company is lower (2023: lower) than the standard rate of corporation tax in the UK of 25% (2023: 19%). The reconciliation between current taxation and deferred taxation is below:

| Reconciliation of effective tax rate | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Surplus/(Deficit) for the year | 9,124 | 9,492 |
| Total tax expense | 47 | 4 |
| Surplus/(Deficit) excluding tax | 9,171 | 9,496 |
| Current tax: 25% (2023: 19%) | 2,293 | 1,759 |
| Non taxable income | (2,242) | (4,619) |
| Expenses not deductible for tax purposes | - | - |
| Group relief claimed | - | - |
| Deferred tax not recognised | - | 234 |
| Other | - | 2,630 |
| Adjustments to tax charge in respect of previous periods | (4) | - |
| Total current tax charge (see above) | 47 | 4 |

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The UK deferred tax asset/(liability) as at 31 March 2024 has been calculated at 25% (2023: 25%).

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 2023 | 253,845 | 8,491 | 1,863 | 2,456 | 266,655 |
| Completions | 1,640 | (1,640) | 1,284 | (1,284) | - |
| Additions | 1,699 | 10,816 | 1,354 | 6,851 | 20,720 |
| Component additions | 4,678 | - | - | - | 4,678 |
| Disposals | (1,757) | - | - | - | (1,757) |
| At 31 March 2024 | 260,105 | 17,667 | 4,501 | 8,023 | 290,296 |
| Depreciation | | | | | |
| Brought forward at 1 st April 2023 | (52,226) | - | (46) | - | (52,272) |
| Charge for the year (Note 6) | (4,204) | - | (29) | - | (4,233) |
| Written out through property disposals | 528 | - | - | - | 528 |
| At 31 March 2024 | (55,902) | - | (75) | - | (55,977) |
| Net book value at 31 March 2023 | 201,619 | 8,491 | 1,817 | 2,456 | 214,383 |
| Net book value at 31 March 2024 | 204,203 | 17,667 | 4,426 | 8,023 | 234,319 |

In the year revenue expenditure on existing properties was £7,367,000 (2023: £6,081,000) and capital expenditure was £4,678,000 (2023: £3,545,000) of which £1,777,000 (2023: £1,734,000) related to kitchen, bathroom or heating system replacements.

Additions to housing properties include capitalised interest of £245,000 (2023: £267,000) for the year (cumulative total of £4,440,000).

Ocean Housing Limited

8 Tangible fixed assets (continued)

| Recycled Capital Grant | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Balance as at 1 April 2023 | 280 | 391 |
| Grants recycled | - | 40 |
| Interest accrued | 11 | 4 |
| Purchase of repossessed homebuy dwellings | - | (155) |
| New development schemes | - | - |
| Balance as at 31 March 2024 | 291 | 280 |

The number of rented properties in management at 31 March 2024 was 4,241 (2023: 4,238). 4,053 (2023: 3,977) carried a fixed charge at 31 March 2024. Of these properties, 3,284 (2023: 3,262) are valued using Existing Use Value Social Housing (EUV-SH), 769 (2023: 709) using Market Value Subject To Tenancy (MV-STT). As at 31 March 2024 there were 188 rented properties unencumbered (2023: 261).

The number of shared ownership properties at 31 March 2024 was 73 (2023: 33). 8 (2023: 6) of these dwellings are in charge as at 31 March 2024.

The sum of the latest independent valuations of Ocean's housing properties as at 31 March 2024 as extracted from the group asset register is £238,000,000 (2023: £217,424,000), excluding the 188 (2023: 261) unencumbered properties which are not valued. 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. All valuations are made on either the basis of Existing Use Value Social Housing (EUV-SH) or Market Value Subject To Tenancy (MV-STT).

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 2023 | 3,193 | 189 | 119 | 3,242 | 6,743 |
| Additions | - | - | 10 | 79 | 89 |
| At 31 March 2024 | 3,193 | 189 | 129 | 3,321 | 6,832 |
| Depreciation | | | | | |
| As at 1 April 2023 | (818) | (162) | (87) | (1,297) | (2,364) |
| Charge for the year (Note 6) | (35) | (4) | (10) | (271) | (320) |
| At 31 March 2024 | (853) | (166) | (97) | (1,568) | (2,684) |
| Net book value at 31 March 2023 | 2,375 | 27 | 32 | 1,945 | 4,479 |
| Net book value at 31 March 2024 | 2,340 | 23 | 32 | 1,753 | 4,148 |

Ocean Housing Limited

9 Debtors

| Amounts falling due within one year: | 2024 | 2023 |
|---|---------------|--------------|
| | £'000 | £'000 |
| Rent and service charge arrears | 691 | 746 |
| Less provision for bad debts | (291) | (291) |
| Net rent and service charge arrears | 400 | 455 |
| Prepayments and accrued income | 1,040 | 489 |
| Amounts owing from other group subsidiaries | 2,275 | 3,280 |
| Other debtors | 251 | 1,010 |
| | 3,966 | 5,234 |
| Amounts falling due in more than one year: | | |
| Other Debtors | 9,250 | 3,700 |
| | 13,216 | 3,700 |
| Total | 13,216 | 8,934 |

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% or 5.5%, payable monthly.

10 Stock

| | 2024 | 2023 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Completed properties available for sale | 1,435 | 703 |
| Van Stocks | 121 | 81 |
| Total | 1,556 | 784 |

Completed properties available for sale relates to acquisition and development expenditure on the first tranche of unsold shared ownership properties. Van stocks are trade items held on the Company's vehicles.

Ocean Housing Limited

11 Creditors: amounts falling due within one year

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Trade creditors | 601 | 212 |
| Rent and service charge prepayments | 955 | 1,035 |
| Taxation and social security | 181 | 155 |
| VAT | 17 | 26 |
| Amounts due under Right to Buy sharing agreement | 211 | 192 |
| Interest | 790 | 786 |
| Amounts owing to other group subsidiaries | 877 | 1,071 |
| Corporation tax | 54 | 4 |
| Other Creditors | 12 | 6 |
| Grant Creditor | 661 | 612 |
| Accruals and deferred income | 1,404 | 705 |
| Total | 5,763 | 4,804 |

Amounts owed to 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 November 2020, Ocean Housing Limited entered into a Note Purchase Agreement with MetLife at a value of £70 million. In addition to the MetLife facility, Ocean Housing Limited has £50 million fully drawn with M&G Investments and a £50 million Revolving Credit Facility with Santander, of which £11 million is drawn.

As at 31 March 2024 there were facilities in place of £170 million (2023: £170 million) and £131 million (2023: £120 million) was drawn from these facilities.

| Debt outstanding | 2024 | 2023 |
|--------------------------|----------------|--------------|
| | £'000 | £'000 |
| Loans outstanding | 131,000 | 120,000 |
| Deferred financing costs | (601) | (666) |
| Grant Creditor | 54,475 | 52,186 |
| Total | 184,874 | 171,520 |

| Maturity of debt | | |
|---|----------------|---------|
| Repayable in greater than one year but less than five years | 17,667 | 5,000 |
| Repayable In more than five years | 113,333 | 115,000 |
| Total | 131,000 | 120,000 |

| Interest rate profile | | |
|------------------------------|----------------|---------|
| Floating rate | 11,000 | - |
| Fixed rate | 120,000 | 120,000 |
| Total | 131,000 | 120,000 |

The Company has undrawn committed borrowing facilities at 31 March 2024 of £39 million (2023: £50 million) from a total facility of £170 million (2023: £170 million). The weighted average fixed interest rate as at 31 March 2024 was 3.68% (2023: 3.68%). Combined the average interest rate for the year was 4% (2023: 3.68%). At 31 March 2024 the maturity profile for borrowings was:

| | |
|-------------|--|
| £35 million | 36 years to 18 November 2060 |
| £35 million | 26 years to 18 November 2050 |
| £50 million | Repayable in equal, annual instalments between April 2025 and April 2054 |

Ocean Housing Limited

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

| Deferred Financing Costs | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Brought forward at 1 st April | 666 | 867 |
| Loan arrangement fees paid during the year | - | - |
| Charged to the Income & Expenditure account | (65) | (201) |
| Carried forward at 31st March | 601 | 666 |
| | | |
| Grant Creditor | 2024 £'000 | 2023 £'000 |
| Brought forward at 1 April | 52,798 | 54,904 |
| Grants received in the year | 2,950 | 4,856 |
| Grant Novated | - | (6,312) |
| Grant amortised to the Income & Expenditure account during the year | (612) | (650) |
| Total Grants held | 55,136 | 52,798 |
| Total held in Creditors: amounts falling due within one year (Note 11) | (661) | (612) |
| Total held in Creditors: amounts falling due after more than one year | 54,475 | 52,186 |

The total value of grant held as at 31 March 2024 was £62,298,000 (2023: £59,348,000). £54,475,000 (2023: £52,186,000) is held in creditors: amounts due after more than one year, £7,162,115 (2023: £6,550,000) in reserves and £661,000 (2023: £612,000) in creditors amounts due within one year. During the year, £612,000 (2023: £650,000) was amortised through the income and expenditure account.

Ocean Housing Limited

13 Employee information

| (a) Number of employees: | 2024 | 2023 |
|--|------------|------------|
| Office staff | 77 | 90 |
| Maintenance staff | 49 | 55 |
| Support Officers, Caretakers and cleaners | 15 | 14 |
| Average total full-time and part-time employees employed during the year | 141 | 159 |
| Average number of full-time equivalents employed during the year | 130 | 128 |

| (b) Staff costs for the above employees: | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Wages and salaries | 4,634 | 4,043 |
| Social security costs | 437 | 407 |
| Pension costs (see note 15) | 196 | 172 |
| Total | 5,267 | 4,622 |

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

| | 2024 Number | 2023 Number |
|-------------------|----------------|----------------|
| £60,000-£70,000 | - | 1 |
| £70,001-£80,000 | 2 | 1 |
| £80,001-£90,000 | 2 | 1 |
| £120,001-£130,000 | - | - |
| £130,001-£140,000 | - | - |
| £140,001-£150,000 | - | 1 |
| £150,001-£160,000 | 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 | 2024 | 2023 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Emoluments - Board Members | 31 | 28 |
| Emoluments - Executive Officers | 150 | 143 |
| Social Security - Executive Officers | 17 | 19 |
| Pensions - Executive Officers | 11 | 10 |
| Total | 209 | 200 |

Board members are paid £5,000 and the Chair is paid £9,000. A further £2,500 is paid to the current Chair as compensation for serving on other Group Boards.

| (b) Highest paid Director | Salary | Employer Pension | 2024 | 2023 |
|----------------------------------|---------------|-------------------------|--------------|--------------|
| | £'000 | contribution | £'000 | £'000 |
| | | £'000 | | |
| Mrs F Turner | 150 | 11 | 161 | 153 |
| Total | 150 | 11 | 161 | 153 |

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. The portion attributable to their services of Ocean Housing Limited is not separately identifiable.

Ocean Housing Limited

15 Pensions

Social Housing Pension Scheme (SHPS): DB Pension Scheme

The company 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, set out the framework for funding defined benefit occupational pension schemes in the UK. The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028. The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme. For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 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. In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Company are currently considering the implications of the case for the Social Housing Pension Scheme (SHPS). In addition, the Company has been informed by the scheme's trustee that this will be affected by questions which are being put to the High Court in the case of Verity Trustees Limited v Wood and others, which will be heard by the High Court in February 2025. The defined benefit obligation has been calculated on the basis of the pension benefits currently being administered, and at this stage the directors do not consider it necessary to make any adjustments as a result of the Virgin Media case.

Ocean Housing Limited

15 Pensions (continued)

15 a. Present values of provision for the period 31 March 2024

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Fair value of plan assets (Note 15c) | 5,665 | 5,824 |
| Present value of defined benefit obligation (Note 15b) | (6,960) | (6,971) |
| Defined benefit liability to be recognised | (1,295) | (1,147) |

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

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Defined benefit obligation at start of period | 6,971 | 10,652 |
| Expenses | 9 | 9 |
| Interest expense | 335 | 292 |
| Actuarial losses/(gains) due to scheme experience | (13) | 104 |
| Actuarial losses/(gains) due to changes in demographic assumptions | (70) | (15) |
| Actuarial losses/(gains) due to changes in financial assumptions | (133) | (3,795) |
| Benefits paid and expenses | (139) | (276) |
| Defined benefit obligation at end of period | 6,960 | 6,971 |

Ocean Housing Limited

15 Pensions (continued)

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

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Fair value of plan assets at start of period | 5,824 | 9,646 |
| Interest income | 287 | 269 |
| Experience on plan assets (excl. amounts included in interest income) – gain/(loss) | (650) | (4,135) |
| Employer contributions | 343 | 320 |
| Benefits paid and expenses | (139) | (276) |
| Fair value of plan assets at end of period | 5,665 | 5,824 |

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was £363,000 (2023: £3,866,000).

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

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Expenses | 9 | 9 |
| Net interest expense | 48 | 23 |
| Defined benefit costs recognised in statement of comprehensive income (SoCl) | 57 | 32 |

15 e. Defined benefit costs recognised in Other Comprehensive Income

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Experience on plan assets (excluding amounts included in net interest cost) –(loss) | (650) | (4,135) |
| Experience gains and losses arising on the plan liabilities – gain/(loss) | 13 | (104) |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain | 70 | 15 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain | 133 | 3,795 |
| Total amount recognised in other comprehensive income –(loss) | (434) | (429) |

Management acknowledges that there is an issue with TPT's estimation methodology & whilst this does not impact the final balance sheet figures, it does affect the breakdown of the OCI elements in the above reconciliation. Therefore, some element of the change in financial assumptions has been included in the experience item.

Ocean Housing Limited

15 Pensions (continued)

15 f. Assets

| | 2024 £'000 | 2023 £'000 |
|-------------------------------|---------------|---------------|
| Global Equity | 564 | 109 |
| Absolute Return | 221 | 63 |
| Distressed Opportunities | 200 | 176 |
| Credit Relative Value | 186 | 220 |
| Alternative Risk Premia | 180 | 11 |
| Emerging Markets Debt | 73 | 31 |
| Risk Sharing | 332 | 429 |
| Insurance-Linked Securities | 29 | 147 |
| Property | 227 | 251 |
| Infrastructure | 572 | 665 |
| Private Equity | 5 | - |
| Private Debt | 223 | 259 |
| Opportunistic Illiquid Credit | 221 | 249 |
| High Yield | 1 | 20 |
| Cash | 112 | 42 |
| Long Lease Property | 37 | 176 |
| Secured Income | 169 | 267 |
| Liability Driven Investment | 2,305 | 2,683 |
| Currency hedging | (2) | 11 |
| Net Current Assets | 10 | 15 |
| Total assets | 5,665 | 5,824 |

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

| | 2024 | 2023 |
|---|--------------------------|--------------------------|
| | % per annum | % per annum |
| Discount Rate | 4.92 | 4.84 |
| Inflation (RPI) | 3.09 | 3.17 |
| Inflation (CPI) | 2.79 | 2.80 |
| Salary Growth | 3.79 | 3.80 |
| 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 2024 imply the following life expectancies:

| | 2024 | 2023 |
|-------------------------|----------------------------------|---------------------------|
| | Life expectancy at age 65 | Life expectancy at age 65 |
| | (Years) | (Years) |
| Male retiring in 2024 | 20.5 | 21.0 |
| Female retiring in 2024 | 23.0 | 23.4 |
| Male retiring in 2044 | 21.8 | 22.2 |
| Female retiring in 2044 | 24.4 | 24.9 |

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities, but given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

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.

Ocean Housing Limited

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 at the address found in note 1.

All transactions in the year with non-regulated related parties have been disclosed in note 23, in addition to the consolidated accounts of Ocean Housing Group Limited.

Under Section 33 of FRS102 defined benefit schemes are considered to be related parties. Ocean Housing Limited is a member of the Social Housing Pension Scheme. Details of the transactions are disclosed in note 15.

19 Capital commitments

| | 2024 | 2023 |
|---|---------------|--------|
| | £'000 | £'000 |
| Capital expenditure that has been contracted for but not provided for in the financial statements | 20,757 | 15,649 |
| Funded By: | | |
| Grant | - | 6,161 |
| Reserves | 11,040 | 4,735 |
| Loans | 9,717 | 4,753 |
| Total | 20,757 | 15,649 |

These commitments will be funded by cash generated from operating activities and from existing loan facilities (Note 12).

Ocean Housing Limited

20 Operating lease commitments

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

| | 2024 Plant & Machinery £000 | 2024 Other Assets £000 | 2024 Total £000 | 2023 Plant & Machinery £000 | 2023 Other Assets £000 | 2023 Total £000 |
|---|--------------------------------------|---------------------------------|-----------------------|--------------------------------------|---------------------------------|-----------------------|
| Operating leases and contract hire arrangements which expire: | | | | | | |
| Less than one year | 39 | 248 | 287 | 41 | 225 | 266 |
| In the second to fifth years inclusive | 129 | 213 | 342 | 150 | 381 | 531 |
| After more than five years | 9 | - | 9 | 27 | - | 27 |
| Total | 177 | 461 | 638 | 218 | 606 | 824 |

21 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.

22 Accounting estimates and judgements

22.1 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.

Impairment of Fixed Assets

Management seeks to ensure that the entity's assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and value in use) If the result of any assessment suggests this to be the case, then the value of the asset will be written down.

Pension scheme

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

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

There are no critical judgements applied.

Ocean Housing Limited

23 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 2024 £'000 | Year ended 31 March 2023 £'000 |
|------------------------------|---|---|
| Gilbert and Goode Limited | 11,393 | 9,154 |
| Total | 11,393 | 9,154 |

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

| Inter-company trading | Year ended 31 March 2024 £'000 | Year ended 31 March 2023 £'000 |
|------------------------------|---|---|
| Gilbert and Goode Limited | 44 | 44 |
| Total | 44 | 44 |

During the year Ocean Housing Limited charged Interest to Gilbert & Goode Limited:

| Inter-company trading | Year ended 31 March 2024 £'000 | Year ended 31 March 2023 £'000 |
|------------------------------|---|---|
| Gilbert and Goode Limited | 692 | 195 |
| Total | 692 | 195 |

24 Reconciliation of net debt

| Debt | Year ended 31 March 2024 £'000 | Year ended 31 March 2023 £'000 |
|------------------------------------|---|---|
| Opening balance of net debt | 119,334 | 154,133 |
| Loan received during the year | 11,000 | - |
| Loan payback during the year | - | (35,000) |
| Movement in deferred loan fees | 65 | 201 |
| Closing balance of net debt | 130,399 | 119,334 |

25 Post Statement of Financial Position event.

In July 24, the company entered into a new loan arrangement with Santander in the form of a revolving credit facility. The term is 5 years and at a value of £40 million. This replaces the existing facility of £50 million.