

OCEAN HOUSING GROUP LIMITED

(LIMITED BY GUARANTEE)

CONSOLIDATED AND COMPANY ACCOUNTS
FOR THE YEAR TO 31 MARCH 2026

Financial statements for the year to 31 March 2026

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Directors and advisors

The Board

Chris Grose (appointed April 2026)
Andrea Smith (Chair resigned March 2026)
Kevin Pearce
Michael Crabb (resigned Sept 2025)
Alan Brunt (appointed September 2025, resigned March 2026,
reappointed Chair September 2026)
Bernard Rooney (resigned March 2026)
Jitinder Takhar (appointed April 2025)

Company Secretary

Nikki Forward (resigned Dec 2025)
Altair Consultancy (appointed Dec 2025, resigned May 2026)
Asantewaa Brenya (appointed May 2026)

Executive Directors

Jitinder Takhar (Chief Executive Officer) (from April 2025)
Kevin Pearce (Executive Director of Investment and Resources)

External auditor

KPMG LLP
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Internal auditor

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Ocean Housing Group Limited is a Company limited by guarantee registered in England (Company number 5000720) and is registered with the Regulator for Social Housing (Registration number L4422).

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Strategic Report (incorporating the Operating and Financial Review and Value for Money Self-Assessment)

This report provides an assessment of Ocean Housing Group Limited for the year 2025/26. It is comprised of 3 sections:

1. Overview of the Business

- Background
- Vision
- Statements of Compliance

2. Value for Money (VFM)

- Background
- VFM Framework and culture
- Corporate Strategy Ambition and Continuous Improvement
- Resilience Plan Strategic Financial Targets
- Specific Resilience/VFM Targets 2026/27
- Key Financial Performance Ratios
- 2026/27 Target and Future Plans
- Conclusion and Regulatory Expectation

3. Risk management

1. OVERVIEW OF THE BUSINESS

Background

Ocean Housing Group Limited is a registered provider and a company limited by guarantee. It was formed in December 2003 to enable the creation of the Ocean Group. As at 31 March 2026, the Group consists of the following companies:

Ocean Housing Group Limited – A non-asset owning registered provider and non-charitable company limited by guarantee, providing quality, efficient and effective corporate and strategic services to the subsidiaries.

Ocean Housing Limited – 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.

Gilbert & Goode Limited – A company limited by shares, providing new build affordable homes for Ocean Housing Limited and other affordable housing providers and development for sale of private residential homes.

Subsequent to the year end on 1 April 2026, as part of a Group reorganisation, the assets and liabilities of Ocean Housing Group were transferred to Ocean Housing under a business transfer agreement, effectively making Ocean Housing Limited the parent company of a smaller group with one trading subsidiary. Accordingly, Ocean Housing Limited will be preparing consolidated financial statements reflecting the activities of the Ocean Group for the year ending 31 March 2027 and thereafter. The reorganisation created a simplified legal structure enabling all core operating activities to continue as before. As a result, the newly formed Group of Ocean Companies will continue to operate indefinitely.

The Group's social housing stock is located within the County of Cornwall. At the 31 March 2026, the Group owned 4,363 (2025: 4,414) 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 Limited. As at 31 March 2026, the shared ownership units under contract to manage was 464 (2025: 467). A further analysis of the Group's assets is as follows over page:

<u>Ocean Housing Affordable Housing Stock</u>	2026	2025	2024
Social rented general needs	2,806	2,872	2,891
Social rented housing for older persons	647	638	622
Affordable rented	357	369	369
Intermediate rented	396	387	345
Other rented	14	14	14
Sub Total Freehold properties	4,220	4,280	4,241
Shared ownership	143	134	73
Total	4,363	4,414	4,314
Leasehold properties	189	164	153
Garages and car spaces	451	580	568
Shops	8	7	4
Total other	648	751	725

Vision

The Group's mission statement is:

“To provide quality homes and services placing tenants and customers at the heart of everything we do“

The Group's vision is laid out in its Corporate Strategy, the resources for such being incorporated into a 40-year Business Plan; this is reviewed, updated and approved by the Board on an annual basis. The objectives are then translated into annual company plans, which outline and set targets for operational delivery of Corporate Strategy objectives for the year ahead in the context of continuous improvement and efficiency.

Statements of Compliance

The Board of Management confirms that the Operating and Financial Review (incorporated within this Strategic Report) has been prepared in accordance with the principles as set out in the 2018 SORP for Registered Social Housing Providers and Regulatory Standards issued by the Regulator for Social Housing.

Registered providers are required to certify their compliance with the Governance and Financial Viability Standard by the Regulator for Social Housing. Ocean Housing Group Limited and its regulated subsidiary, Ocean Housing Limited, confirm that they substantially comply in all respects with the Standard. Non-compliance in the year has arisen in respect of a Rent Standard breach following a rent overcharge, absence of communal area asbestos surveys in breach of property compliance regulations and some incidences of non-issuance of summary reports to tenants regarding emergency repairs in breach of Awaab's Law. All matters were referred to the Regulator of Social Housing and all subject to immediate rectification. This statement is made following careful consideration and assessment by the Board.

Ocean Housing Group Limited has adopted as its governance code the National Housing Federation (NHF) Code of Governance 2020. This Code requires an annual assessment of compliance or a statement explaining any areas not met. The Board of Ocean Housing Group have reviewed their compliance with this Code and confirm general compliance with the Code while noting a minor irregularity regarding the status of its senior independent board member who was not a registered director of Ocean Housing Group Limited throughout the whole of their 2025/26 tenure. When this irregularity was identified, it was rectified promptly and, as at 31 March 2026, it is confirmed Ocean Housing Group Limited comply with the Code of Governance in full.

2 VALUE FOR MONEY REPORT 2025/26

Background

Ocean has a strong commitment to value for money (VFM) and income generation. Following enforced reductions and strong control over rents from Government and a fall in levels of grant for new affordable homes, Ocean, and the housing sector generally, has focused on creating its own additional income generation and greater operating efficiency.

The Regulator for Social Housing plays the pivotal role in ensuring VFM throughout the social housing sector on behalf of Government. The Regulator for Social Housing does so through the development and regulation of a VFM Standard. The current Standard requires a range of financial metrics to be used to assess performance, clarifies expectations of Boards and outlines the reporting requirement and format of VFM activity.

The Ocean Board has reviewed the VFM Standard, utilising Audit, Risk and Assurance Committee (ARAC) to critically appraise its requirements and assess compliance with it. It is considered that the Ocean Board actions are in compliance with the expectations of the VFM Standard.

VFM Framework and Culture

The Board is responsible for driving VFM at Ocean. VFM is embedded into the culture of the business, and the strategic objectives are integrated in the Corporate Plan and at the heart of Ocean's operations. Strategic targets for income generation, asset maximisation and VFM have been set by Board. Such targets are vital to fulfil the development plans as contained in the New Homes Strategy to 2030 and the need for greater existing stock investment to deliver energy efficiency and enhanced compliance as contained in the Asset Management Strategy.

The Board recognises that its ambitions can only be accommodated through the efficient operation of the business and strong operating margin, maximisation of existing asset worth and external income generation from the Group's commercial activity, most notably its open market sales programme through Gilbert and Goode Limited.

The Board recognises VFM is not just about efficiency, it is also about effectiveness and economy (3 E's). The Board's Corporate Plan is therefore based around 4 'Organisational Objectives' which harness the VFM 3 E's to provide quality services to tenants and optimum outputs from the resources we have available.

Critical review of VFM monitoring performance is undertaken by Audit, Risk and Assurance Committee (ARAC). The Committee does so on behalf of the Board. The Board is committed to continuous improvement and is pushing the business towards the levels of operational excellence that will be increasingly expected. Improvements identified are incorporated in the People Strategy to

embed new behaviours and culture which will lead to improved customer focussed services through flexible and smarter working practices and quality.

Ocean considers that its commitment to VFM for its customers is sound and, in-so-doing, fulfils the obligations and expectations of the VFM Regulatory Standard. The framework of VFM and embedded culture provides strong evidence to support this position with generally positive outputs and performance on key metrics ratios, compared with internally set targets and with peers. The key Board policy driving the VFM agenda is the new Financial and VFM Plan, which replaced the former Resilience Plan following a Board strategy event in October 2025. This Plan specifically seeks to strengthen the Group's financial capacity, resilience and efficiency to ensure long term stability as well as supporting investment in stock and new homes together with higher spend on services. The Plan was based on achieving the strengthened objective over the course of the remaining 5 years of the decade using a targeted interest cover metric of 120% as the prime measure to meet in 2030.

Corporate Plan Ambition and Continuous Improvement

In the latest Corporate Plan, the Board has set out its vision, mission statement and its 4 main organisational objectives:

Vision

- To be a Strong, Well Governed and Tenant Focused Organisation Making a Difference to the Lives we Touch

Mission

- To Provide Quality Homes and Services Placing Tenants and Customers at the Heart of Everything we Do.

Organisational Objectives

- Deliver a Great Customer Experience
- Provide Quality Homes
- Be a Great Place to Work
- Create Strength for Future Challenges

These 4 organisational objectives are developed together to have a balanced approach to the pressures of needing to invest and improve existing stock for energy and increasing standards yet continue to maintain a sound supply of quality new affordable homes for local people in need of a home. To effectively achieve balance of these competing pressures, the objectives are supported with specific strategies as follows:

- A New Homes Strategy setting out the ambition to build 355 new affordable homes from April 2026 to March 2030, and a post 2030 aspiration of 150 further affordable new homes in the 5 years to 2035.
- An Asset Management and Disposal Strategy to generate receipts from selling existing assets to help fund the stock investment ambitions and to direct where such investment should be focussed in pursuit of a decent, safe energy efficient housing stock and relief of fuel poverty.
- A People Strategy seeking to work towards Investors in People (IIP) Platinum and create a smarter and more dynamic work environment.
- A Tenant Involvement Strategy looking for Ocean Housing to be an exemplar in how we engage with tenants and the community.

Backing up the overarching Corporate Plan, and 4 'Super Strategies' above, are the following complimentary corporate economic strategies and plans,

- Financial and VFM Plan
- Risk Management and Assurance Framework
- Procurement Strategy
- Financial Regulations
- Fraud, Bribery and Money laundering Policies
- Treasury Strategy
- Investment Policy
- Rent Policy
- Long-Term Business Plan

The various economic plans and strategies underpin the annually approved long-term business plan and financial model.

Financial and VFM Plan Strategic Financial Targets

The Board challenge, at its strategy event in October 2025, was to develop a new financial plan fit for the second half of the decade that would generate a minimum acceptable interest cover of 120% for Ocean Housing, as defined by the Regulator for Social Housing VFM Standard. The new Plan was needed to reflect the significant change in the sectors operating and financial environment since the predecessor Resilience Plan was originally approved to 2022. The 2022 Resilience Plan set a target of Ocean securing a 175% interest cover by 2030, this being at a time when the sector average for this metric was 200%.

With the sector average closer to 125%, the case for a refreshed Plan to drive efficiency and a viable sustainable business is clear. The new adopted Plan contains a range of measures including greater focus on digitalisation, outsourcing, asset disposal, operating efficiencies, procurement and smarter working to achieve such objectives.

The new Financial and VFM Plan is the representation of VFM focus across the Business and was developed following the Boards strategic planning event in October 2025.

Consequently, 2025/26 represented a transition year between the old Resilience Plan, in force for target setting at the start of the year, and the new Plan, effective by year end.

A comparison of the 2 Plans major aspects is illustrated in the table below,

Objective	Resilience Plan	Financial and VFM Plan
Length	8 years to 2030	5 years to 2030
Interest Cover Target	175% from 2030	120% from 2030
Annual Ongoing VFM Savings	£1 million per year from 2030	£2 million per year from 2030
Asset Disposal Numbers	320 by 2030	180 by 2030
Asset Disposal Receipts	£50 million by 2030	£21 million by 2030
Gilbert and Goode Profit	£4.5 million per year from 2030	£5.3 million per year from 2029
Gift Aid from Gilbert and Goode	£2.5 million by 2030	£Nil to 2030
Shared Ownership Profit	£1.5 million	Possible disposal in 2030

The Resilience Plan has now been terminated with the 4-year cumulative performance up to 31 March 2026 shown below.

Objective	Year 4 Cumulative Target	Year 4 Cumulative Actual	Variance
Annual Ongoing VFM Savings	£989,000	£678,000	(£311,000)
Asset Disposal Numbers	178	162	(16)
Asset Disposal Receipts	£22.3 million	£20.2 million	(£2.1 million)
Gilbert and Goode Profit	£6.4 million	£3.2 million	(£3.2 million)
Gift Aid from Gilbert and Goode	£500,000	£250,000	(£250,000)
Shared Ownership Sale Profit	£1.5 million	£6.1 million	£4.6 million

As can be seen, other than a successful outcome to the shared ownership portfolio disposal, the Resilience Plan Progress has not met the Board objectives. The Board recognised this in Summer 2025 and set out a desire to critically review its strategy and ambitions in what then became the Strategy Planning Event in October 2025. From this event the current 2026 3-year Corporate Plan was initiated and the new 5-year Financial and VFM Plan formed to Replace the Resilience Plan.

In respect of the 3 ongoing annual objectives of the Resilience Plan, management were,

- Unable to fulfil the VFM targets set, with some costs areas increasing which offset to some degree the targeted VFM savings achieved.
- Unable to meet the asset disposal targets, through a range of reasons, including the restriction of qualifying properties given that the basis of the Disposal Strategy is that properties need to organically arise from the void process, need to not be older persons units and carry EPC ratings below 'C'.
- Unable to sustainably maintain a Gilbert and Goode business that consistently produces profit from open market sales at a level sufficient to confidently pay Gift Aid.

The strategy planning process has led to a new Corporate Plan with the organisational objectives as previously set out This Corporate Plan incorporates specific plans to deliver,

- Additional cost of £1.4 million per year through a 'C1 Improvement Plan' to strengthen customer experience and services.
- £5 million investment over 3 years for new ICT and digital solutions and infrastructure.
- £24 million investment to 2030 to ensure all existing homes are at EPC C rating by 2030.
- £109 million investment from 2030 to ensure all existing homes are at Net Zero by 2050.
- Sound 40-year stock investment plan to ensure all existing homes meet increased building safety standards and new Decent Homes requirements.
- £60 million investment to fund 355 new affordable homes by 2030.
- £30 million investment to fund 150 new affordable homes from 2030 to 2035.

The new Financial and VFM Plan developed to support the business sustainably deliver this Corporate Plan ambition set out the 4 overarching financial metric targets as below, noting these metrics are set for Ocean Housing as an individual entity.,

- Minimum Interest Cover by 2030 - 120%
- Minimum Operating Margin by 2030 - 25%
- Maximum Gearing by 2030 - 45%
- Maximum Debt by 2030 - £150 million

To secure the financial metric targets as set above and deliver the key ambitions of the new Corporate Plan previously listed, the Financial and VFM Plan sets out the 5 routes to sustainable success.

- A Rent Policy that optimises all available flexibilities and permissions in the Regulatory Rent Standard.
- A return to sustainable profits from Gilbert and Goode, but without Gift Aid expectation until 2030 and with a risk balanced approach
- Renewal of the existing Revolving Credit Facility 18 months in advance of expiry, January 2028, at increased sum of £50 million.
- Sell 180 existing assets in the 5 years to 2030 to raise a targeted £21 million receipt. Then 25 per year from 2030 to 2040
- Create ongoing VFM operational savings of £2 million per year from 2030. Then an additional £100,000 per year, each year, from 2030 to 2035.

The 5 routes to support a sustainable business within the 2026 Corporate Plan above do represent a challenging ask. The Plan is set against an Ocean Board Risk Appetite of 'Risk Cautious'. For Ocean to deliver on its ambition to be a quality landlord providing exceptional services to tenants living in high quality safe and warm homes the Financial and VFM Plan targets need to be fulfilled.

Performance Against Specific Financial and VFM Plan Targets 2025/26

2025/26 represented the first year of the new 5-year Financial and VFM Plan, as initially developed at the Board strategy event. The year was seen as a reset year and performance against the key targets in the new Plan are as set out in the table below,

Tracking of performance against these reset annual targets continue to be overseen by ARAC.

Objective	Year 1 (2025/26) Target	Year 1 (2025/26) Actual	Variance
Gilbert and Goode Profit	£260,000	£413,000	£152,000
Asset Disposal Numbers	50	67	17
Asset Disposal Receipts	£6 million	£7.7 million	£1.7 million
Annual Ongoing VFM Savings	£400,000	£253,000 (in full year)	(£147,000)

Whilst all these targeted areas would have been short on the original Resilience Plan target for the year, both Gilbert and Goode and asset disposal reset targets were outperformed. The disappointing outcome for 2025/26 was in respect of VFM performance. Of the targeted focus areas to deliver the VFM ambition for the year, management were successful securing £553,000 of ongoing saving efficiencies. However, also during the year, £300,000 additional costs were incurred through management action which offset the targeted VFM success resulting in a net beneficial VFM outcome of £253,000. Over a third of the offset expenditure arose through increasing management resources within the Ocean Property Services team to improve control over the substantially increased energy works programme, enhanced building safety and compliance arrangements, as well as ongoing increased volume pressures in respect of responsive and damp and mould repairs.

In respect of how 2025/26 performance impacted on the year-end metrics, the table below illustrates the outcomes,

Metric	Year 1 (2025/26) Target	Year 1 (2025/26) Actual	Variance
OHL Interest Cover	>150%	207%	57%
OHL Operating Margin	>25%	27%	2%
OHL Gearing	<50%	49%	1%
OHL Debt	<128 million	£119 million	£9 million

The outcome for 2025/26 in respect of financial metrics would appear very positive, however the apparent beneficial impact is significantly influenced by material slippage in the energy works programme for 2025/26 (£4.4 million). Such significant slippage has resulted in the material variance in metrics outturns compared with original expectations.

Key Financial VFM Standard Performance Ratios

In this section, the metrics, ratios and outputs from VFM activity are illustrated and compared to Ocean's peers, both at national and regional levels. From its inception, Ocean has always taken a robust approach to VFM. The historic success of the Board's approach to efficiency strategy over many years has embedded a pro-active VFM culture with strong and beneficial outcomes for tenants and the local community.

The VFM Regulatory Standard contains 8 key financial metrics that the Regulator expects all social housing providers to assess their performance against.

The VFM benchmarking data is collected at a consolidated basis and Ocean's Group-wide performance, compared with others, is presented in the table below for these mandatory ratios. As the national outcomes for 2025/26 have yet to be published, the 2024/25 national outputs have been used to compare Oceans 2025/26 performance as well. When the national 2025/26 VFM metrics are issued, a detailed analysis of Ocean's performance against these metrics will be presented to ARAC for scrutiny and challenge.

In the table below, Ocean's last 3 year's performance is benchmarked against the latest published national VFM Standard outputs from 2024/25. Ocean's outputs projected for the coming year 2026/27 are also illustrated to aid understanding of trends.

NATIONAL VFM STANDARD ANALYSIS

Based on data from English not-for-profit housing providers with over 1,000 units regulated with Regulator for Social Housing

RATIO	OCEAN 2023/24 Actual	OCEAN 2024/25 Actual	PEERS 2024/25 Actual	OCEAN 2025/26 Actual	OCEAN 2026/27 Budget
Business Wealth					
Overall Operating Margin	24%	15%	19%	21%	15%
Social Housing Operating Margin	28%	21%	20%	27%	25%
Interest Cover	198%	155%	122%	207%	85%
Development					
Social Units Built	2.0%	2.8%	1.3%	0.5%	2.2%
Gearing	58%	54%	46%	49%	46%
Outcomes					
Customer Satisfaction *	80%	77%	72%	78%	79%
Reinvestment	9.0%	5.0%	7.3%	6.4%	8.5%
Effective Asset Management					
Return on Capital Employed	6.4%	5.0%	3.1%	6.0%	6.7%
Operating Efficiency					
Social Housing Cost Per Unit	£3,656	£4,279	£5,445	£4,137	£5,266

* Metric from Tenant Satisfaction Measures (TSM) arising from requirements of Consumer Regulation.

The key message that arises from the benchmarking table above is, that, in respect of 2025/26, when compared with peers nationally albeit from 2024/25, Ocean is below average in 3 areas, Social Units Built, Gearing and Reinvestment.

Compared with Ocean's performance pre-Resilience Plan, the latest peer benchmarking provides evidence of solid progress in the Board's overall commitment to strengthening financial resilience. Of significance is the improvement in interest cover relative to peers, as to gearing albeit this area is still adverse to peer average. This is, however, as much more due to the sector ratios declining in recent years. The 2025/26 interest cover for Ocean is above originally targeted and stronger than sector average. Care should be taken on this metric as the latest peer information is 2024/25 and the sector has faced many challenges within the last 12 months that could see 2025/26 actual metrics somewhat different than 2024/25. Furthermore, the Ocean 2025/26 metric is substantially enhanced through the £4.4 million energy programme slippage.

The Group Strategy is to have all VFM metrics, and the TSM customer satisfaction measure, greater than sector average in all cases. In respect of 2025/26 performance, based on published data at present, this is met in all but 3 areas.

The gearing ratio of Ocean continues to remain adverse to the sector norm. This indicator is closely linked to historic policy and initial formation of the Ocean Group, which was through stock transfer funded by borrowing. High gearing is harder to address quickly than interest cover, but the Board is comfortable to continue to tolerate and accept this higher metric in the short term whilst seeing a clear improvement trajectory projecting a better than sector average by 2030. The metric has benefitted significantly from the outcome of the shared ownership portfolio sale in 2022. Prior to the sale, in 2022/23, the gearing level was 65%, as at 31 March 2026 it has fallen to 49% and a clear continued fall is projected.

It is disappointing that in 2025/26 a further 2 metrics have fallen below the sector average. This is in respect of social units built and reinvestment. In respect of social homes handed over in 2025/26, Ocean experienced significant slippage, 23 homes were handed over as compared with an expected 66. All of the scheduled handovers in 2025/26 were through S106 developer driven schemes and the difficult housing market led a number of the developer partners reprofiling or pausing their programmes thus altering the timing of handovers to Ocean. This is slippage and all opportunities remain live, the units slipping will all be handed over in 2026/27. In respect of reinvestment, this fall recognises the reduction in the Ocean Housing new homes development programme in 2025/26. Whilst now below peer average it is known that there is an overall fall in new home construction across the sector in 2025/26, so unclear if comparison to the last published 2024/25 metric is reliable.

The outlook for 2026/27 is that, if peer performance remains unchanged at 2024/25 levels, Gearing will achieve its long-term aim of being at the sector average. However, there will be 2 metrics in 2026/27 that fall below peer average, being Overall Operating Margin and Interest Cover. The reason for the forecast adverse movement to 2026/27 is due to the lower margin Gilbert and Goode business increasing its activity from 2025/26 and therefore having a greater percentage of consolidated activity. In respect of interest cover, the prominent driver to this substantial fall from 2025/26 levels and resultant below average outcome is the impact of the energy programme slippage being reprofiled into 2026/27 and 2027/28. Whilst the sub-100% metric is not good, the overall trajectory to the 2030 120% interest cover target remains deliverable.

Whilst the Group focusses on performance against the sector nationally, it also reflects on how it performs against those peers operating most closely to Ocean's operational area.

Benchmarking its VFM Standard Metrics against the outcomes from the 19 operators based within the Southwest, a similar story is told in respect of Ocean's performance as to national comparison. The table below looks at Ocean's performance compared to these 19 Southwest peers.

SOUTHWEST SECTOR ANALYSIS

Based on data from the 19 South West based English not-for-profit housing providers with over 1,000 units regulated by the Regulator for Social Housing

RATIO	OCEAN 2023/24 Actual	OCEAN 2024/25 Actual	SW PEERS 2024/25 Actual	OCEAN 2025/26 Actual	OCEAN 2026/27 Budget
Business Wealth					
Overall Operating Margin	24%	15%	18%	21%	15%
Social Housing Operating Margin	28%	21%	19%	27%	25%
Interest Cover	198%	155%	135%	207%	85%
Development					
Social Units Built	2.0%	2.8%	2.0%	0.5%	2.2%
Gearing	58%	54%	40%	49%	46%
Outcomes					
Reinvestment	9.0%	5.0%	7.6%	6.4%	8.5%
Effective Asset Management					
Return on Capital Employed	6.4%	5.0%	2.8%	6.0%	6.7%
Operating Efficiency					
Social Housing Cost Per Unit	£3,656	£4,279	£4,957	£4,137	£5,266

2026/27 Targets and Future Plans

2026/27 represents year 2 of the Financial and VFM Plan, which drives performance to 2030. The year 2 targets for each element of the Plan are as below,

- 2026/27 pre-tax profit in Gilbert and Goode to be greater than £654,000.
- 40 existing assets to be sold in 2026/27 that will create cash sale receipts of £4.8 million.
- In 2026/27, new on-going annual savings of £600,000 to be delivered from operational costs or additional income. This annual target has 4 main components,
 - Employee restructures - £290,000
 - Restructure of the Ocean Group - £100,000
 - Operating income generation - £180,000
 - Procurement - £30,000

The 2025/26 targets will be a big challenge and subject to critical monitoring overview by ARAC. In particular the VFM target will need robust oversight to ensure it is met, alongside vigilant budgetary control on core budgets to mitigate risk of offset costs.

With the focus on VFM in recent years, there has been a need to ensure the improving financial strength is complemented with improvement in customer service and increasing consumer expectations being met. The Corporate Plan targets transformational service improvement taking Ocean Housing to a provider of high-quality services, focussed on customer excellence.

On 1 April 2026 the restructure of the Ocean Group was completed, with all assets and liabilities of Ocean Housing Group Limited transferred to Ocean Housing Limited. This was a simplification exercise where Ocean Housing Group Limited will be dissolved with Ocean Housing Limited becoming the new parent with a wholly owned subsidiary of Gilbert and Goode. This restructure represents the Board seeking not just streamlined governance VFM, but also greater clarity, transparency and accountability on the operation of the Boards and their decision making.

The remaining 3 years of the Financial and VFM Plan, as things currently stand, target the following deliverables up to 2030, these targets will be critically re-evaluated at the next Board strategy event in October 2026.

- Pre-tax profits in Gilbert and Goode to be greater than £8.3 million in the 3 years up to 2030.
- 90 existing assets to be sold in the 3 years to 2030 that will create cash sale receipts of £10.8 million.
- Further on-going annual savings created from April 2027 up to 2030 of £1 million, to be delivered from operational costs or additional income. This annual target has 4 main components,
 - Employee restructures - £270,000
 - Smarter Working and Technology - £170,000
 - Procurement and Partnering - £260,000
 - Other Initiatives - £300,000

Conclusion and Regulatory Expectation

The VFM Standard requires the Board to:

- Clearly articulate its strategic objectives
- Have an approach to achieving value for money in meeting these objectives and demonstrate its delivery of value for money to stakeholders
- Through their strategic objectives, articulate its strategy for delivering homes that meet a range of needs
- Ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of its strategic objectives

Furthermore, Boards must be able to demonstrate that:

- A robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance
- Regular and appropriate consideration by the Board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures
- Consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where not the case
- Appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

The embedded nature of VFM culture at Ocean is driven by the Board and its Corporate Plan. The core organisational objectives of the Corporate Plan align the commitment to VFM throughout all the Group's activities and ensures that outputs match strategic ambition in an efficient manner and through optimal use of its available resources and assets. Monitoring of challenging targets and a commitment to optimum efficiency has led to improved outcomes and positive outputs for the Ocean's tenants, partners and the wider local community and this will continue to develop and improve.

A culture of continuous improvement is in place driven by the Board and senior management that operates under a clear annual plan of service reviews, business system development, data analysis and performance reporting. This has been under strain in 2025/26 through pressures in Ocean Housings repairs service and weaker sales margins in Gilbert and Goode. In 2026/27, the Board will be undertaking a critical review of the risk/benefit analysis of having Gilbert and Goode undertaking open market sales and assessing if the return on the risk is commensurate with the risk to social housing assets.

Through ARAC the Board has considered its compliance with the VFM Standard and reviewed their effectiveness in delivering VFM for its stakeholders. Through the Committee, the Board are assured that the culture and practice of VFM is continuing to improve.

3. RISK MANAGEMENT

Throughout 2025/26 the Group operated an effective Board Risk and Assurance Framework. Whilst Group Board has responsibility for the effective management of risk, the Audit, Risk and Assurance Committee undertook the detailed scrutiny and management required to provide assurance to the Ocean Housing Group Board that the risk control framework was embedded and effective. The Framework provides a link from the risk register to the Corporate Plan and Ocean's Golden Threads. It details 3 'lines of defence' Board members can use to set assurance that risks are adequately controlled and to identify early warning signs members need to be aware of to manage the key risks to the business.

The Group considers that it has a robust system of risk management and internal control. The risk management framework forms part of an integrated internal control environment that is overseen and controlled by the Audit, Risk and Assurance Committee. The formal framework for the ongoing identification, quantification and management of risk is co-ordinated by senior management through the Senior Leadership Team and the senior management teams in the Group's 2 subsidiaries. Risk awareness is considered to be sound in the Ocean culture and the Group is working to get it more embedded and consistent to become a best practice 'risk enabled' organisation.

Risks are split into subsidiary company risk registers, but those of greater significance are included in a Strategic Risk Register which is reviewed regularly by management, the Audit, Risk and Assurance Committee and the Group Board. The risks are reviewed and where failings in internal control are identified there is action taken to resolve them. The Audit, Risk and Assurance Committee is actively involved in monitoring this process.

During the year the Audit, Risk and Assurance Committee has reviewed the Risk Framework, incorporating the Strategic Risk Register, at every meeting, thus enhancing awareness and control. It has provided robust management to mitigate the greater exposure to risk as a result of challenging prevailing economic conditions throughout the last couple of years. Subsidiary Boards consider their risk registers at every meeting alongside Deep Dives into specific risks and stress test scenarios with mitigation plans.

Every risk is quantified to assess the exposure that Ocean faces even after control measures have been established and embedded against each risk. Each risk is assessed as to its likelihood of occurring and the impact on the business, were it to do so. Each risk is scored both without any form of controls in place and after adequate controls have been adopted. In addition, a target score is set to ensure sound mitigation measures.

During 2025/26 the Group experienced a minor internal control weakness relating to the charging of rent. During the Financial year a rent overcharge spanning a number of years was identified. The issue arose due to a miscalculated additional charge (applied to rent levels to cover the 53rd week which occurs every 6 years). This matter has also been self-reported to the Regulator for Social Housing with regular updates provided on the repayment plan. The financial impact not material in its nature and has been fully provided for in the Financial Statements to March 2026. All affected tenants have been refunded and compensated during June 2026. The Group's overall Risk Framework and management plans supported necessary mitigation actions to bring the challenges under control.

Looking ahead, the Board is very much aware of a number of underlying risk threats that need to be kept under watchful eye. Whilst the Government's 10-year CPI plus 1% rent increase settlement is welcomed, the Group continues to face the following significant risks,

- Higher costs of living for tenants
- Slowdown of property sales volume and average receipts under existing asset disposal programme
- Tough domestic housing market and threat to Gilbert and Goode sales expectations.
- Increasing costs of property compliance and enhanced Awaab's Law from October 2026
- Increased demand from tenants on day-to-day repairs and damp, mould and condensation
- Increased expectations through Consumer Regulation Standards and stronger property compliance requirements
- Decarbonisation costs to improve the energy efficiency of homes to meet net-zero climate objectives
- Increased digital technology costs
- Failure to achieve the change in culture required to work smarter to deliver excellent customer service within financial parameters
- Higher inflation and elevated interest costs due to conflicts in Europe and the Middle East.

Within the respective risk registers of the Group, each risk and controls required to adequately manage it are listed and reviewed every month as to their effectiveness. All risks are reviewed as to their relevance and rating every month to ensure they are appropriate, particularly the Strategic Risks.

The scoring matrix used to assess each risk is illustrated in the table below:

RISK SCORING MATRIX

<u>Impact</u>	<u>Likelihood</u>
10 – Disastrous	6 – Highly likely
8 – Severe	5 – Likely
6 – Large	4 – Fairly likely
4 – Moderate	3 – Unlikely
2 – Negligible	2 – Very unlikely
	1 – Extremely unlikely

Annually, Ocean's Subsidiary Board's review their approach to risk appetite to ensure it remains appropriate for the Group's strategic objectives. The Boards adopted risk appetite matrix is based on the following definitions:

- Adverse - Avoidance of risk and uncertainty is the primary objective.
- Cautious - Preference for safe options that have a low degree of risk and may only have limited potential for reward.
- Balanced – Prepared to be innovative and take an open view and willing to take a limited amount of risk in order to achieve objectives.
- Open - Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money.
- Hungry - Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.

The agreed subsidiary board risk appetites during 2025/26 were:

- Ocean Housing Limited has classified itself as 'Risk Cautious',
- Gilbert and Goode Limited has classified itself as 'Risk Balanced'.

In addition to subsidiary overall risk appetite, key specific operating areas have their own appetite levels, irrespective of overall appetite both subsidiaries for example, will have a risk averse approach to health and safety, compliance and regulation.

The latest Strategic Risk Register is shown below:

Ref	Title	Inherent	Residual	Target
5	Major health & safety failure	40	12	12
71	Demand for Damp, Mould and Condensation Service	36	30	12
83	Major Failure of Customer Service	30	24	12
93	Data governance integrity failure	40	32	18
10	Housing market downturn	40	32	12
35	G&G Business Plan Failure	24	18	12
75	Failure to deliver Financial and VFM Plan	48	24	12
77	Major cyber breach	32	24	24
13	Difficulty Attracting & Retaining People	36	30	20
14	Property Compliance Failure	32	24	12
6	Regulatory failure	48	30	16
15	Major UK GDPR failure	32	12	12

Throughout 2025/26, the Group's risk registers were used to support the stress testing scenarios and mitigating strategies ultimately required. The embedding of the Groups risk management and early warning triggers into stress testing scenarios ensures that the Group has effective plans in place to mitigate potential adverse threats and risk exposure.

Strategic Report signed by order of the Board



Alan Brunt

Director

16 September 2026

Board's report for the year to 31 March 2026

The Board presents its report and audited financial statements for the year to 31 March 2026.

Introduction

Ocean Housing Group Limited is a company limited by guarantee. The Company was created in 2003 to act as the parent for the Ocean Group of Companies until 31 March 2026. It is registered with the Regulator for Social Housing. The Company commenced operations on 2 August 2004, although the Group commenced operating on 26 May 2004 when, at a Special General Meeting, the Board of Ocean Housing Limited resolved to become a subsidiary undertaking of Ocean Housing Group Limited.

Principal activities

The principal activity of the Company is to provide corporate and strategic services to the Company's subsidiaries and the Group as a whole.

The principal activities of the subsidiary companies are :

- 1 Ocean Housing Limited; the provision of general needs social housing
- 2 Gilbert & Goode Limited; the development and sale of new homes for open market sale, provision of new build affordable homes for the Ocean Group and building and contracting services for other organisations
- 3 A 33% share of Advantage Southwest LLP, a joint venture entity promoting modern methods of construction in the housing sector
- 4 Cornelius Drive Residents Management (Truro) Limited: (Dormant), resident management company
- 5 Lannanta Forge Residents' Management (Lelant) Limited, resident management company
- 6 Copper Hills Management Company Limited, resident management company
- 7 The Maltings (Merton) Management Company Limited, resident management company
- 8 The Grove (FollyGate) Management Company Limited, resident management company
- 9 Tremenna View (St Erth) Management Company Limited, resident management company
- 10 Eventide (Hayle) Management Company Limited, resident management company

Results

Turnover in the year for the Company was £3,583,000 (2025: £3,214,000). For the Group overall, turnover fell by £12,678,000 to £43,951,000 (2025: 56,629,000). This reduction is due to lower external contracting work and a lower volume of First Tranche Shared Ownership sales than in the prior year and lower sales on the Open Market.

The Company's deficit for the year before tax was £117,000 (2025: £74,000 surplus). For the Group overall, a £10,355,000 profit before tax was generated (2025: £7,031,000).

Market value of land and buildings

The Company itself owns no land or buildings, however, the Group's holding of land and buildings at net book value on 31 March 2026 is £239 million (2025: £229 million). The net book value is an appropriate basis upon which to record the asset value in the financial statements and is supported by financial records.

Going concern

The consolidated financial statements have been prepared on a for the Group on a going concern basis which the Board considers to be appropriate for the reasons set out below. The parent company financial statements have not been prepared on a going concern basis following the Group reorganisation described in Note 25.

Subsequent to the year end on 1 April 2026, as part of a Group reorganisation, the assets and liabilities of Ocean Housing Group were transferred to Ocean Housing under a business transfer agreement, effectively making Ocean Housing Limited the parent company of a smaller group with one trading subsidiary. Accordingly, Ocean Housing Limited will be preparing consolidated financial statements reflecting the activities of the Ocean Group for the year ending 31 March 2027 and thereafter. The

reorganisation created a simplified legal structure enabling all core operating activities to continue as before. As a result, the newly formed Group of Ocean Companies will continue to operate for the foreseeable future.

However, the former Parent Company (Ocean Housing Group Limited) was dormant from this date and will be dissolved during the financial year. As a result, the Financial statements of Ocean Housing Group Limited are not prepared on a going concern basis.

In the context of the business reorganisation, 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 11 June 2026 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.

The Board, after reviewing the Group and subsidiary budgets for 2026/27 and the Group's medium term financial position as detailed in the cash flow forecasts and 40-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Group and subsidiaries 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 – stress tested 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 – stress tested 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 – budgeted arrears levels have been prudently set and bad debt provision retained at lower but still prudent level, reflecting that it was originally set for Universal Credit, to allow for customer difficulties in making payments, which did not materialise. In addition, stress tested budget and business plan scenarios have been undertaken to take account of potential future reductions in rents.
- Liquidity- as at the date of these financial statements, current available cash and unutilised loan facilities of £50.0 million for the Group gives significant headroom for committed spend and other forecast cash flows that arise.

The Group's ability to withstand other adverse scenarios such as higher interest rates, cooling housing market and material increase in void properties is well mitigated. Currently 98.5% of drawn debt is at fixed interest rates. In respect of empty properties, Ocean Housing continues to experience high demand for most of its homes and there is no evidence of any adverse material long term increase in empty homes.

The Board believes the Group and subsidiaries 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 its subsidiaries 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.

However, as a consequence of the Group reorganisation, Ocean Housing Group Limited is no longer assessed as a going concern on a standalone basis. The Board's intention is to dissolve the standalone company Ocean Housing Group Limited in the foreseeable future. Accordingly, the parent company financial statements have been prepared on a non-going concern basis, whilst the consolidated financial statements have been prepared on a going concern basis.

Employees

The Group employed an average of 233 employees during the year (2025: 231 employees) with an average during the year of 205 full time equivalent employees (2025: 212 employees). Effective employment policies are in place and good practice is always followed.

Directors' and officers' liability insurance

The Company has maintained directors' and officers' liability insurance throughout the year.

Executive officers' remuneration

The remuneration of the Group CEO is determined by the Board, following consideration by the People and Governance Committee (Formally Nominations and Remuneration Committee.) The Committee also discusses and recommends the remuneration of the remaining Executive Directors of Ocean Housing Limited and Gilbert & Goode Limited.

Board member remuneration

Throughout the year the Board made payment to its Board members. Fixed annual salaries of £5,000 (2025: £5,000) per year are payable to members, with the Group Chair receiving £16,600 (2025: £16,600). In addition, the Chair of Audit, Risk and Assurance Committee receives an annual salary of £9,000 (2025: £9,000). The option to pay was embraced by the Board as a means to enhance the level of quality, governance and management and at the same time develop appraisal methods in line with recommended good practice. The payment of Board members is recommended throughout the Group via the Nominations and Remuneration Committee.

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 2025/26, the Group Board significantly enhanced its approach to EDI with a pro-active action plan for strengthening its inclusivity, including a proactive plan for collecting EDI data for Ocean Housings tenants. This has been underpinned by improving EDI awareness across the whole Group and Board driven engagement to embed new policies and cultures.

Treasury management and financial instruments

Treasury operations for the Company and Group are managed by the Executive Director of Resources and Investment within parameters set down by the Board through its Treasury Management Strategy and Investment Policy. This activity is reported and monitored by the Board. The process is subject to review by internal auditors as part of an annually reviewed internal audit plan.

The Group's financial instruments comprise borrowings, cash and liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations. The Parent Company's borrowings are provided by internal lending from Ocean Housing Limited.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. These risks are summarised below:

Interest rate risk

The Group finances its operations through a mixture of generated surpluses, revolving credit facility and long-term loan facilities. The Group portfolio is a mix of floating and fixed rates through its long-term facilities and revolving credit facility. At the year-end 98.5% (2025: 91%) of the Group'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 Ocean Housing Limited's revolving credit facility amounted to £39 million (2025: £28 million) and the average maturity of net debt is shown in note 12. Gilbert & Goode Limited has loan facilities in place at

a value of £4.9 million (2025: £15.5 million) Cash holdings of the Group amounted to £6.2 million (2025: £8 million). In total the group has access to 50.0 million (2025:51.4 million)

Health and safety

The Company and the Group recognise their responsibilities under Health and Safety at work legislation and, as far as is reasonably practicable, provide and maintain a safe working environment for all staff. The Company and Group have a comprehensive Health and Safety Policy which is regularly reviewed. They also have a Health and Safety Committee which meets three times a year. During the year the Ocean Group maintained accreditation to OHSAS 18001 standard.

Environmental position

The Company recognises its responsibilities under environmental legislation and is committed to promoting and delivering its services in the most sustainable manner including the investment in new technologies when the opportunity permits. The Group has an Environmental Policy and a sound framework of procedures supporting this. During the year, the Ocean Group maintained accreditation to ISO 14001 standard. The Ocean Group and its companies have strengthened their environmental aspirations during 2025/26 and are actively looking to improve performance in the areas of tenant fuel poverty, energy efficiency, carbon emissions and environmental planning and landscaping on estates in the coming year.

Regulation

Following a review of performance during 2024/25 which highlighted some areas of concern in 2025/26, the Regulator of Social Housing changed the regulatory status grading for the Group to 'G2' for Governance and Viability remained as 'V2'. No Consumer (C) rating is graded at the time of these accounts. A Governance improvement plan has been developed and is in place. On the 1st of April 2026 the company completed a restructuring of its legal and governance structure following a strategic review undertaken in Autumn 2025. As a result, Ocean Housing Limited will be the ultimate parent, with Gilbert & Goode Limited the subsidiary.

Challenges

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

- Higher inflation and elevated interest costs due to conflicts in Europe and the Middle East.
- A slower housing market which exposes risk to the Shared Ownership units contained in the development programme
- An aging portfolio of Housing Stock.
- Availability of sub-contractors to support the delivery of the stock improvement programmes
- Increased volume of demand for repairs, including significant levels of damp, mould and condensation cases
- Increased expectations through Consumer Regulation Standards and stronger property compliance requirements
- Recruitment and retention of quality staff along with the increased all in cost of employment.
- Decarbonisation costs to improve the energy efficiency of homes to meet net-zero climate objectives
- Change in culture required to work smarter to deliver excellent customer service within financial parameters
- The need to maintain interest cover at a level that is attractive to lenders.
- Weakened interest cover due the investment needed in energy works over the next 4 years.
- Reduced sales receipts from fewer asset disposals
- Increased costs of service delivery resulting in a decrease in operating margin and interest cover rate.
- Regulatory Judgments have re- rated the organisations as G2 and V2.

Future developments

The formation of the Ocean Group of companies was the outcome of a comprehensive strategic review by members and senior executives of Ocean Housing Limited during 2003. The underlying strategy underpinning the aspirations of the Group is regularly reviewed. Key developments for the Group in the future is the New Homes Strategy which plans for the building of 504 new homes across all tenures by 2035 and the continued improvement of housing services and existing stock investment within the Group's registered provider subsidiary undertaking through to Asset Management Strategy. £24 million is earmarked for energy efficiency works on Ocean stock in advance of 2030.

Challenges in both subsidiaries during 2025/26 have influenced the future plans for the Group prompting a reorganisation effective from the 1st of April 26. (Note 25)

For Ocean Housing, the Company is committed to the development of new social housing in addition to managing its current portfolio. Existing secured loan facilities support the Board's development plan to 2030 with the current revolving credit facility being renewed in 2029. Through the Group Board's New Homes Strategy, the Company has an ambition to build 504 new affordable homes from April 2026 to March 2035.

Ocean Housing recognises that it faces competing pressures on its financial capacity and its ability to provide new affordable homes. The Company is mindful that building new homes needs to be pursued in a balanced manner which also allows the Company to continue to invest in its existing stock to meet energy efficiency improvement standards and the requirements of the enhanced Decent Homes Standard. The additional expenditure required for investment in existing stock, in addition to the investment in service delivery is putting pressure on the Company's financial resilience metrics. A Value for Money (VFM) plan has been put in place to generate additional resource to support the Group Strategy. Not all VFM targets were met in 2025/26 and the Board recognises that should that continue to be the case, a review of strategic priorities will be necessary.

Ocean Housing is preparing for increased regulatory focus via stronger consumer regulation standards, an enhanced Awaab's Law from October 2026, an upgraded Decent Homes Standard and enhanced Property compliance standards. Future development will be focussed on the consumer for improved services and better quality homes. This will be supported by a comprehensive investment plan to achieve a Consumer Standard rating of C1 which includes an increase in headcount, supported by a full ICT investment.

Gilbert and Goode is now in a stable liquidity position to deliver its aspirations for growth reflected in its Business Plan to the end of the decade. The plans for growing again will not be without risk and difficulties. Turnover will be lower than originally expected and some site starts have been delayed. Whilst overheads are expected to rise, the immediate outlook for 2026/27 is one of an increased yearend profit from the current year against the background challenges from a tough housing market. Dialog has commenced regarding funding opportunities with Homes England via the National Housing Bank. Additional funding capacity will support the planned growth.

However, as at 31 March 2026, the Company had a sound land bank of 674 plots. The Company has a strong Board and a 31 March 2026 balance sheet worth just over £5.4 million (2025: £5.1 million) and access to available loan facilities of up to £4.9 million (2025: £15.5 million). Through the leadership of the highly experienced Managing Director, with the support of the Commercial Director, the Board consider that there is a sound outlook for the Company, recognising the next 12 months will see a return to better margins and growth is forecast to recommence.

In the coming year, the Group will continue to pursue its People Strategy, driving forward change, smarter working improved behaviours and a more relevant culture for the objectives and business vision so desired.

With adoption of the new VFM plan, the Board has set out its clear vision and ambition to strengthen the Group by 2030 to support and enhance its long-term future and success.

Auditor

KPMG LLP were re-appointed as auditor on 24th September 2025.

Disclosure of information to auditors

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 is unaware; and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company auditor is aware of that information.

Group Board Structure

During the year the Group is governed by 3 boards and 2 committees. Details of these bodies and 2025/26 information is given below:

Ocean Housing Group Board – Parent Company

Total Board size	6
Non-Executive Directors	4
Executive Directors	2
Vacancies at year end	0
Average Director attendance	97%

Ocean Housing Limited Board – reports to Ocean Housing Group Board

Total Board size	7
Non-Executive Directors	5
Executive Directors	1
Co-optee	1
Vacancies at year end	1
Average Director attendance	100%

Gilbert and Goode Board – reports to Ocean Housing Group Board

Total Board size	7
Non-Executive Directors	4
Executive Directors	3
Vacancies at year end	1
Average Director attendance	91%

Audit, Risk and Assurance Committee – reports to Ocean Housing Group Board

Total Committee size	6
Non-Executive Directors	5
Independent Board Members	1
Executive Directors	0
Vacancies at year end	0
Average Director attendance	73%

Nominations and Remuneration Committee – reports to Ocean Housing Group Board

Total Committee size	3
Non-Executive Directors	3
Executive Directors	0
Vacancies at year end	0
<i>Average Director attendance</i>	<i>100%</i>

Board Report signed by order of the Board



Alan Brunt

Director

16 September 2026

Stennack House
Stennack Road
St Austell, Cornwall
PL25 3SW

Section 172 Statement (including Streamlined Energy and Carbon Report)

Section 172 Statement

Background

The revised UK Corporate Governance Code was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

This S172 statement covers how Ocean Housing Group:

- Has engaged with employees, suppliers and customers and
- Has had regard to employee interests, the need to foster Oceans' business relationships with suppliers and customers and the effect of the principal decisions taken during the financial year 2025/26.

Diversity

in line with the National Housing Federation 2020 Code of Governance. Ocean Group have continued to improve the diversity of its directors and have strengthened engagement with the wider business community through greater involvement in national and regional housing and social issues through new contacts instigated from new directors and senior executives.

Overview of Governance

The Board believes that governance of Ocean Housing Group is best achieved by delegation of its authority for the executive management of the Group to the Chief Executive Officer, subject to defined limits and monitoring by the Board and Committee structure. The Board routinely monitors the delegation of authority, ensuring it is regularly updated, while retaining ultimate responsibility. The most recent review was completed in March 2026. The Board has long-standing corporate governance arrangements which reflects the charitable status of Ocean Housing Limited and the regulatory frameworks for social housing. The current arrangements cover the following principal areas:

- **Company Purpose** - Pursuing Ocean Housing Limited's charitable objectives and accountability to communities and other stakeholders for the society's actions. This means focussing primarily on strategic issues, while having regard to economic, political and social issues and other external factors particularly with reference to those impacting Cornwall.
- **Strategy** - Responsibility for establishing and reviewing the Corporate Plan and the long-term financial business plan, based on proposals made by management for achieving strategic objective purposes.
- **Monitoring decisions** – Overview of Executive Group and Senior Leadership Team on performance against the Corporate Plan and the exercise of authority delegated to committees and management. The Board also satisfies itself that emerging and principal risks are identified and understood. Systems of risk management, compliance and controls are in place to mitigate such risks. The expected conduct of the Groups employees in managing its services with customers and stakeholders is reflected in a shared set of 'Ocean values and behaviours framework.
- **Succession Planning** - The Board ensures that systems and processes are in place for succession, evaluation and compensation of the CEO, executive and non-executive directors and all senior employees.

During 2025/26 directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered proposals from management and governed the Group on behalf of its charitable purpose through the Board.

Corporate Plan

The most significant decision made by the Board during 2025/26 centred around the strategy event held in October 2025 and consequential new 2026 Corporate Plan. The strategy event aim was to set out a vision for the future and was attended by all board members, Executive Group directors, Senior Leadership Team heads of service, key business partners (notably Cornwall Council) and key tenant representatives from Together With Ocean. The principal outcomes from the event, which fed into the 2026 Corporate Plan strategic objectives are listed below,

- Deliver a Great Customer Experience
- Provide Quality Homes
- Be a Great Place to Work
- Create Strength for Future Challenges

Specific Corporate Plan new commitments, with S172 relevance, are listed below,

- Additional cost of £1.4 million per year through a 'C1 Improvement Plan' to increase employee resources and opportunities and strengthen customer experience and services.
- £5 million investment over 3 years for new ICT and digital solutions and infrastructure to help employees working conditions and provide a better service to tenants.
- £24 million investment to 2030 to ensure all existing homes are at EPC C rating by 2030 providing warm and efficient homes for our tenants.
- £109 million investment from 2030 to ensure all existing homes are at Net Zero by 2050 providing warm and efficient homes for our tenants.
- Sound 40-year stock investment plan to ensure all existing homes meet increased building safety standards and new Decent Homes requirement providing secure, safe and comfortable homes for our tenants.
- £90 million investment to fund over 500 new affordable homes by 2035 providing secure accommodation for those in need in the community.

The specific 2026 Corporate Plan commitments above will improve the working conditions and flexibilities for employees, create significant trading opportunities for suppliers, contractors and partners and ultimately provide improved service quality and better homes for tenants. The outcome will improve Ocean Group and its future success therefore providing greater assurance and stronger relationships with key stakeholders such as the Regulator of Social Housing, lenders, Cornwall Council, Homes England and local housing providers.

Core deliverables of S172

The 6 main requirements of S172 are listed below with summary examples of the Groups underlying compliance within each component.

Section 172 (1) (A) Consequences of any decision in the long term

- 3-year Corporate Plan, supported by a 5-year Financial and VFM Plan and 40 year long term cashflow model.
- The long-term cashflow model covers the 40-year stock investment requirements and underpins the treasury strategy to secure the funding for the Group to viably deliver its future objectives
- The secured funding provides assurance to plan the building of new homes for the community and those in need to 2035 and uphold sound asset plans to provide tenants with secure, warm and safe homes to 2065.

Section 172 (1) (B) Interests of employees

- Comprehensive People Strategy
- Investors in People Gold accreditation
- Significant investment in employee development and training
- Strong commitment to equality and diversity

- Positive ratings in annual staff surveys
- Well regarded Rewards and Recognition Scheme
- Positive Gender Pay Report outcome
- Provision of health scheme benefits and wellbeing support to all employees
- Flexible working freedoms for employees.

Section 172 (1) (C) Fostering business relationships with suppliers and customers

- Fair, open and transparent procurement processes based on appointment through shared values, value for money and quality not wholly lowest price.
- Strong, strategic future business planning, giving certainty of service delivery, opportunity and cost.
- Commitment to paying contractors and suppliers and contractors promptly, with all suppliers paid within agreed terms.
- Fair and transparent contract management practices.

Section 172 (1) (D) Impact of operations on the community and the environment

- Strong tenant partnership strategy supporting tenants and local communities
- Annual expenditure and investment of £20 million into existing homes improving community environment and providing significant opportunity of work for contractors and suppliers.
- Commitment to the building of over 500 new affordable homes to 2035 by Ocean Housing Limited and an estimated further 150 per year by Gilbert and Goode Limited for open market sale or for other housing providers. This substantial investment in construction of new homes will provide significant economic benefit to the County through new jobs and contracting opportunities as well as breathing new life into communities, local organisations and business with new families and quality new homes.
- Provision of secure and well-paid employment to 230 employees, all above the living wage, supporting them and their families live a positive life.
- Commitment to high environmental standards and open spaces alongside the construction of energy efficient homes in all new developments will aid the natural world and provide a pleasant location to live.

Section 172 (1) (E) Maintaining high standard of business conduct

- Probity Policy setting out the highest standards of ethics from employees and board directors.
- Comprehensive induction, training and awareness programmes for all employees and board directors.
- Approved board director code of conduct
- Clearly set out governance arrangements and Board/Committee structure supported by clear delegation framework, template board report requirement and a preset governance meeting cycle.
- A mature risk framework understood and applied consistently by Board and management.

Section 172 (1) (F) Acting fairly between members

- Approved code of conduct for board members supported by good induction and training.
- Clearly set out governance arrangements and Board/Committee structure supported by clear delegation framework
- Clear and regularly reviewed standing orders and related governance documents.

Streamlined Energy and Carbon Reporting (SECR)

Background

Ocean Group have generated a Streamlined Energy and Carbon Reporting (SECR) statement to comply with the latest SECR Regulations (2019). This report presents a full 3rd party verified SECR statement for the reporting year of 1st April 2025 to 31st March 2026. All emissions throughout this report are displayed in terms of carbon dioxide equivalents (CO2e) and have been rounded to 2 decimal places.

The total consumption figures for energy supplies reportable by Ocean Housing Group Limited are as follows:

Reported emissions and energy use data for 1st April 2025 - 31st March 2026		
	Total Tonnes Co2	Units
Scope 1 - Direct Emissions		
Emissions from combustion of gas	301.48 tonnes CO2e	456,730 kWh
Emissions from combustion of fuel for transport purposes	83.56 tonnes CO2e	521,551 kWh
Scope 2 - Indirect Emissions		
Emissions from purchased electricity	92.31 tonnes CO2e	521,551 kWh
Scope 3 - Other Indirect Emissions		
Emissions from business travel	68.37 tonnes CO2e	273,247 kWh
Grand Total	545.72 tonnes CO2e	
Intensity Ratio	118.21 kgs CO2e per home managed (exc. Office emissions)	

Reporting methodology

This report has been prepared using Defra (2025) Conversion Factors in line with Environmental Reporting Guidelines (2019).

Measures taken to improve energy efficiency

As part of Ocean Housing Group Limited's ongoing commitment to improving the energy efficiency of its housing stock, reducing carbon emissions, and supporting residents with lower energy costs, a range of energy efficiency measures were delivered across the portfolio during 2025/26.

During the year, Ocean Housing Limited installed 341 solar photovoltaic (PV) systems, increasing the generation of renewable electricity within customers' homes and contributing to reduced reliance on grid-supplied energy. The Group also installed 222 high heat retention storage heaters, including 198 units delivered through the ECO4 energy efficiency programme and a further 24 units through an infill programme, improving heating efficiency and comfort for residents.

In addition, 24 air source heat pumps were installed, supporting the transition to lower-carbon heating technologies and helping to reduce operational emissions associated with domestic heating.

Further energy efficiency improvements included an estimated 140 loft insulation top-ups, enhancing thermal performance and reducing heat loss from homes, together with the replacement of 86 gas boilers with more efficient heating systems to improve energy performance and reliability.

These measures form part of Ocean Housing Group Limited's wider strategy to improve the sustainability of its homes, support the decarbonisation of the housing portfolio, and contribute towards the Group's long-term environmental objectives and Corporate Plan.

By order of the Board



Alan Brunt

Director

16 September 2026

Statement of Directors' responsibilities in respect of the Strategic Report, Board's Report and the financial statements

The directors are responsible for preparing the Strategic Report, The Board's Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the surplus or deficit of the group and the parent company for that period. In preparing each of the Group and parent Company financial statements, the directors are 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company'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 they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

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 Senior 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 Group's 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 in effectively deploying 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 matters 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 assesses the Company's financial performance against peers with benchmark reporting on the key financial metrics report at every Board meeting alongside a strategically presented Performance Dashboard Bulletin, management accounts, treasury report, cashflow forecasts, covenant and 'Red Line' compliance.

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 Audit, Risk and Assurance Committee. The Audit, Risk and Assurance Committee considers internal control at each of its meetings during the year. At all meetings, the 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 Audit Risk and Assurance Committee has received the Chief Executive Officer's annual report on internal control and conducted its annual review of the effectiveness of the system of internal control.

During the year changes have been made to address areas of improvement highlighted in previous periods which included the structure of the executive, changes to board membership, and a strengthening of core governance, risk, and operational processes to improve consistency, efficiency and assurance. Having comprehensively reviewed the Group's overall framework of internal control, the Chief Executive Officer concluded that the mitigating actions put in place to address the responsive repairs overspend in Ocean Housing Limited and Gilbert and Goode's trading issues during 2024/25, had been successfully implemented and sound internal controls re-established. Therefore, in producing the 2025/26 internal controls assurance statement, the Chief Executive Officer was assured that the weakness identified in these 2 areas have been resolved sufficiently to provide reasonable closure of both matters.

During the financial year, within Ocean Housing Limited, a rent overcharge spanning a number of years was identified. The issue arose due to a miscalculated additional charge (applied to rent levels to cover the 53rd week which occurs every 6 years). This matter has been self-reported to the Regulator of Social Housing with regular updates provided on the repayment plan. The financial impact is not material in its nature and has been fully provided for in the Financial Statements to March 2026. All affected tenants have been refunded and compensated during June 2026.

Also, during 2025/26, it was identified that there was not an up-to-date record of asbestos surveys for the Ocean Housing Limited's communal areas. This breach was referred to the Regulator of Social Housing promptly and rectification action taken immediately. Compliance was restored within 2 months of identification and has remained in place throughout the remaining months of the year.

However, as part of the 2026/27 internal audit plan, reports in respect of Ocean Housing Limited's property compliance service functions have revealed further areas requiring attention and improvement. Of note being a 'partial assurance' audit report in respect of Awaab's Law compliance. Whilst the audit work was carried out in the early part of the 2026/27, the testing period also covered transactions from 2025/26. As such, the Chief Executive Officer, in their 2025/26 annual report, highlighted a breach of Awaab's Law summary reporting requirements in a handful of cases based on audit findings. Immediate action was taken to rectify the control weakness and restore compliance with the Law. Following a further thorough audit review of Ocean Housing Limited's approach to Awaab's Law, it is confirmed that the weaknesses were in our administrative processes and there has been no impact on the safety and well-being of tenants, save for not issuing summary reports on a handful of occasions, which has since been addressed. On behalf of the Board, Audit, Risk and Assurance Committee have agreed with the internal auditors, Menzies LLP, to confirm the ongoing operation of controls around summary reports in October 2026 so that the Committee receives independent assurance that controls around issuing these reports have become embedded. The Regulator of Social Housing has been advised of this breach.

"In conclusion, the Chief Executive Officer has assessed the effectiveness of the internal controls in place during 2025/26, reporting to the Audit, Risk and Assurance Committee on 29 July 2026. Following consideration of the Chief Executive Officers report and receiving appropriate assurance from the Chief Executive Officer the Executive Team, the Audit & Risk Assurance Committee, through its Chair, provided assurance to the Board on 16 September 2026 on the effectiveness of the internal control's framework. In the isolated instances of breaches of standards, these have been thoroughly investigated, found to have had no detriment on the health, safety and well-being of tenants, reported to the Regulator of Social Housing and remedied quickly to restore compliance. There have been no significant control weaknesses or breakdowns in internal controls resulting in material losses, contingencies or uncertainties that would require disclosure in the financial statements during the year."

By order of the Board.

A handwritten signature in dark ink, appearing to read 'Alan Brunt', with a stylized, cursive script.

Alan Brunt

Director

16 September 2026

Independent auditor's report to the members of Ocean Housing Group Limited

We have audited the financial statements of Ocean Housing Group Limited ("the Company") for the year ended 31 March 2026 which comprise the income and expenditure account and other comprehensive income, statement of changes in equity, statement of financial position, consolidated 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 of the state of the Group and the parent Company's affairs as at 31 March 2026 and of the Group and the Company's surplus(deficit) for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006, 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 Group 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.

Emphasis of matter - non-going concern basis of preparation for the parent Company's financial statements

We draw attention to the disclosure made in note 1 to the financial statements which explains that the Company's financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Going concern

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

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

Our conclusions based on this work:

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

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 audit procedures comprised:

- Enquiring of the board, the audit and risk committee and internal audit as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for ‘whistleblowing’, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Group 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 for 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 performed procedures to address the risk of management override of controls, in particular the risk that management may be in position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition due to limited scope for manual intervention and the homogenous nature of the majority of the revenue streams. In addition, property sales are recognised on receipt of a legal completion statement and cash and therefore the opportunity to manipulate revenue from sales is remote. 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 some relevant controls implemented by management.

The work included:

- Pre-screening all journal entries in the year and made inquiries with management based on the screening results with consideration of seldom used accounts, users activities and specific key words.
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

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 Group’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.

The Group 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 Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance 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 directors are responsible for the other information, which comprises the strategic report, the Board's Report and the statement on internal control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion 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;
- in our opinion the information given in the strategic report and the Board's Report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 27, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Suite 6, New Kings Court
Chandler's Ford
Eastleigh
Hampshire
SO53 3LG
25 September 2026

Income and expenditure account and Other Comprehensive Income for the year ended 31 March 2026

	Note	<u>Group</u> 2026 £'000	<u>Group</u> 2025 £'000	<u>Company</u> 2026 £'000	<u>Company</u> 2025 £'000
Turnover	2a	43,951	56,629	3,583	3,214
Operating costs	2a	(34,924)	(48,043)	(3,646)	(3,075)
Gain on disposal of tangible fixed assets	3	6,072	3,830	-	-
Operating surplus / (deficit)	2a	15,099	12,416	(63)	139
Share in operating surplus of Joint Venture	8c	12	24	-	-
Interest receivable and similar income	4	69	50	-	-
Interest payable and similar charges	5	(4,776)	(5,386)	(43)	(47)
Interest payable on pension fund liabilities	5	(49)	(73)	(11)	(18)
Surplus / (deficit) on ordinary activities before taxation	6	10,355	7,031	(117)	74
Taxation on ordinary activities	7	(169)	(131)	(19)	(19)
Surplus for the year / (deficit)		10,186	6,900	(136)	55
Actuarial Gain in respect of pension schemes	15	52	288	13	75
Deferred tax on pension scheme deficit		(3)	(19)	(3)	(19)
Total comprehensive Income for the year		10,235	7,169	(126)	111

All amounts relating to the Group are continuing. All activities within the Company are discontinued from 1 April 2026 (see note 1). The above surplus is based on historic costs.

The accompanying notes on pages 39 to 74 form part of these financial statements.

Statement of Changes in Equity

	<u>Group</u> Revenue Reserve	<u>Group</u> Total Equity	<u>Company</u> Revenue Reserve	<u>Company</u> Total Equity
	£'000	£'000	£'000	£'000
Balance at 1 April 2024	53,754	53,754	(303)	(303)
Surplus for the year	6,900	6,900	55	55
Other Comprehensive Income	269	269	56	56
Balance at 31 March 2025	60,923	60,923	(192)	(192)

	<u>Group</u> Revenue Reserve	<u>Group</u> Total Equity	<u>Company</u> Revenue Reserve	<u>Company</u> Total Equity
	£'000	£'000	£'000	£'000
Balance at 1 April 2025	60,923	60,923	(192)	(192)
Surplus for the year	10,186	10,186	(136)	(136)
Other Comprehensive Income	49	49	10	10
Balance at 31 March 2026	71,158	71,158	(318)	(318)

Statement of Financial Position as at 31 March 2026

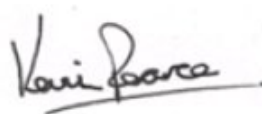
	Note	<u>Group</u> At 31 March 2026	<u>Group</u> At 31 March 2025	<u>Company</u> At 31 March 2026	<u>Company</u> At 31 March 2025
		£'000	£'000	£'000	£'000
Fixed assets					
Housing properties at cost less depreciation	8a	238,634	229,303	-	-
Other tangible fixed assets	8b	3,653	3,910	-	20
Investments	8c	157	145	295	295
Total fixed assets		242,444	233,358	295	315
Current assets					
Stock and work in progress	9	11,647	14,863	-	-
Debtors	10	2,949	3,932	148	295
Cash at bank and in hand		6,228	8,007	91	125
Total current assets		20,824	26,802	239	420
Current liabilities					
Creditors: amounts falling due within one year	11	(12,266)	(10,653)	(243)	(244)
Net current assets / (liabilities)		8,558	16,149	(4)	176
Total assets		251,002	249,507	291	491
Creditors: amounts falling due after more than one year					
Pension liability	15	(590)	(967)	(109)	(183)
Other Provisions	24	(1,379)	(1,500)	-	-
Net assets/(liabilities)		71,158	60,923	(318)	(192)
Represented by:					
Capital and reserves					
Reserves including pension liability		71,158	60,923	(318)	(192)
Total Capital and reserves		71,158	60,923	(318)	(192)

The accompanying notes on pages 39 to 74 form part of these financial statements.

These financial statements were approved by the Board on 16 September 2026 and signed on its behalf by:



Alan Brunt
Director



Kevin Pearce
Director

Consolidated cash flow statement for the year to 31 March 2026

	Year ended 31 March 2026	Year ended 31 March 2025
	£'000	£'000
Cash flows from operating activities		
Total comprehensive income for the year	10,235	7,169
Adjustments for:		
Depreciation, amortisation and impairment	4,945	4,853
Gain on Disposal of Assets	(6,072)	(3,830)
Interest receivable and similar income	(69)	(50)
Interest payable and similar charges	4,754	5,424
Deferred government grant	(671)	(661)
Taxation	(169)	(131)
Decrease in trade and other debtors	1,152	1,006
Decrease in stocks	3,215	3,802
Increase / (decrease) in trade and other creditors	686	(1,537)
Decrease in provisions and employee benefits	(498)	867
Tax paid	-	-
Net cash from operating activities	17,508	16,912
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	8,185	5,017
Interest received	69	50
Acquisition of tangible fixed assets	(15,747)	(15,173)
Proceeds from the receipt of government grants	4,067	1,123
Capitalised development expenditure	(252)	(283)
Net cash from investing activities	(3,678)	(9,266)
Cash flows from financing activities		
Proceeds from new loan	2,650	1,337
Interest paid	(4,875)	(5,666)
Repayment of borrowings	(13,384)	-
Net cash from financing activities	(15,609)	(4,329)
Net (decrease) / increase in cash and cash equivalents	(1,779)	3,317
Cash and cash equivalents at 1 April 2025	8,007	4,690
Cash and cash equivalents at 31 March 2026	6,228	8,007

The accompanying notes on pages 39 to 74 form part of these financial statements.

Notes to the financial statements for the year to 31 March 2026

1 Accounting policies

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

The financial statements of the Company and Group 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.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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 Group Limited is registered and domiciled in England.

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:

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

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

Accounting policies (continued)

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The consolidated financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons set out below. The parent company financial statements have not been prepared on a going concern basis following the Group reorganisation described in Note 25.

Subsequent to the year end on 1 April 2026, as part of a Group reorganisation, the assets and liabilities of Ocean Housing Group were transferred to Ocean Housing under a business transfer agreement, effectively making Ocean Housing Limited the parent company of a smaller group with one trading subsidiary. Accordingly, Ocean Housing Limited will be preparing consolidated financial statements reflecting the activities of the Ocean Group for the year ending 31 March 2027 and thereafter. The reorganisation created a simplified legal structure enabling all core operating activities to continue as before. As a result, the newly formed Group of Ocean Companies will continue to operate for the foreseeable future.

The Group prepares a 40 year business plan which is updated and approved on an annual basis. The most recent business plan was approved on 11 June 2026 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. Following the outbreak of Covid-19 the Group has undertaken a series of further scenario testing including severe but plausible downsides in the worst-case assessment.

The Board, after reviewing the Group budgets for 2026/27 and the Group's medium term financial position as detailed in the 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 have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

- the property market – stress tested 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 – stress tested 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 – bad debt provision has been retained at a very prudent level, originally set for Universal Credit, to allow for customer difficulties in making payments. In addition, stress tested budget and business plan scenarios have been undertaken to take account of potential future reductions in rents;
- Liquidity – as at the date of these financial statements, current available cash and unutilised loan facilities of £50 million for the Group gives significant headroom for committed spend and other forecast cash flows that arise;
- The Group's ability to withstand other adverse scenarios such as higher interest rates and material increase in void properties is well mitigated. Currently 91% of drawn debt is at fixed interest rates. Ocean Housing has secured available funding facilities in place to cover its current development plans as detailed in the New Homes Strategy. In respect of empty properties, Ocean Housing continues to experience high demand for its homes and there is no evidence of any long-term increase in empty homes, noting the short term impact whilst lockdown prevented letting. This impact has now been fully recovered.

The Board believes the Group has sufficient funding in place and expects the Group to be in compliance with its debt covenants even in severe, but plausible downside scenarios. Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its 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.

However as a consequence of the Group reorganisation, Ocean Housing Group Limited is no longer assessed as a going concern on a standalone basis. The Board's intention is to dissolve the standalone company Ocean Housing Group Limited in the foreseeable future. Accordingly, the parent company financial statements have been prepared on a non-going concern basis, whilst the consolidated financial statements have been prepared on a going concern basis.

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

These are separate financial statements of the company. 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.

Intangible Tangible fixed assets

Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired.

The company assesses at each reporting date whether intangible fixed assets are impaired.

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.

Accounting policies (continued)

Depreciation

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

Structure:	
Housing stock fabric	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 - 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 2026, interest has been capitalised at an average rate of 4.50% (2025: 4.50%) that reflects the weighted average effective interest rate on the Group's borrowings required to finance housing property developments.

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:

Freehold operating accommodation	60 years
Vehicles	5 years
Telephones	10 years
Other office equipment	5 years
Computer hardware	Between 3 and 5 years
Computer software	Between 5 and 10 years

Social Housing Grant

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

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

Accounting policies (continued)

Properties held for sale and work in progress

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress up to the point of practical completion of the development scheme. Preliminary expenses on speculative schemes that are considered unrecoverable at the date of the Financial Statements are provided for in full through the income and expenditure account. 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.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

As at 31 March 2026, based on the outcome of managements review of the carrying value of housing assets held, it is considered no impairment is required.

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.

Accounting policies (continued)

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

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

Social Housing Pension Scheme

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

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 from properties developed for open market sales, and amortisation of Social Housing Grant (SHG) under the accrual 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.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions.

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 profit or loss as they accrue, using the effective interest method.

Accounting policies (continued)

Taxation

Tax on the profit or loss 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.

Provisions

Provisions are only recognised where the Company has an obligation to incur expenditure.

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%

2 Turnover, operating costs and operating surplus

(a) Particulars of turnover, operating costs, and operating surplus	Turnover Year ended 31 March 2026 £'000	Costs Year ended 31 March 2026 £'000	(Deficit) / Surplus Year ended 31 March 2026 £'000	Surplus Year ended 31 March 2025 £'000
Company				
Other activities	3,583	(3,646)	(63)	139
Total	3,583	(3,646)	(63)	139
Group				
Social housing lettings	27,660	(20,092)	7,568	5,737
Non-social housing built for sale	9,330	(8,709)	621	(415)
Shared ownership first tranche sales	2,473	(1,640)	833	1,574
Other activities	4,488	(4,483)	5	1,690
Sub Total	43,951	(34,924)	9,027	8,586
Asset Sales				
Net Surplus on the sale of Assets	-	6,072	6,072	3,830
Total	43,951	(28,852)	15,099	12,416

(b) Income and expenditure from social housing lettings	Group Year ended 31 March 2026	Group Year ended 31 March 2026	Group Year ended 31 March 2026	Group Year ended 31 March 2025
Group	£'000	£'000	£'000	£'000
Income from lettings	General housing	Shared ownership	Total	Total
Rent receivable net of identifiable service charges	24,439	609	25,048	24,478
Service charge income	1,874	67	1,941	1,837
Grant amortisation	584	87	671	661
Turnover from social housing lettings	26,897	763	27,660	26,976
Expenditure on lettings				
Management	(5,179)	(20)	(5,199)	(4,463)
Services	(1,567)	(2)	(1,569)	(1,429)
Routine maintenance	(4,257)	-	(4,257)	(3,832)
Planned maintenance	(4,061)	-	(4,061)	(4,499)
Major repairs expenditure	(255)	-	(255)	(2,375)
Bad debts	(148)	(5)	(153)	(133)
Depreciation of housing properties	(4,534)	(64)	(4,598)	(4,508)
Operating costs on social housing properties	(20,001)	(91)	(20,092)	(21,239)
Operating surplus on social housing lettings	6,897	671	7,568	5,737
Void losses	248	-	248	135

3 Property and land disposals

	Group Year ended 31 March 2026 £'000	Group Year ended 31 March 2025 £'000	Company Year ended 31 March 2026 £'000	Company Year ended 31 March 2025 £'000
Proceeds of sales	8,185	5,017	-	-
Depreciation charged on properties sold	1,003	512	-	-
Book value of properties sold	(2,394)	(1,354)	-	-
Cost of properties sold	(722)	(240)	-	-
Refund due to Cornwall Council	0	(105)	-	-
Surplus on property disposals	6,072	3,830	-	-

During the year the Group sold 6 (2025: 2) homes under Right to Buy legislation and none under the Right to Acquire (2025: Nil). There were no occurrences of the staircasing of shared ownership property units to 100% (2025: Nil) and 66 general disposals (2025: 36). Properties built for sale on the open market or those sold as shared ownership for the first time are included in Note 2a.

4 Interest receivable and similar income

	Group Year ended 31 March 2026 £'000	Group Year ended 31 March 2025 £'000	Company Year ended 31 March 2026 £'000	Company Year ended 31 March 2025 £'000
Interest receivable from cash deposits and investments	69	50	-	-
	69	50	-	-

5 Interest payable and similar charges

	Group Year ended 31 March 2026 £'000	Group Year ended 31 March 2025 £'000	Company Year ended 31 March 2026 £'000	Company Year ended 31 March 2025 £'000
Interest payable on loans	4,722	5,337	43	47
Lenders fees paid	199	290	-	-
Breakage costs	-	-	-	-
Fair value adjustment	-	-	-	-
Total interest payable and similar charges	4,921	5,627	43	47
Less interest capitalised in respect of development schemes	(145)	(241)	-	-
Interest payable and similar charges	4,776	5,386	43	47
Net interest payable on pension fund liabilities	49	73	11	18
Total	4,825	5,459	54	65

The average interest rate used for calculating the capitalised interest in respect of development schemes for the year was 4.5% (2025: 4.5%).

6 Surplus on ordinary activities before taxation

	<u>Group</u> Year ended 31 March 2026 £'000	<u>Group</u> Year ended 31 March 2025 £'000	<u>Company</u> Year ended 31 March 2026 £'000	<u>Company</u> Year ended 31 March 2025 £'000
The Surplus on ordinary activities before taxation is stated after charging:				
Depreciation on dwellings	4,599	4,508	-	-
Depreciation on other tangible fixed assets	346	345	21	17
External auditor's remuneration in their capacity as auditor	129	126	19	19
External auditor's remuneration in respect of other services	41	27	19	8
Internal auditor's remuneration	85	73	85	73
Operating lease rentals (Plant & Machinery)	74	68	5	14
Operating lease rentals (Other assets)	355	364	-	-
Abortive development costs	-	10	-	-

7 Taxation

	Group Year ended 31 March 2026 £'000	Group Year ended 31 March 2025 £'000	Company Year ended 31 March 2026 £'000	Company Year ended 31 March 2025 £'000
UK corporation tax charge / (credit)				
Current tax on income for the year	38	51	-	-
Current tax on income for prior year	-	-	-	-
Total Current Tax	38	51	-	-
Deferred taxation taken through I&E (Note 16)	131	80	19	19
Tax charge on ordinary activities	169	131	19	19
Deferred taxation taken through SOCI (Note 16)	3	19	3	19
Total tax recognised in Financial Statements	172	150	22	38
Factors affecting the tax charge for the current year				
The reconciliation between current taxation and deferred taxation is below:				
Current tax reconciliation				
Surplus for the year	10,186	6,900	(136)	55
Total tax expense	169	131	19	19
Surplus excluding tax	10,355	7,031	(117)	74
Current tax at Group: 25% (2025: 25%); Company 25% (2025: 25%)	2,638	1,758	(29)	19
Adjustment for intra-group trading	-	-	-	-
Non-taxable income	(2,526)	(1,547)	-	-
Movement in Deferred tax	-	(80)	-	-
Group relief	1	1	(8)	(6)
Chargeable gains/(losses)	-	-	-	-
Adjustments relating to prior periods	-	(7)	-	-
Pension provision	-	-	-	-
Expenses not deductible for tax purposes	53	-	53	-
Short term timing differences	-	-	-	-
Remeasurement of deferred tax for changes in tax rates	-	-	-	-
Other	3	6	3	6
Total tax charged to the income and expenditure account	169	131	19	19

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2024) was substantively enacted on 24 May 2021. The UK deferred tax asset as at 31 March 2026 has been calculated at 25% (2025: 25%).

8 Fixed Assets

Tangible

(a) Housing properties Group	Housing property held for letting £'000	Housing property under construction £'000	Leasehold shared ownership £'000	Leasehold shared ownership under construction £'000	Total Housing property £'000
Cost					
Brought forward at 1 April 2025	265,991	7,720	8,795	7,896	290,402
Completions	7,685	(7,685)	7,636	(7,636)	-
Additions	782	5,614	-	4,287	10,683
Component additions	4,638	-	-	-	4,638
Disposals	(2,393)	-	-	-	(2,393)
At 31 March 2026	276,703	5,649	16,431	4,547	303,330
Depreciation					
Brought forward at 1 April 2025	(60,961)	-	(138)	-	(61,099)
Charge for the year (Note 6)	(4,534)	-	(65)	-	(4,599)
Written out through property disposals	1,002	-	-	-	1,002
At 31 March 2026	(64,493)	-	(203)	-	(64,696)
Net book value at 1 April 2025	205,030	7,720	8,657	7,896	229,303
Net book value at 31 March 2026	212,210	5,649	16,228	4,547	238,634

In the year revenue expenditure on existing properties was £8,573,000 (2025: £10,706,000) and capital expenditure was £4,638,000 (2025: £4,326,000) of which £2,186,000 (2025: £1,994,000) related to kitchen, bathroom or heating system replacements.

Additions to housing properties include capitalised interest of £145,000 (2025: £241,000) for the year (cumulative total of £4,826,000).

8 Tangible fixed assets (continued)

Recycled Capital Grant	At 31 March 2026	At 31 March 2025
	£'000	£'000
Balance as at 1 April 2025	283	291
Inputs to the fund:		
Grants recycled	(271)	-
Interest accrued	5	12
Recycling of grant:		
New development schemes	-	(20)
Balance as at 31 March 2026	17	283

The number of rented properties in management at 31 March 2026 was 4,220 (2025: 4,280). 3,536 (2025: 3,592) carried a fixed charge at 31 March 2026. Of these properties, 2,760 (2025: 2,817) are valued using Existing Use Value Social Housing (EUV-SH), 776 (2025: 775) using Market Value Subject To Tenancy (MV-STT). As at 31 March 2026 there were 684 rented properties unencumbered (2025: 688).

The number of shared ownership properties at 31 March 2026 was 143 (2025: 134). 8 (2025: 8) of these dwellings are in charge as at 31 March 2026.

The sum of the latest independent valuations of Ocean's housing properties as at 31 March 2026 as extracted from the group asset register is £222,000,000 (2025: £225,000,000), excluding the 684 (2025: 688) unencumbered properties which are not valued. This valuation arises from the various professional valuations undertaken by Savills (L&P) Limited 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).

8 Tangible fixed assets (continued)

(b) Other assets	IT	Total
Company	£'000	£'000
Cost		
As at 1 April 2025	398	398
Additions	-	-
Adjustment	-	-
At 31 March 2026	398	398
Depreciation		
As at 1 April 2025	(378)	(378)
Charge for the year (Note 6)	(20)	(20)
At 31 March 2026	(398)	(398)
Net book value at 31 March 2025	20	20
Net book value at 31 March 2026	-	-

Group	Operating premises £'000	Plant and equipment £'000	Vehicles £'000	IT £'000	Office furniture/ telephones £'000	Total £'000
Cost						
As at 1 April 2025	3,193	388	124	3,750	59	7,514
Additions	-	-	65	33	-	98
At 31 March 2026	3,193	388	189	3,783	59	7,612
Depreciation						
As at 1 April 2025	(894)	(370)	(114)	(2,167)	(59)	(3,604)
Charge for the year (Note 6)	(42)	(4)	(10)	(299)	-	(355)
At 31 March 2026	(936)	(374)	(124)	(2,466)	(59)	(3,959)
Net book value at 31 March 2025	2,299	18	10	1,583	-	3,910
Net book value at 31 March 2026	2,257	14	65	1,317	-	3,653

8 Tangible fixed assets (continued)

c) Investments	<u>Group</u> At 31 March 2026 £'000	<u>Group</u> At 31 March 2025 £'000	<u>Company</u> At 31 March 2026 £'000	<u>Company</u> At 31 March 2025 £'000
Share in Joint Venture reserves	157	145	-	-
Share in Joint Venture	-	-	5	5
Subsidiary	-	-	290	290
Total	157	145	295	295

Ocean Housing Group Limited is one of the three partners in Advantage Southwest LLP (ASW) which was set up in May 2004 as a consortium to obtain value for money in procurement. The registered office of Advantage Southwest LLP is 1 Wellington Way, Clyst Honiton, Exeter, Devon, EX5 2FZ. The investment represents a 33% share of Advantage South West LLP as at 31 March 2026 by Ocean Housing Group Limited, which acquired the shares from Ocean Services (SW) Limited in September 2015. The value of this investment is held at £157,000 (Table 8d). The Company also owns 100% of the share capital of Gilbert & Goode Limited which in turn owns 100% of the management companies in the table below, of which the registered office for all is Stennack House, Stennack Road, St Austell, Cornwall, PL25 3SW. Gilbert & Goode is held at £290,000 (Table 8d) with all other subsidiaries at nil.

Further details are included are outlined below:

Company Name	Principle activity	Country of Registration	Share Capital
Gilbert & Goode Limited.	Property Development	England	£100
Cornelius Drive Residents Management (Truro) Limited.	Residents Management	England	£Nil
Lannanta Forge Residents Management (Lelant) Limited.	Residents Management	England	£Nil
Copper Hills Management Company Limited.	Residents Management	England	£Nil
The Maltings (Merton) Management Company Limited.	Residents Management	England	£Nil
The Grove (FollyGate) Management Company Limited.	Residents Management	England	£Nil
Tremenna View (St Erth) Management Company Limited	Residents Management	England	£Nil
Eventide (Hayle) Management Company Limited	Residents Management	England	£Nil

8 Tangible fixed assets (continued)

In accordance with FRS102 section 15, Accounting for Associates and Joint Ventures, the Group is required to disclose its share of assets and liabilities in ASW. As at the year-end the balances were as follows:

	2026 £'000	2025 £'000
Advantage Southwest LLP		
Share of fixed assets	-	-
Share of current assets	192	212
Share of current liabilities	(35)	(67)
Total (SFP)	157	145
Share of income	145	121
Share of profit/(loss) before tax	12	24
Share of profit/(loss) after tax (I&E)	-	-
Total Net Assets	157	145

9 Stock and work in progress

	Group At 31 March 2026 £'000	Group At 31 March 2025 £'000	Company At 31 March 2026 £'000	Company At 31 March 2025 £'000
Completed properties available for sale	1,764	4,439	-	-
Van stocks	72	155	-	-
Work in progress	9,811	10,269	-	-
Total	11,647	14,863	-	-

Completed properties available for sale relates to acquisition and development expenditure on the first tranche of unsold shared ownership properties and those available for sale on the open market. Work in progress relates to the recoverable costs of construction contracts, incomplete housing properties, including land. Van stocks are trade items held on the Company's vehicles.

10 Debtors

	<u>Group</u> At 31 March 2026 £'000	<u>Group</u> At 31 March 2025 £'000	<u>Company</u> At 31 March 2026 £'000	<u>Company</u> At 31 March 2025 £'000
Amounts falling due within one year:				
Rent and service charge arrears	758	680	-	-
Less provision for bad debts	(291)	(291)	-	-
Net rent and service charge arrears	467	389	-	-
Amounts recoverable on contracts	-	783	-	-
Trade debtors	325	652	-	3
Prepayments and accrued income	738	684	1	265
V.A.T.	94	49	-	-
Deferred Tax	68	180	-	-
Amounts owed by Group companies	-	-	145	23
Bonds	1,209	1,133	-	-
Other debtors	48	62	2	4
Total	2,949	3,932	148	295

11 Creditors: amounts falling due within one year

	<u>Group</u> At 31 March 2026 £'000	<u>Group</u> At 31 March 2025 £'000	<u>Company</u> At 31 March 2026 £'000	<u>Company</u> At 31 March 2025 £'000
Trade creditors	2,334	2,233	-	75
Rent and service charge prepayments	1,115	1,094	-	-
Other creditors including tax and social security:				
Corporation tax	38	51	-	-
Taxation and social security	275	377	-	81
VAT	47	51	25	20
Amounts owed to group companies	-	-	201	-
Interest	774	752	-	-
Deferred Tax	(3)	2	(3)	2
Loans within one year	1,667	-	-	-
RTB creditor	377	105	-	-
Other creditors	37	32	-	-
Grant creditor	775	671	-	-
Short term bank loans	-	718	-	-
Accruals and deferred income	4,830	4,567	21	66
Total	12,266	10,653	244	244

The Group has secured short term loan facilities in place at a value of £4.9 million (2025: £15.5 million)

12 Creditors: amounts falling due after more than one year

Housing Finance

As at 31 March 2026 Ocean Housing Limited has approved and secured loan facilities from 3 counterparties. The total facilities are £158.3 million (2025: £160 million), are presented below,

- Santander Revolving Credit facility - £40 million (2025: £40 million)
- MetLife Note Purchase Agreement - £70 million (2025: £70 million)
- M&G Note Purchase Agreement - £48.3 million (2025: £50 million)

As at 31 March 2026 the drawn debt was as follows,

- Santander Revolving Credit facility - £1 million (2025: £12 million)
- MetLife Note Purchase Agreement - £70 million (2025: £70 million)
- M&G Note Purchase Agreement - £48.3 million (2025: £50 million)

The Society has undrawn committed borrowing facilities at 31 March 2026 of £39 million (2025: £28 million).

The weighted average fixed interest rate as at 31 March 2026 was 3.67% (2025: 3.68%). Combined the average interest rate for the year was 3.78% (2025: 3.95%).

The 2 note purchase agreements have fixed payment profiles as shown below.

- MetLife - 2 equal bullet repayments of £35 million on 18 November 2050 and £35 million on 18 November 2060.
- M&G - 30 equal annual repayments of £1.667 million commencing on 1 April 2025 and ending on 1 April 2054.

The revolving credit facility with Santander terminates on 18 July 2029, with all debt to be repaid at that date.

Debt outstanding	Group At 31 March 2026 £'000	Group At 31 March 2025 £'000	Company At 31 March 2026 £'000	Company At 31 March 2025 £'000
Housing loans outstanding (a)	120,316	132,000	500	500
Deferred financing costs	(594)	(640)	-	-
Grant Creditor	58,153	54,757	-	-
Total	177,875	186,117	500	500

Maturity of debt	Group	Group	Company	Company
Repayable in greater than one year but less than five	11,983	20,333	-	-
Repayable In more than five years	108,333	111,667	500	500
Total	120,316	132,000	500	500

Interest rate profile

Floating rate	3,650	12,000	500	500
Fixed rate	116,666	120,000	-	-
Total	120,316	132,000	500	500

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

Deferred Financing Costs	Year ended 31 March 2026	Year ended 31 March 2025
	£'000	£'000
Brought forward at 1 April 2025	640	601
Refinancing costs incurred in year	0	160
Charged to the Income & Expenditure account	(46)	(121)
Carried forward at 31 March 2026	594	640

Grant Creditor	2026 £'000	2025 £'000
Brought forward at 1 April 2025	55,428	55,137
Grants received in the year	4,171	952
Grant amortised to the Income & Expenditure account during the year	(671)	(661)
Total Grants held	58,928	55,428
Total held in Creditors: amounts falling due within one year (Note 11)	(775)	(671)
Total held in Creditors: amounts falling due after more than one year	58,153	54,757

The total value of grant held as at 31 March 2026 was £67,422,000 (2025: £63,250,000). £58,153,000 (2025: £54,757,000) is held in creditors: amounts due after more than one year, £8,494,000 (2025: £7,822,000) in reserves and £775,000 (2025: £671,000) in creditors amounts due within one year. During the year, £671,000 (2025: £661,000) was amortised through the income and expenditure account.

13 Employee information

Group

(a) Number of employees:

	Year ended 31 March 2026 No.	Year ended 31 March 2025 No.
Office staff	144	145
Maintenance staff	79	75
Support officers, caretakers and cleaners	10	11
Average total full-time and part-time employees employed during the year	233	231
Average number of full-time equivalents employed during the year	205	212

Group

(b) Staff costs for the above employees

	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Wages and salaries	8,973	9,709
Social security costs	1085	948
Pension costs	326	394
Total	10,384	11,051

Group

(c) Salary bandings for employees earning over £60,000

£'000	2026 number	2025 number
60-70	4	8
71-80	5	7
81-90	5	5
91-100	2	4
101-110	1	-
111-120	-	1
121-130	-	1
131-140	-	1
141-150	2	1
151-160	-	2
161-170	1	-
171-180	1	-
181-190	1	1
191-200	-	1

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 and Group during the year was as follows:

(a) Aggregate payments made to Executive Officers and Directors

	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Emoluments - Board Members	91	92
Emoluments - Executive Officers	723	690
Social security - Executive Officers	89	70
Pensions - Executive Officers	27	30
Total	930	882

Board members receive £5,000 per annum plus an additional £2,500 if they sit on three boards. The Group Chair receives £16,600 per annum. The Chair of Ocean Housing, Gilbert and Goode and the Audit, Risk and Assurance Committee Chair each receive £9,000 per annum.

(b) Highest paid Director

	Salary £'000	Employer Pension contribution £'000	2026 £'000	2025 £'000
Jitinder Takhar	183	7	190	201
Total	183	7	190	201

The Group Chief Executive Jitinder Takhar is an ordinary member of the Social Housing Pension Scheme. No enhancement or special terms apply, and they have no individual pension arrangement to which the Company makes a contribution. The pension scheme is a defined contributions scheme funded by contributions from the employer and employee.

15a Pensions (Company)

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 2023. This valuation revealed a deficit of £693m. 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 liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 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.

Subsequent to the reporting date of 31 March 2026, on 1 April 2026, the Ocean Group completed a restructuring of its legal and governance structure following a strategic review undertaken in Autumn 2025. As part of this restructuring, the activities and assets of Ocean Housing Group Limited were transferred to Ocean Housing Limited. Following this transaction, Ocean Housing Limited became the ultimate parent entity of the Group, with Gilbert and Goode Limited as its wholly owned subsidiary.

As part of this restructure, Ocean Housing Limited entered into a Pension Apportionment Agreement with the pension trustees to accept the transfer of the pension liabilities from Ocean Housing Group Limited with effect from 1 April 2026.

Present values of provision for the period 31 March 2026

	2026 £'000	2025 £'000
Fair value of plan assets	1,836	1,703
Present value of defined benefit obligation	1,981	1,949
Deficit in plan	(145)	(246)
Deferred Tax (Note 16)	36	63
Defined benefit liability to be recognised	(109)	(183)

15a Pensions Company (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	2026 £'000	2025 £'000
Defined benefit obligation at start of period	1,949	2,105
Expenses	4	3
Interest expense	114	103
Actuarial losses due to scheme experience	(27)	101
Actuarial (gains) due to changes in demographic assumptions	14	-
Actuarial (gains) due to changes in financial assumptions	(34)	(341)
Benefits paid and expenses	(39)	(22)
Defined benefit obligation at end of period	1,981	1,949

Reconciliation of opening and closing balances of the fair value of plan assets

	2026 £'000	2025 £'000
Fair value of plan assets at start of period	1,703	1,695
Interest income	103	85
Experience on plan assets (excluding amounts included in interest income) - (loss)	(34)	(165)
Contributions by the employer	103	110
Benefits paid and expenses	(39)	(22)
Fair value of plan assets at end of period	1,836	1,703

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

	2026 £'000	2025 £'000
Expenses	4	3
Net interest expense	11	18
Defined benefit costs recognised in statement of comprehensive income (SOCl)	15	21

15a Pensions Company (continued)

Defined benefit costs recognised in Other Comprehensive Income

	2026 £'000	2025 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(34)	(165)
Experience gains and losses arising on the plan liabilities – (loss)	27	(101)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	(14)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	34	341
Deferred tax charged in statement of comprehensive income (SoCI)	-	-
Total amount recognised in other comprehensive income gain/(loss)	13	75

Assets

	2026 £'000	2025 £'000
Global equity	203	191
Liquid alternatives	327	316
Insurance-linked securities	3	5
Property	90	85
Private equity	4	2
Real assets	173	204
Private credit	222	209
Credit	73	65
Investment grade credit	108	52
Cash	-	23
Secure income	56	28
Liability driven investment	559	516
Currency hedging	-	3
Net Current Assets	18	4
Total assets	1,836	1,703

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.

Key assumptions

	2026 % per annum	2025 % per annum
Discount Rate	6.22	5.92
Inflation (RPI)	3.27	3.05
Inflation (CPI)	3.04	2.80
Salary Growth	4.04	3.80
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	2026	2025
	Life expectancy at age 65 (Years)	Life expectancy at age 65 (Years)
Male retiring in 2026	20.9	20.5
Female retiring in 2026	23.2	23.0
Male retiring in 2046	22.2	21.7
Female retiring in 2046	24.6	24.5

15b Pensions (Group)

Social Housing Pension Scheme (SHPS): DB Pension Scheme

Present values of provision for the period 31 March 2026

	2026 £'000	2025 £'000
Fair value of plan assets	7,791	7,341
Present value of defined benefit obligation	(8,417)	(8,371)
(Deficit) in plan	(626)	(1,030)
Deferred Tax (Note 16)	36	63
Defined benefit liability to be recognised	(590)	(967)

Reconciliation of opening and closing balances of the defined benefit obligation

	2026 £'000	2025 £'000
Defined benefit obligation at start of period	8,371	9,065
Expenses	16	12
Interest expense	489	442
Actuarial losses due to scheme experience	(158)	467
Actuarial (gains) due to changes in demographic assumptions	65	-
Actuarial (gains) due to changes in financial assumptions	(135)	(1,453)
Benefits paid and expenses	(231)	(162)
Defined benefit obligation at end of period	8,417	8,371

Reconciliation of opening and closing balances of the fair value of plan assets

	2026 £'000	2025 £'000
Fair value of plan assets at start of period	7,341	7,360
Interest income	440	369
Experience on plan assets (excluding amounts included in interest income) – (loss)	(176)	(698)
Contributions by the employer	417	472
Benefits paid and expenses	(231)	(162)
Fair value of plan assets at end of period	7,791	7,341

15b Pensions Group (continued)

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

	2026 £'000	2025 £'000
Expenses	16	12
Net interest expense	49	73
Defined benefit costs recognised in statement of comprehensive income (SOCl)	65	85

Defined benefit costs recognised in Other Comprehensive Income

	2026 £'000	2025 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(176)	(698)
Experience gains and losses arising on the plan liabilities – (loss)	158	(467)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	(65)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	135	1,453
Deferred tax recognised in statement of comprehensive income (SoCI)	-	-
Total amount recognised in other comprehensive income – gain/(loss)	52	288

15b Pensions Group (continued)

Assets

	2026 £'000	2025 £'000
Global Equity	863	823
Liquid Alternatives	1,387	1,361
Insurance-Linked Securities	12	22
Property	381	367
Infrastructure	-	1
Private Equity	17	7
Real Assets	734	879
Private Credit	941	899
Credit	310	281
Investment Grade Credit	458	226
Cash	1	100
Long Lease Property	-	2
Secured Income	237	122
Liability Driven Investment	2,374	2,223
Currency Hedging	-	12
Net Current Assets	76	16
Total Assets	7,791	7,341

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. □

15b Pensions Group (continued)

Key assumptions

	2026 % per annum	2025 % per annum
Discount Rate	6.22	5.92
Inflation (RPI)	3.27	3.05
Inflation (CPI)	3.04	2.80
Salary Growth	4.04	3.80
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	2026 Life expectancy at age 65 (Years)	2025 Life expectancy at age 65 (Years)
Male retiring in 2026	20.9	20.5
Female retiring in 2026	23.2	23.0
Male retiring in 2046	22.2	21.7
Female retiring in 2046	24.6	24.5

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, and the matter is unlikely to be resolved before late 2026 at the earliest. It is recognised that this could potentially impact the value of 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. The Entity is aware of the June 2024 High Court judgment in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others, and that in July 2025 the Court of Appeal dismissed the appeal brought by Virgin Media. This judgment may have significant implications for defined benefit schemes that were "contracted out" between April 1997 and April 2016. The Entity understands that further clarification is expected from the High Court in the case of Verity Trustees Limited v Wood and others, with a decision anticipated later in 2026. At this time, it is unclear whether there could be an impact on the Entity's schemes, and therefore a sufficiently reliable estimate of any effect on the obligation cannot be made. Accordingly, the defined benefit obligation has been calculated based on the pension benefits currently being administered.

15c Defined Contribution scheme

The Company operates a Defined Contribution (DC) Scheme.

During the year £314,307 (2025: £362,345) was paid into the scheme in the form of Employer contributions.

Note 11 includes outstanding payments to the Defined Contribution scheme of £74,902 (2025: £74,606).

16 Deferred taxation

	Group At 31 March 2026	Group At 31 March 2025	Company At 31 March 2026	Company At 31 March 2025
Deferred taxation (other) provided for:	£'000	£'000	£'000	£'000
At beginning of year	178	166	(2)	(75)
(Debited) to income and expenditure account (Note 7)	(131)	(80)	(19)	(19)
Transferred to Pension tax asset	24	92	24	92
At end of year	71	178	3	(2)
Difference between accumulated depreciation and capital allowances	7	3	3	(2)
Losses and other deductions	63	173	-	-
Other timing differences	1	2	-	-
Deferred tax asset / (liability)	71	178	3	(2)
Deferred taxation (pension) provided for:				
At beginning of year	63	174	63	174
Transferred from other Deferred Taxation	(24)	(92)	(24)	(92)
(Debited) / credited to the SOCI (Note 7)	(3)	(19)	(3)	(19)
Total deferred tax asset on Pension deficit to SHPS	36	63	36	63
Total deferred tax	107	241	39	61

The UK tax rate is 25%.

17 Legislative provision

The Company is a Company limited by guarantee and a registered provider with the Regulator for Social Housing under the Housing Act 1996.

18 Membership of the Company

The Company is limited by guarantee and therefore has no share capital. The Board has a maximum of six members: four non-executive and two executive, the Group Chief Executive and Group Director of Resources and Investment.

19 Group companies and related transactions

At 31 March 2026 Ocean Housing Group Limited was a parent undertaking with 9 fully owned subsidiaries and 1 associate. The Company is a Registered Provider and the detail of the Group are as follows:

Company Name	Type of Business	% of Equity Held
Ocean Housing Limited	Registered Provider	100%
Gilbert & Goode Limited	Residential Developer	100%
Advantage South West LLP	Procurement Consortium	33%
Cornelius Drive Residents Management (Truro) Limited.	Management Company	100%
Lannanta Forge Residents Management Company (Lelant)	Management Company	100%
Melin Drive Residents Management Company Limited	Management Company	Disposed on 26 th November 2025
Copper Hills Management Company Limited.	Management Company	100%
The Maltings (Merton) Management Company Limited.	Management Company	100%
The Grove (FollyGate) Management Company Limited.	Management Company	100%
Tremenna View (St Erth) Management Company Limited	Management Company	100%
Eventide (Hayle) Management Company Limited	Management Company	100%

During the year Ocean Housing Group Limited made the following management charges to other Group companies:

	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Inter-company trading		
Ocean Housing Limited	3,114	2,705
Gilbert & Goode Limited	469	509
Total	3,583	3,214

The year-end balance with Ocean Housing Limited was £ nil (2025: £0k) and with Gilbert & Goode Limited was £ nil (2025: £3k).

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

Inter-company trading	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Ocean Housing Limited	5,212	3,820
Total	5,212	3,820

20 Capital commitments

	Group At 31 March 2026 £'000	Group At 31 March 2025 £'000	Company At 31 March 2026 £'000	Company At 31 March 2025 £'000
Capital expenditure that has been contracted for but not provided for in the financial statements	20,700	4,897	-	-
Funded By:				
Grant	-	-	-	-
Reserves	6,967	3,303	-	-
Loans	13,733	1,594	-	-
Total	20,700	4,897	-	-

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

21 Operating lease and contract hire commitments

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

Plant & Machinery	Group At 31 March 2026 £'000	Group At 31 March 2025 £'000	Company At 31 March 2026 £'000	Company At 31 March 2025 £'000
Arrangements expiring in less than 1 year	77	67	9	10
Arrangements expiring between 1-5 years	102	159	-	9
Arrangements expiring between 6-10 years	9	15	-	-
Total	188	241	9	19
Other Assets	Group At 31 March 2026 £'000	Group At 31 March 2025 £'000	Company At 31 March 2026 £'000	Company At 31 March 2025 £'000
Arrangements expiring in less than 1 year	232	240	-	-
Arrangements expiring between 1-5 years	189	113	-	-
Arrangements expiring between 6-10 years	-	-	-	-
Total	421	353	-	-

Operating lease costs charged to the income and expenditure account in the year were, Group £424k (2025: £432k), Company £5k (2025: £14k).

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 assumption provided by The Pensions Trust.

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

There are no critical judgements applied.

23 Reconciliation of Net Debt

Net Debt	Year ended 31 March 2026	Year ended 31 March 2025
	£'000	£'000
Opening balance of net debt	124,071	126,090
Loan received during the year	2,650	1,337
Loan pay back during the year	(13,384)	-
Movement in deferred loan fees	46	(39)
Cash movement	1,779	(3,317)
Closing balance of net debt	115,162	124,071

24 Other provisions

Provisions	Year ended 31 March 2026	Year ended 31 March 2025
	£'000	£'000
Opening provisions	1,500	-
Utilised in the year	(121)	-
Additions in the year	-	1,500
Closing balance of provisions	1,379	1,500

Other provisions address identified liabilities for ground remediation work discovered during the stock condition survey programme, with values supported by qualified professionals.

25 Post Balance Sheet Event

Subsequent to the reporting date of 31 March 2026, on 1 April 2026, the Group completed a restructuring of its legal and governance structure following a strategic review undertaken in Autumn 2025.

As part of this restructuring, the activities and assets of Ocean Housing Group Limited were transferred to Ocean Housing Limited. Following this transaction, Ocean Housing Limited became the ultimate parent entity of the Group, with Gilbert and Goode Limited as its wholly owned subsidiary.

The purpose of the restructuring is to simplify the Group's legal structure and establish a clearer and more effective governance framework, enhancing transparency and strengthening accountability at Board level. This forms part of a wider Governance Improvement Plan being developed in response to the recent regulatory governance downgrade.

As the transaction represents a reorganisation of entities under common control, it is accounted for as a group reconstruction using merger accounting in accordance with Section 19 of FRS 102.

This event is considered to be a non-adjusting post balance sheet event as it does not provide evidence of conditions that existed at the reporting date. Accordingly, no adjustments have been made to the financial statements for the year ended 31 March 2026.

The Directors have assessed the impact of the restructuring on the Group's financing arrangements and confirm that it has no material impact on compliance with lender covenants.