



OCEAN HOUSING GROUP LIMITED

(LIMITED BY GUARANTEE)

CONSOLIDATED AND COMPANY ACCOUNTS
FOR THE YEAR TO 31 MARCH 2025

Financial statements for the year to 31 March 2025

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Directors and advisors

The Board

Jonathan Adlington (Chair) (resigned March 2025)
Mark Gardner (resigned March 2025)
Andrea Smith (Chair from April 2025)
Kevin Pearce
Michael Crabb
Myfanwy Barrett (resigned July 2024)
Bernard Rooney
Jitinder Takhar (from April 2025)

Company Secretary

Kevin Pearce (Deputy Chief Executive) (resigned March 2025)
Nikki Forward (Director of People and Governance) (from April 2025)

Executive Directors

Mark Gardner (Group Chief Executive) (resigned March 2025)
Jitinder Takhar (Chief Executive Officer) (from April 2025)
Kevin Pearce (Deputy Chief Executive)

External 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 2024/25. 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 2024/25
- Key Financial Performance Ratios
- 2024/25 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 2025, 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 Group's subsidiaries.

Ocean Housing Limited – A Registered Society under The Co-operative and Community Benefit Society Act 2014 and Registered Provider of social housing with the Regulator of Social Housing (RSH). The Company provides quality, efficient, and effective services to its tenants, together with the maintenance of its homes and estates in order to provide an environment for its residents to enjoy a safe, secure and high quality of life. The Company also builds new affordable homes for local people. The Company was originally formed in 1998 and commenced operation in February 2000 when it purchased the whole housing stock of 3,502 homes from Restormel Borough Council, since then Ocean Housing have built over 1,700 new affordable homes.

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.

The Group's social housing stock is located within the County of Cornwall. At the 31 March 2025, the Group owned 4,414 (2024: 4,314) affordable homes. In addition, following sale of the substantial part of its shared ownership stock in December 2022, the Company now manages this portfolio on behalf of ReSi Homes Ltd. As at 31 March 2025, the shared ownership units under contract to manage was 467 (2024: 467). A further analysis of the Group's assets is as follows over page:

<u>Ocean Housing Affordable Housing Stock</u>	2025	2024	2023
Social rented general needs	2,872	2,891	2,913
Social rented housing for older persons	638	622	625
Affordable rented	369	369	367
Intermediate rented	387	345	319
Other rented	14	14	14
Sub Total Freehold properties	4,280	4,241	4,238
Shared ownership	134	73	33
Total	4,414	4,314	4,271
Leasehold properties	164	153	144
Garages and car spaces	580	568	568
Shops	7	5	5

Vision

The Group's mission statement is:

“To be an innovative provider of quality homes and services with residents and staff at the heart of Ocean, and Ocean at the heart of the community.”

The 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 RSH.

Registered providers are required to certify their compliance with the Governance and Financial Viability Standard by the RSH. Ocean Housing Group and its regulated subsidiary, Ocean Housing Limited, confirm that they comply in all respects with the Standard. This statement is made following careful consideration and assessment by the Board.

Ocean Housing Group 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 they comply in full.

Michael Crabb was Chair of the Group Audit, Risk and Assurance Committee throughout 2024/25, which reports directly to the Board. Claire Davis, Rachel Bayliss, Chris Grose, Nigel Turner and Sue Brownlow also served as members of this Committee during 2024/25.

2. VALUE FOR MONEY REPORT 2024/25

Background

Ocean Group has a strong commitment to value for money (VFM) and wealth creation. 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 RSH plays the pivotal role in ensuring VFM throughout the social housing sector on behalf of Government. The RSH 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 Group Board has fully reviewed the VFM Standard, utilising its Group Audit, Risk and Assurance Committee (GARAC) to critically appraise its requirements and assess the compliance with it. It is considered that the Ocean Group and Board actions are in compliance with the expectations of the VFM Standard.

VFM Framework and Culture

The Group Board are responsible for driving VFM at Ocean. VFM is embedded into the culture of Ocean and the strategic objectives are embedded in the Group's Corporate Strategy and at the heart of Ocean's operations. Strategic targets for income generation, asset maximisation and VFM have been set by Group Board. Such targets are vital to fulfil the Group's development plans as contained in the Groups 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 recognise that their 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.

The Board recognise VFM is not just about efficiency, it is also about effectiveness and economy. The Board's Corporate Strategy is therefore based around 5 'Golden Threads' 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 GARAC. The Committee do so on behalf of Group Board. The Board is committed to continuous improvement and is pushing the Group towards the levels of operational excellence that will be increasingly expected. Improvements identified are incorporated in the Groups 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 consider 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 Group Board policy driving the VFM agenda is the Resilience Plan. This Plan, approved in 2022, specifically seeks to strengthen the Group's financial capacity, resilience and efficiency. The Plan was one based on achieving the strengthened objective over the course of the decade using a targeted interest cover metric as the prime measure to meet in 2030.

Corporate Strategy Ambition and Continuous Improvement

In the latest Corporate Strategy, the Board have coherently set out their 4 main strategic objectives:

New Homes

- 688 new homes of all tenures by 2030 at EPC B or above

Stock Investment

- All stock energy EPC C efficient by 2030; decent, safe & compliant
- All stock 'zero carbon' compliant by 2050
- All stock inspected and condition comprehensively documented

People

- Work towards Investors in People Platinum by 2030
- To be a modern, dynamic and flexible workplace at level 5 smart working maturity model

Tenant Involvement

- To deliver to the Tenant's Charter
- To meet all the requirements of consumer regulation

These 4 strategic 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 688 homes across all tenures from April 2025 to March 2030.
- An Asset Management and Disposal Strategy to generate receipts from selling existing assets and staircasing shared ownerships 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 IIP Platinum and create a smarter and more dynamic work environment.
- A Tenant Involvement Strategy looking for Ocean Housing Ltd to be an exemplar in how we engage with tenants and the community.

All these strategies are linked to the mission statement, supported by 5 'Golden Threads'

- Have Residents at the Heart of Everything We Do
- Maintain Strong and Effective Governance
- Proved Good Quality Services, Right First Time
- Be an Employer of Choice
- Provide Innovative, Energy Efficient, Good Quality New Homes

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

- Value For Money Strategy
- Risk Management Strategy and Assurance Framework
- Treasury Strategy
- Investment Policy
- Resilience Plan
- Long-Term Business Plan

Matching corporate ambition and the risks of relative low interest cover, during 2022 the Group Board set an objective to develop a plan to strengthen the Groups resilience to help it withstand significant adverse pressure in the future and also become more competitive in respect of financial strength and be more attractive to future investors. The outcome of this major strategic ambition was the Group Resilience Plan which became effective in April 2022, with an objective to strengthen the Group and Ocean Housing Ltd's financial resilience to near, or above, peer averages by 2030.

Resilience Plan Strategic Financial Targets

The Board challenge was to develop a Resilience Plan for the decade that would generate interest cover of 175% for both Ocean Housing and the Consolidated Group, as defined by the RSH VFM Standard.

The adopted Plan contains a range of measures including greater focus on digitalisation, outsourcing, asset disposal, operating efficiencies smarter working to achieve such objectives. The Resilience Plan is the representation of VFM focus across the Group

The 4 major strategic ambitions of the Resilience Plan, as approved in 2022, are,

Gilbert and Goode

- Aspiration - Invest in Gilbert and Goode and its team to expand open market sales and generate significant external profits to invest back into Ocean Housing.
- Success Criteria - By 2030, Gilbert and Goode to have consistent annual pre-tax profits at £4 million and be debt free. At least £2.5 million Gift Aid to have been paid to Ocean Housing by 2030.

Asset Disposal

- Aspiration - Ocean Housing to sell more of its existing poorer performing stock to maximise return from its assets, create more cash and reduce the energy efficiency spend obligations.
- Success Criteria - By 2030 Ocean Housing to have sold 320 existing assets, based on stepping up to a c.50-unit annual programme from 2024/25. Total cash generated from sales to 2030 estimated at c.£50 million. Properties to be sold will be directed at those with lowest NPV and highest EPC costs to also reduce the cost burden of the properties.

VFM Operational Efficiency

- Aspiration - Ocean Housing to deliver greater operational VFM through strong rent collection, digitalisation, smarter working, strong procurement and overall management efficiency.
- Success Criteria - Ocean Housing will secure additional annual operational efficiencies of £100,000 per year, each year, to 2030, plus a £100,000 improvement in bad debt provision from 2022/23. Compounded, by 2030, Ocean Housing annual operating costs to be £1.1 million lower than if continuing at 2022 spend profile.

Sale of Shared Ownership Portfolio

- Aspiration - Ocean Housing to sell its shared ownership stock portfolio and use proceeds to pay off expensive legacy debt.
- Success Criteria - By March 2023, Ocean Housing to have completed the sale of its 485-unit shared ownership portfolio and repaid in full the historic £35 million fixed term, 8% fixed rate, loan. Such action to clear the £2.8 million annual interest charge and, after netting off lost rental, secure a £1.2 million annual net saving from 2023/24.

The Resilience Plan is embedded into the Groups long term consolidated Business Plan. Successful completion of these 4 strategic targets listed, supported the 2023 Business Plan that generated interest covers at 2030, under VFM Standard definitions, in excess of 175% for both Ocean Housing Limited and the Consolidated Ocean Group.

In addition to the overarching strategic VFM ambition as contained in the Group Resilience Plan, the Board has also put in place effective mechanisms to manage and monitor performance of it. This is through GARAC. These will be refined and enhanced to ensure all growth objectives are met in the most effective and efficient manner. VFM implications are required to be considered in every Board report.

Year 1 of Resilience Plan was successful with all 4 elements of the Plan exceeded.

- Gilbert and Goode profit for 2022/23 was £500,000, versus a £360,000 target.
- 19 assets were sold generating £3 million, versus £2.5 million.
- VFM savings in Ocean Housing amounted to £217,000, versus £200,000.
- The shared ownership portfolio sale was successfully completed in 2022/23 and debt prepaid as planned. Debt reduced by £35 million, £2.8 million annual interest cost removed and surplus on shared ownership sale £4.6 million more than expected.

Task 4 was completed in 2022/23, the other 3 tasks have ongoing annual targets to 2030.

In year 2, performance was as below summary,

- Gilbert and Goode profit for 2023/24 was £2.038 million, versus a £2.004 million target, £250,000 gift aid paid early.
- 41 assets were sold generating £4.6 million, versus £3.8 million.
- VFM savings in Ocean Housing amounted to £2,000, versus £106,000.

Specific Resilience/VFM Targets 2024/25

The annual 2024/25 targets are derived from the strategic framework of the Resilience Plan. 2024/25 represents year 3 in an 8-year journey whereby annual targets will be used to set clear milestones to aid Board monitoring and ultimately successful delivery of the overall long-term Strategy. The specific year 3 targets to meet the overall journey are:

- 2024/25 pre-tax profit in Gilbert and Goode to be greater than £2.7 million.
- 56 existing assets to be sold in 2024/25 that will create a cash receipt of £7.6 million.
- In 2024/25, further cumulative annual savings of £301,000 to be delivered from operational efficiency in Ocean Housing.

Tracking of performance against these annual VFM targets was overseen by GARAC Year-end performance for 2024/25 (year 3) is illustrated in table below:

Objective	Year 3 Target	Year 3 Actual	Variance
G&G Profits	£2.7 million	£248,000	(£2.45 million)
Gift Aid	£0	£0	£Nil
Assets Sold	56	36	(20)
Sale Receipts	£7.6 million	£4.9 million	(£2.7 million)
OHL VFM	£301,000	£54,000 (in full year)	(£247,000)

Year 3 was a difficult and challenging year. All 3 Resilience Plan ongoing targets failed to achieve their 2024/25 in-year target.

Gilbert and Goode had a strong 2023/24, exceeding their £2 million profit target, but were unable to sustain and build on this for 2024/25. Their outturn profit before tax was £248,000, significantly short of the originally targeted £2.7 million. The reason for this significant downturn in profit was due to poor performance from 2 open market sites, known as the Maltings in Merton and The Grove at Folly Gate, both located in villages in North Devon. The Company experienced demand weaknesses at these 2 sites through high levels of competition and poor site location for product built. These 2 sites formed the majority of the Company's targeted sales turnover for 2024/25 and the fall in sales receipts alongside higher construction costs and delays substantially drove the reduction from target profit. Changes have been taken based on lessons learned for the future.

After 2 years where asset disposal receipts exceeded the target 2024/25 saw a shortfall in sales numbers and receipts. The extent of the shortfall has seen the cumulative progress at year-end fall from outperformance at end of year 2 to underperformance at end of year 3. The reasons behind the adverse movement include, a fall in number of units become void to sell, greater number of smaller units/flats arising and less accessibility for purchasers to acquire Cornish units property.

In respect of the VFM targets within Ocean Housing, year 3 performance again fell well short of the annual target as also the case in year 2. 2024/25 was a year where Ocean Housing experienced significant challenges within its repairs service driven largely through increased demand on damp, mould and condensation and storm damage pressure. In trying to address these challenges management were not able to deliver the efficacy savings required as set by the Group Resilience Plan. The Group Board are concerned about the second year of not meeting the VFM target and the cumulative position looking quite weak. Additional parent company resources have been tasked to prioritise procurement, technology and smarter working efficiency opportunities to improve the culture in Ocean Housing to focus on VFM.

Following year 3 activity, the cumulative position of the Resilience Plan, as at 31 March 2025, is illustrated in the table below. As can be seen, the overall position is generally positive, but due to outperformance success of the shared ownership sale in 2022, the 3 ongoing targets are however below cumulative milestone performance targets.

Objective	3 Year Cumulative Target	3 Year Cumulative Actual	Variance
G&G Profits	£5.9 million	£2.8 million	(£3.1 million)
Gift Aid	£0	£250,000	£250,000
Assets Sold	108	96	(12)
Sale Receipts	£13.9 million	£12.5 million	(£1.4 million)
OHL VFM	£607,000	£273,000	(£334,000)
SO Sale Profit	£1.5 million	£6.1 million	£4.6 million
Debt Cleared	£35 million	£35 million	£0
Interest Saved	£2.8 million	£2.8 million	£0

Key Financial VFM 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, historically performing strongly in cost per unit related metrics. The historic success of the Board's approach to efficiency strategy over many years has embedded a proactive 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 Group 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 2024/25 have yet to be published, the 2023/24 national outputs have been used to compare Ocean's 2024/25 performance as well. When the national 2024/25 VFM

metrics are issued, a detailed analysis of the Group's performance against these metrics will be presented to GARAC for scrutiny and challenge.

In the table below, Ocean Group's last 3 year's performance is benchmarked against the latest published national VFM Standard outputs from 2023/24. Ocean's outputs projected for the coming year 2025/26 are also illustrated to aid understanding of trends.

NATIONAL VFM STANDARD ANALYSIS

Based on data from the 193 English not-for-profit housing providers with over 1,000 units regulated with RSH

RATIO	OCEAN 2022/23 Actual	OCEAN 2023/24 Actual	PEERS 2023/24 Actual	OCEAN 2024/25 Actual	OCEAN 2025/26 Budget
Business Wealth					
Overall Operating Margin	25%	24%	19%	15%	18%
Social Housing Operating Margin	35%	28%	20%	21%	25%
Interest Cover	142%	198%	122%	155%	100%
Development					
Social Units Built	1.9%	2.0%	1.4%	2.8%	1.5%
Gearing	57%	58%	46%	54%	56%
Outcomes					
Customer Satisfaction *	82%	80%	69%	77%	79%
Reinvestment	8.3%	9.0%	7.7%	6.7%	8.5%
Effective Asset Management					
Return on Capital Employed	11.8%	6.4%	2.8%	5.0%	5.7%
Operating Efficiency					
Social Housing Cost Per Unit	£3,035	£3,656	£5,136	£4,279	£5,213

* 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 2024/25, when compared with per nationally, Ocean Group is below average in 3 areas, Overall Operating Margin, Reinvestment and Gearing.

Compared with the Groups performance pre-Resilience Plan, the latest peer benchmarking evidences solid progress in the Group Boards overall commitment to strengthening financial resilience. Of significance is the improvement in interest cover relative to peers. This is however as much more due to the sector ratio falling in recent years. The 2024/25 interest cover for Ocean is not where it targeted, but it would appear to be stronger than sector average. Care should be taken on this metric as the latest peer information is 2023/24 and the sector has faced many challenges within the last 12 months that could see 2024/25 actual metrics somewhat different than 2023/24.

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 2024/25 performance, based on published data at present, this is met in all but 3 areas.

The gearing ratio of the Ocean Group 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 by stock transfer funded by borrowing. High gearing is harder to address quickly, than interest cover but the Group are comfortable to continue to tolerate and accept this higher metric in the short term whilst seeing a clear trajectory down and ultimately better than sector average by 2030. The metric has benefitted significantly

from the outcome of shared ownership portfolio sale in 2022. Prior to the sale, in FY 22/23, the gearing level was 65%, as at 31 March 2025 it has fallen to 54% and a clear continued fall is projected.

It is disappointing that in 2024/25 a further 2 metrics have fallen below the sector average. This is in respect of overall operating margin and reinvestment. Whilst there has been a fall in the social housing margin arising from higher cost of repairs, the main driver for this overall fall in operating margin from 24% in 2023/24, to 15% in 2024/25, is the fall in Gilbert and Goode's profit. In 2023/24 Gilbert and Goode generated £2 million pretax profit, in 2024/25, £248,000. This reduction is an important component in the fall in consolidated operating margin to the extent it is now below sector average this year. In respect of reinvestment, this fall recognises a reduction in the Ocean Housing new homes development programme in 2024/25, whilst now below peer average it is known that there is an overall fall in new home construction across the sector in 2024/25 so unclear if comparison to the last published 2023/24 metric is reliable.

The outlook for 2025/26 is that, if peer performance remains unchanged at 2023/24 levels, both Gearing and Overall Operating Margin will continue to fall below the strategic aim to outperform sector average, in respect of Gearing this is acceptable and the 2025/26 forecast is in line with improvement trajectory. However, the recovery from 2024/25 for Gilbert and Goode will take some time and projected profit levels in 2025/26 remain suppressed at £500,000 which keeps consolidated margin down.

Of concern in 2025/26 is the fallout from Ocean Housing having to address increasing pressures on its repairs service as well as provide for necessary energy efficiency work to get all homes to EPC C rating by 2030. The impact of the additional cost pressure drives a sub-100% interest cover forecast (using RSH VFM Standard definition) in 2025/26 and significantly higher headline cost per unit. The significant increase in Oceans 2024/25 and 2025/26 headline cost per unit outputs illustrates that much of the Groups historic low cost per unit was driven by low stock investment spend.

The Group Board is critically looking at these cost challenges. Whilst 2025/26 is a challenging year due to the higher cost pressures, Ocean is projecting a higher consolidated, aspirational interest cover by 2030 of 247% much of which is reliant on Gilbert and Goode getting back to targeted profit levels which carries risk. The Ocean Housing headline costs per unit are assumed to continue to inflate and so, within Ocean Housing, the pressures on operational delivery will remain, and in 2030 Ocean Housing, on its own, only delivers a forecast 139% interest cover.

A full understanding of Ocean's position in 2025/26 relative to peers will require the latest benchmarking data to support a sound position. However, since the Resilience Plan was introduced Ocean's VFM metrics have substantially improved, notably interest cover relative to peers. Looking ahead, the Group Board are already preparing for a critical review of business strategy recognising the need for 'trade off' discussion as part of ensuring a sustainable resilient Ocean long term. A Board strategic planning event is scheduled for October 2025. The event will critically appraise current Resilience Plan targets and latest performance, notably asset disposals where the target is looking increasingly challenging.

It is noted that in the first year of TSM benchmarking Ocean Group fairs better than its peer average, for 2024/25 Ocean reports a 77% headline customer satisfaction outcome compared to the sector at 69%.

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

Benchmarking its VFM Standard Metrics against the outcomes from the 22 operators (from the national data previously presented) based within the Southwest, a similar story is told in respect of Ocean's performance. The table below looks at Oceans performance compared to these 22 Southwest peers.

SOUTHWEST SECTOR SCORECARD ANALYSIS

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

RATIO	OCEAN 2022/23 Actual	OCEAN 2023/24 Actual	SW PEERS 2023/24 Actual	OCEAN 2024/25 Actual	OCEAN 2025/26 Budget
Business Wealth					
Overall Operating Margin	25%	24%	18%	15%	18%
Social Housing Operating Margin	35%	28%	19%	21%	25%

Interest Cover	142%	198%	135%	155%	100%
Development					
Social Units Built	1.9%	2.0%	2.0%	2.8%	1.5%
Gearing	57%	58%	40%	54%	56%
Outcomes					
Reinvestment	8.3%	9.0%	7.6%	6.7%	6.7%
Effective Asset Management					
Return on Capital Employed	11.8%	6.4%	2.8%	5.0%	5.7%
Operating Efficiency					
Social Housing Cost Per Unit	£3,035	£3,656	£4,957	£4,279	£5,213

There is no output from assessment against regional housing providers that materially affects the overall message from the national report. The Group Board remains committed to above average output of all VFM Standard metrics and TSM metric nationally and regionally. As at 31 March 2025 it is comfortable with its outcomes as compared to that strategic goal.

2025/26 Targets and Future Plans

2025/26 represents year 4 of the Groups Resilience Plan, which remains in force in respect of the overall objectives for 2030. The year 4 targets for each element of the 3 remaining components of the Plan and also including the strategic Fit for the Future (FFF) efficiency targets are as below.

- 2025/26 pre-tax profit in Gilbert and Goode to be greater than £500,000.
- 70 existing assets to be sold in 2025/26 that will create cash sale receipts of £8.4 million.
- In 2025/26, new on-going annual savings of £382,000 to be delivered from operational costs or additional income. This annual target has 3 components,
 - Procurement - £200,000
 - Operating income generation - £50,000
 - Management and administration efficiencies - £132,000

These year targets will be a big challenge and subject to critical monitoring overview by GARAC. In particular the asset disposal target is going to be difficult to deliver given market and property availability at the current time. The latest forecast suggests disposal receipts to 2030 are likely to fall £10 million short. As a consequence, the Board Strategy Day in October 2025 will look at the impact of less disposal receipts, reconsider targets and strategy, and reflect on trade off options to mitigate the fall in receipts.

With the focus on VFM in recent years driven by the Resilience Plan, 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 FFF Plan complements the Resilience Plan and targets transformational service improvement taking Ocean Housing to a provider of high-quality services, focussed on customer excellence.

The main areas of improvement within the FFF Plan are as listed below,

- Additional housing staff resources on the estates and improved access to tenants
- Improved void letting standard
- Significant investment in estate landscaping
- Implementation of self-serve repairs service
- Investment in improving data quality and reporting
- Innovative procurement
- EPC C energy programme brought forward 2 years to 2028
- Stronger data integrity on tenants and property
- Move to a S106 new build programme allowing 40 additional affordable homes to be built
- Investment and improved resources for customer service excellence

Aligned with The Resilience Plan, the FFF Service Improvement Delivery Plan provides a comprehensive customer driven VFM plan to the end of the decade. Management remains confident of meeting Board VFM targets, procurement initiatives in particular are supporting the savings being delivered. However, the VFM plans will also form part of Board strategic thinking when they meet in October. Customer service and excellence, matched with financial efficiency and capacity to place resources where tenants seek most.

Conclusion and Regulatory Expectation

The VFM Standard requires Board to:

- Clearly articulate their strategic objectives
- Have an approach agreed by Boards to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders
- Through their strategic objectives, articulate their 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 their 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
- They have 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 Strategy. The 5 Golden Threads align the commitment to VFM throughout all the Group's activities and ensures that outputs match strategic ambition in an efficient manner and though optimal use of its available resources and assets. Robust monitoring of challenging targets and commitment to optimum efficiency has led to strong outcomes and positive outputs for the Group's tenants, partners and the wider local community and this will continue.

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 placed under strain in 2024/25 through extreme pressures in Ocean Housings repairs service and weak sales margins in Gilbert and Goode.

Through GARAC the Board have self-assessed their 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.

With the Resilience and FFF strategic and transformational plans aligned, this sets out a clear vision of Customer focussed VFM at Ocean in pursuit of optimum service excellence and efficiency.

3. RISK MANAGEMENT

Throughout 2024/25 the Group operated an effective Board Risk and Assurance Framework. Whilst Group Board have responsibility for the effective management of risk, the Group Audit, Risk and Assurance Committee undertook the detailed scrutiny and management required to provide assurance to the Group Board that the risk control framework was embedded and effective. The Framework provides a link from the risk register to the Corporate Strategy 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 Group 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 Group 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 Group Audit, Risk and Assurance Committee and Group Board. The risks are reviewed and where failings in internal control are identified there is action taken to resolve them. The Group Audit, Risk and Assurance Committee is actively involved in this process.

During the year the Group 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 2024/25 the Group experienced 2 significant shocks that contained internal control weaknesses. However, in both cases, the Groups overall Risk Framework and stress testing plans supported necessary mitigation actions to bring the challenges under control.

In Gilbert and Goode, poor sales performance on 2 sites led to a potential liquidity squeeze, the Board implemented its agreed mitigation plans and, over the second half of 2024/25, oversaw the restoration of financial capacity facilitating a renewed chance to move forward again against Group strategic plans of the Company from 2025/26.

In Ocean Housing, during 2024/25 it had to address a potential £1.5 million overspend in its repairs service largely driven through damp, mould and condensation demand. However, through Board and GARAC oversight the matter was addressed, an investigation into what happened was undertaken and the resultant action plan validated by external advisors to get assurance that lessons had been learnt and improved controls and processes implemented and embedded.

Whilst the Group had to address 2 particularly challenging situations in 2024/25, the overall governance, risk and stress testing arrangements proved effective in resolving these threats through strong GARAC oversight.

Looking ahead, The Board are very much aware of a number of underlying risk threats that need to be kept under watchful eye, whilst the Governments 10-year CPI plus 1% rent increase settlement is welcomed the Group continue 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
- Potential cooling of domestic housing market and threat to Gilbert and Goode sales expectations.
- Increasing costs of property compliance and Awaab's Law from October 2025
- Increased demand from tenants on day-to-day repairs and damp, mould and condensation
- Increased digital and necessitous technology costs
- Cost inflation

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 Boards 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 2024/25 were:

- Ocean Housing Ltd has classified itself as 'Risk Cautious',
- Gilbert and Goode Ltd has classified itself as 'Risk Open'.

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
51	Major GDPR breach	32	12	12
35	G&G business plan failure	40	32	12
13	Difficulty attracting/retaining people	36	30	20
55	Failure to meet 2050 Net Zero targets	32	16	12
71	Demand for damp, mould and condensation	30	16	16
10	Housing market downturn	40	32	12
77	Major cyber breach	40	24	24
75	Failure to meet Resilience Plan targets	48	32	12

Throughout 2024/25, the Groups 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



Andrea Smith

Chair

10 September 2025

Board's report for the year to 31 March 2025

The Board presents its report and audited financial statements for the year to 31 March 2025.

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. 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 as follows:

- 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 Corneliu Drive Residents Management (Truro) Ltd: (Dormant), resident management company
- 5 Melin Drive Residents Management Company Ltd, resident management company
- 6 Lannanta Forge Residents' Management (Lelant) Ltd, resident management company
- 7 Copper Hills Management Company Ltd, resident management company
- 8 The Maltings (Merton) Management Company Ltd.
- 9 The Grove (FollyGate) Management Company Ltd.

Results

Turnover in the year for the Company was £3,214,000 (2024: £2,934,000). For the Group overall, turnover increased by £12,947,000 to £56,629,000 (2024: 43,682,000). This increase is due to higher external contracting work and a greater volume of First Tranche Shared Ownership sales than in the prior year.

The Company's surplus for the year before tax is £74,000 (2024: £104,000). For the Group overall, a £7,031,000 profit before tax was generated (2024: £10,587,000).

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 2025 is £229 million (2024: £219 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 financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Board has prepared cash flow forecasts covering a period of 12 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of severe but plausible downsides, the Group and Association will have sufficient funds to meet their liabilities as they fall due for that period. In addition, the Board prepares a 40-year business plan which is updated and approved on an annual basis. The most recent business plan was approved on 11 June 2025 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 2025/26 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 £51.4 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 91% 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.

Employees

The Group employed an average of 231 employees during the year (2024: 226 employees) with an average during the year of 212 full time equivalent employees (2024: 201 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 Chief Executive is determined by the Board, following consideration by the Nominations and Remuneration Committee. The Committee also discusses and agrees the remuneration of the Deputy Chief Executive and the Managing Directors of Ocean Housing Ltd and Gilbert & Goode Ltd and the Director of People and Governance.

Board member remuneration

Throughout the year the Board made payment to its Board members. Fixed annual salaries of £5,000 (2024: £5,000) per year are payable to members, with the Group Chair receiving £16,600 (2024: £16,600). In addition, the Chair of Group Audit, Risk and Assurance Committee receives an annual salary of £9,000 (2024: £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 exercised 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 2024/25, the Group Board significantly enhanced its approach to EDI with a pro-active action plan for strengthening its inclusivity. This 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 Deputy Chief Executive 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 potential 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 91% (2024: 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 Housings revolving credit facility amounted to £28 million (2024: £39 million) and the average maturity of net debt is shown in note 12. Gilbert & Goode has loan facilities in place at a value of £15.4 million (2024: £8.1 million) Cash holdings of the Group amounted to £8 million (2024: £4.7 million). In total the group has access to 51.4 million (2024:51.8 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 2024/25 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

During 2024/25, the Group received a stability review from the Regulator of Social Housing, having had an in-depth assessment in 2023/24. This review from the Regulator critically assessed performance and compliance of the Company against Regulatory Standards. The outcome of this stability assessment was that the Group retained its regulatory status gradings unchanged, rated for Governance as 'G1' and viability as 'V2'.

Challenges

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

- Cooling of the housing market, with a high volume of Shared Ownership units in the development programme
- Availability of sub-contractors to support the delivery of the Ocean Housing energy 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
- Substantial costs of improving existing stock in Ocean Housing to required energy rating levels to 2030 then 2050
- Change in culture required to work smarter to deliver excellent customer service within financial parameters
- Reduced sales receipts from fewer Ocean Housing asset disposals
- Fall in Ocean Housing operating margin and interest cover rate from higher repairs spend
- Lack of viable open market site activity to support construction and sustainable growth of Gilbert and Goode
- Competitive contract tendering environment for Gilbert and Goode
- Political changes with Cornwall Council and impact on planning process

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 688 new homes across all tenures by 2030 and the continued improvement of housing services and existing stock investment within the Group's registered provider subsidiary undertaking through to Asset Management Strategy. £25 million is earmarked for energy efficiency works on Ocean stock in advance of 2030.

Challenges in both subsidiaries during 2024/25 have influenced the future plans for the Group.

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, Ocean Housing has an ambition to build 398 new affordable homes from April 2025 to March 2030.

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 is putting pressure on the Company's financial resilience metrics and a Group Resilience Plan has been put in place to generate additional resource to support the Group Strategy. Not all resilience targets were met in 2024/25 and the Board recognises that should that continue to be the case, a review of strategic priorities will be necessary.

In addition to a need to look at future development following recent trading performance, the Ocean Housing is also preparing for increased regulatory focus via stronger consumer regulation standards, Awaab's Law from October 2025, 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.

In Gilbert and Goode the plans for growing again will not be without risk and difficulties. Necessary actions taken in 2024/25 to ensure comfortable liquidity has meant that 2025/26 turnover will be lower than originally expected and some site starts delayed. Whilst overheads have suitably reduced the immediate outlook for 2025/26 is one of a small yearend profit but with limited resilience to any material adverse shock.

However, as at 31 March 2025, the Company has a sound land bank of 730 plots and secured exclusivity agreements locking in the opportunity of a further 390 plots. The Company has a strong Board and a 31 March 2025 balance sheet worth just over £5.1 million (2024: £4.9 million) and access to immediately available loan facilities of up to £3.7 million (2024: £0.7 million). Through the leadership of the new highly experienced Managing Director, the Board consider that there is a sound outlook for the Company, recognising the next 12 months will see small returns before better margins and growth are forecast to recommence. Gilbert and Goode plan to build 290 new homes for sale to 2030.

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. In particular, Gilbert and Goode Ltd where the transition from contractor to residential developer is still to be sustainably embedded, and will receive work on culture, behaviours and performance.

With adoption of the Group Resilience Plan in March 2022 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.

The need to strengthen the financial capacity of the Group is further necessitated given the unprecedented external risk factors currently impacting on the business in particular increased costs of repairs through damp, mould and condensation and day-to-day repairs. The position further compounded by Gilbert and Goode's fall in profits for 2024/25 and its 2025/26 forecast also being significantly lower than previously planned. These pressures at present are being contained, but Ocean is sensitive to further adverse movement which could put pressure on strategic objectives, particularly the number of new affordable homes. As a consequence, the Board is critically looking at its strategic future within a 2-day event in October 2025 where it will review performance, risks, outlook and capacity.

Auditor

KPMG LLP was re-appointed as auditor on 25 September 2024.

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

The Group is governed by 3 boards and 2 committees. Details of these bodies and 2024/25 information is given below:

Ocean Housing Group Board – Parent Company

Total Board size	7
Non-Executive Directors	5
Executive Directors	2
Vacancies at year end	1
Average Director attendance	94%

Ocean Housing Ltd Board – reports to Ocean Housing Group Board

Total Board size	7
Non-Executive Directors	5

Executive Directors	2
Vacancies at year end	0
Average Director attendance	88%

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	100%

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

Total Committee size	6
Non-Executive Directors	6
Executive Directors	0
Vacancies at year end	0
Average Director attendance	89%

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
Average Director attendance	92%

Board Report signed by order of the Board



Andrea Smith

Chair

10 September 2025

Stennack House
Stennack Road
St Austell, Cornwall
PL25 3SW

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

Monitoring and corrective action

A process of control self-assessment and regular management performance reporting on control issues and key performance indicators provides assurance to the Executive Group and to the Board. This includes a rigorous approach for ensuring that corrective action is taken in relation to any significant control issue, particularly those with a material impact on the financial statements. The Risk Framework is based on the 3 lines of defence principle with support from an early warning system process, with quantified RAG rated triggers, embedded in the Groups Risk IT system, Evolution of risk maturity and closer links to stress testing and mitigation plans continues in order to uphold best practice. The use of target risk scores supports management effectively deploy resources in pursuit of mitigating risk exposure.

During 2024/25 the monitoring of performance was slow to identify a significant overspend on repairs expenditure in Ocean Housing. Whilst effective mitigation plans subsequently were deployed, control weaknesses were identified that led to delay in addressing the overspend. Furthermore, action to address slow sales and high work in progress costs in Golbert and Goode was delayed in commencement however application of mitigation plans from stress tested scenarios effectively mitigated liquidity risk and minimised profit fall.

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering operational, financial and compliance issues including the appraisal of new investment projects. The Board has adopted, and disseminated to employees, the NHF Code of Governance, 2020. This sets out Ocean's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are regularly reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of business objectives, targets and outcomes. The Board routinely assess the Groups financial performance against peers with benchmark reporting on the key financial metrics report at every Group Board meeting alongside a strategically presented Group Performance Dashboard Bulletin, management accounts, treasury report, covenant and 'Red Line' compliance.

Review of Controls, including annual report of Chief Executive Officer

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

The Board, through the Group Audit Risk and Assurance Committee, has received the Chief Executive Officer's annual report on internal control and conducted its annual review of the effectiveness of the system of internal control. The 2024/25 report outlined the overspend within Ocean Housings revenue repairs service, specifically the day-to-day repairs and damp, mould and condensation services. The overspend amounted to c.£1.5 million. Initially, an internal investigation into the control weaknesses leading to this overspend was presented to Group Audit, Risk and Assurance Committee. It contained a 22-point action plan. The report was presented to Committee in January 2025. The Committee appointed an independent external review of the action plan progress, and this report was presented to Committee in July 2025. The independent report concluded moderate progress had been made on completing all the action points supported by clear improvements in culture and processes.

The Chief Executive Officer also addressed in her annual report the challenges faced by Gilbert and Goode during the year arising from poor sales, and higher construction costs, in a couple of its open market sale sites. The challenge was quite acute in Autumn 2024 but the review was able to see control weaknesses identified and mitigation plans deployed to restore resilience and financial capacity. Whilst at year end profit outturn was well below budget, liquidity and key internal controls had been restored to provide ongoing trading assurance at 31 March 2025.

The Chief Executive Officer has assessed the effectiveness of the internal controls in place during 2024/25, reporting to the Group Audit, Risk and Assurance Committee on 9 July 2025. Following consideration of the Chief Executive Officers report and receiving appropriate assurance from the Chief Executive Officer and the Executive Team, the Group Audit, Risk and Assurance Committee, through its Chair, provided assurance to the Board on 10 September 2025 on the effectiveness of the internal control's framework. 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. Therefore, in producing the 2024/25 internal controls assurance statement, the Chief Executive Officer was assured that the weakness failings previously identified have been resolved sufficient to provide reasonable closure to the matters.

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

By order of the Board.



Andrea Smith

Chair

10 September 2025

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

Opinion

We have audited the financial statements of Ocean Housing Group Limited ("the company") for the year ended 31 March 2025 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 affairs of the Group and the company as at 31 March 2025 and of the surplus of Group and the company 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the company or to cease their operations, and as they have concluded that the Group and the company 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 and company 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 or the company'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 or the company 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 Group 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 perform 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 allow could have a material effect on amounts or disclosures in the financial statements.

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

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

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

Other information

The 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, and 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 21, 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 the parent Company 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

23 September 2025

Income and expenditure account and Other Comprehensive Income for the year ended 31 March 2025

	Note	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Turnover	2a	56,629	43,682	3,214	2,934
Operating costs	2a	(48,043)	(33,043)	(3,075)	(2,768)
Gain on disposal of tangible fixed assets	3	3,830	4,712	-	-
Operating surplus	2a	12,416	15,351	139	166
Share in operating surplus of Joint Venture	8c	24	16	-	-
Interest receivable and similar income	4	50	48	-	1
Interest payable and similar charges	5	(5,386)	(4,765)	(47)	(48)
Interest payable on pension fund liabilities	5	(73)	(63)	(18)	(15)
Surplus on ordinary activities before taxation	6	7,031	10,587	74	104
Taxation on ordinary activities	7	(131)	(530)	(19)	(73)
Surplus for the year		6,900	10,057	55	31
Actuarial Gain/(Loss) in respect of pension schemes	15	288	(578)	75	(144)
Deferred tax on pension scheme deficit		(19)	84	(19)	84
Total comprehensive Income for the year		7,169	9,563	111	(29)

All amounts above are derived from continuing activities. The above surplus is based on historic costs. The accompanying notes on pages 32 to 66 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
Balance at 1 April 2023	44,191	44,191	(274)	(274)
Surplus for the year	10,057	10,057	31	31
Other Comprehensive Income	(494)	(494)	(60)	(60)
Balance at 31 March 2024	53,754	53,754	(303)	(303)

	<u>Group</u> Revenue Reserve	<u>Group</u> Total Equity	<u>Company</u> Revenue Reserve	<u>Company</u> Total Equity
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)

Statement of Financial Position as at 31 March 2025

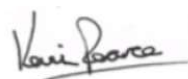
	Note	<u>Group</u> At 31 March 2025	<u>Group</u> At 31 March 2024	<u>Company</u> At 31 March 2025	<u>Company</u> At 31 March 2024
		£'000	£'000	£'000	£'000
Fixed assets					
Housing properties at cost less depreciation	8a	229,303	219,406	-	-
Other tangible fixed assets	8b	3,910	4,175	20	37
Investments	8c	145	121	295	295
Total fixed assets		233,358	223,702	315	332
Current assets					
Stock and work in progress	9	14,863	18,664	-	-
Debtors	10	3,932	4,991	295	173
Cash at bank and in hand		8,007	4,690	125	174
Total current assets		26,802	28,345	420	347
Current liabilities					
Creditors: amounts falling due within one year	11	(10,653)	(11,437)	(244)	(177)
Net current assets		16,149	16,908	176	170
Total assets		249,507	240,610	491	502
Creditors: amounts falling due after more than one year					
Creditors: amounts falling due after more than one year	12	(186,117)	(185,256)	(500)	(500)
Pension liability	15	(967)	(1,600)	(183)	(305)
Other Provisions	24	(1,500)	-	-	-
Net assets/(liabilities)		60,923	53,754	(192)	(303)
Represented by:					
Capital and reserves					
Reserves including pension liability		60,923	53,754	(192)	(303)
Total Capital and reserves		60,923	53,754	(192)	(303)

The accompanying notes on pages 32 to 66 form part of these financial statements.

These financial statements were approved by the Board on 10 September 2025 and signed on its behalf by:



Andrea Smith
Group Chair



Kevin Pearce
Director

Consolidated cash flow statement for the year to 31 March 2025

	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Cash flows from operating activities		
Total comprehensive income for the year	7,169	9,563
Adjustments for:		
Depreciation, amortisation and impairment	4,853	4,606
Gain on Disposal of Assets	(3,830)	(4,712)
Interest receivable and similar income	(50)	(48)
Interest payable and similar charges	5,424	4,770
Deferred government grant	(661)	(612)
Taxation	(131)	(530)
Decrease/(Increase) in trade and other debtors	1,006	(1,661)
Decrease/(Increase) in stocks	3,802	(6,304)
(Decrease)/Increase in trade and other creditors	(1,537)	1,864
Decrease in provisions and employee benefits	867	191
Tax paid	-	-
Net cash from operating activities	16,912	8,351
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	5,017	6,373
Interest received	50	48
Acquisition of tangible fixed assets	(15,173)	(25,058)
Proceeds from the receipt of government grants	1,123	2,564
Capitalised development expenditure	(283)	(256)
Net cash from investing activities	(9,266)	(16,329)
Cash flows from financing activities		
Proceeds from new loan	1,337	11,381
Interest paid	(5,666)	(4,954)
Repayment of borrowings	-	-
Net cash from financing activities	(4,329)	6,427
Net increase/(decrease) in cash and cash equivalents	3,317	(1,550)
Cash and cash equivalents at 1 April 2024	4,690	6,240
Cash and cash equivalents at 31 March 2025	8,007	4,690

The accompanying notes on pages 32 to 66 form part of these financial statements.

Notes to the financial statements for the year to 31 March 2025

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

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 2025 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 and Company budgets for 2024/25 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 and Company 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 £51.4 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 believe the Group and Company has 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 Directors are confident that the Group and Company 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.

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.

Accounting policies (continued)

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.

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:	
Traditional flats and houses (Pre 1945)	100 years
PRC flats and houses (All years)	100 years
Traditional flats and houses (1945 to 1965)	100 years
Traditional flats and houses (1965 to 2000)	100 years
New build houses (Post 2000)	100 years
External wall insulation	20 years
Roof	50 years
Windows and doors	30 years
Heating system	15 years
Kitchen	20 years
Bathroom	30 years
Other major works	Between 10 - 60 years

Accounting policies (continued)

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 2025, interest has been capitalised at an average rate of 4.50% (2024: 4.00%) 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.

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.

Accounting policies (continued)

Non-financial assets

The carrying amounts of the Company'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 2025, 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 2025	Costs Year ended 31 March 2025	Surplus Year ended 31 March 2025	Surplus Year ended 31 March 2024
<u>Company</u>	£'000	£'000	£'000	£'000
Other activities	3,214	(3,075)	139	166
Total	3,214	(3,075)	139	166
<u>Group</u>				
Social housing lettings	26,976	(21,239)	5,737	6,909
Non-social housing built for sale	13,393	(13,808)	(415)	2,185
Shared ownership first tranche sales	6,901	(5,327)	1,574	1,225
Other activities	9,359	(7,669)	1,690	320
Sub Total	56,629	(48,043)	8,586	10,639
<u>Asset Sales</u>				
Net Surplus on the sale of Assets	-	3,830	3,830	4,712
Total	56,629	(44,213)	12,416	15,351

(b) Income and expenditure from social housing lettings	<u>Group</u> Year ended 31 March 2025	<u>Group</u> Year ended 31 March 2025	<u>Group</u> Year ended 31 March 2025	<u>Group</u> Year ended 31 March 2024
<u>Group</u>	£'000	£'000	£'000	£'000
Income from lettings	General housing	Shared ownership	Total	Total
Rent receivable net of identifiable service charges	24,362	116	24,478	21,968
Service charge income	1,808	29	1,837	1,531
Grant amortisation	568	93	661	612
Turnover from social housing lettings	26,738	238	26,976	24,111
Expenditure on lettings				
Management	(4,459)	(4)	(4,463)	(4,062)
Services	(1,428)	(1)	(1,429)	(1,397)
Routine maintenance	(3,832)	-	(3,832)	(3,504)
Planned maintenance	(4,499)	-	(4,499)	(3,412)
Major repairs expenditure	(2,375)	-	(2,375)	(451)
Bad debts	(129)	(4)	(133)	(143)
Depreciation of housing properties	(4,447)	(61)	(4,508)	(4,233)
Operating costs on social housing properties	(21,169)	(70)	(21,239)	(17,202)
Operating surplus on social housing lettings	5,569	168	5,737	6,909
Void losses	135	-	135	127

3 Property and land disposals

	<u>Group</u> Year ended 31 March 2025 £'000	<u>Group</u> Year ended 31 March 2024 £'000	<u>Company</u> Year ended 31 March 2025 £'000	<u>Company</u> Year ended 31 March 2024 £'000
Proceeds of sales	5,017	6,373	-	-
Depreciation charged on properties sold	512	528	-	-
Book value of properties sold	(1,354)	(1,757)	-	-
Cost of properties sold	(240)	(221)	-	-
Refund due to Cornwall Council	(105)	(211)	-	-
Surplus on property disposals	3,830	4,712	-	-

During the year the Group sold 2 (2024: 3) homes under Right to Buy legislation and none under the Right to Acquire (2024: Nil). There were no occurrences of the staircasing of shared ownership property units to 100% (2024: Nil) and 36 general disposals (2024: 41). 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

	<u>Group</u> Year ended 31 March 2025 £'000	<u>Group</u> Year ended 31 March 2024 £'000	<u>Company</u> Year ended 31 March 2025 £'000	<u>Company</u> Year ended 31 March 2024 £'000
Interest receivable from cash deposits and investments	50	48	-	1
	50	48	-	1

5 Interest payable and similar charges

	<u>Group</u> Year ended 31 March 2025 £'000	<u>Group</u> Year ended 31 March 2024 £'000	<u>Company</u> Year ended 31 March 2025 £'000	<u>Company</u> Year ended 31 March 2024 £'000
Interest payable on loans	5,337	4,664	47	48
Lenders fees paid	290	345	-	-
Breakage costs	-	-	-	-
Fair value adjustment	-	1	-	-
Total interest payable and similar charges	5,627	5,010	47	48
Less interest capitalised in respect of development schemes	(241)	(245)	-	-
Interest payable and similar charges	5,386	4,765	47	48
Net interest payable on pension fund liabilities	73	63	18	15
Total	5,459	4,828	65	63

The average interest rate used for calculating the capitalised interest in respect of development schemes for the year was 4.5% (2024: 4%).

6 Surplus on ordinary activities before taxation

	<u>Group</u> Year ended 31 March 2025 £'000	<u>Group</u> Year ended 31 March 2024 £'000	<u>Company</u> Year ended 31 March 2025 £'000	<u>Company</u> Year ended 31 March 2024 £'000
The Surplus on ordinary activities before taxation is stated after charging:				
Depreciation on dwellings	4,508	4,233	-	-
Impairment of Land held for open market sales	-	-	-	-
Depreciation on other tangible fixed assets	345	373	17	14
External auditor's remuneration in their capacity as auditor	126	116	19	19
External auditor's remuneration in respect of other services	27	22	8	-
Internal auditor's remuneration	73	67	73	67
Property lease rentals	-	-	-	-
Operating lease rentals (Plant & Machinery)	68	62	14	8
Operating lease rentals (Other assets)	364	403	-	3
Abortive development costs	10	5	-	-

7 Taxation

	Group Year ended 31 March 2025 £'000	Group Year ended 31 March 2024 £'000	Company Year ended 31 March 2025 £'000	Company Year ended 31 March 2024 £'000
UK corporation tax charge / (credit)				
Current tax on income for the year	51	51	-	-
Current tax on income for prior year	-	(4)	-	-
Total Current Tax	51	47	-	-
Deferred taxation taken through I&E (Note 16)	80	483	19	73
Tax charge on ordinary activities	131	530	19	73
Deferred taxation taken through SOCI (Note 16)	19	(84)	19	-
Total tax recognised in Financial Statements	150	446	38	73
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	6,900	10,057	55	31
Total tax expense	131	530	19	73
Surplus excluding tax	7,031	10,587	74	104
Current tax at Group: 25% (2024: 25%); Company 25% (2024: 25%)	1,758	2,647	19	26
Adjustment for intra-group trading	-	-	-	-
Non-taxable income	(1,547)	(2,182)	-	-
Movement in Deferred tax	(80)	-	-	-
Group relief	1	(7)	(6)	(10)
Chargeable gains/(losses)	-	-	-	-
Adjustments relating to prior periods	(7)	(50)	-	-
Pension provision	-	-	-	-
Expenses not deductible for tax purposes	-	12	-	12
Short term timing differences	-	-	-	-
Remeasurement of deferred tax for changes in tax rates	-	-	-	-
Other	6	110	6	45
Total tax charged to the income and expenditure account	131	530	19	73

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The UK deferred tax asset as at 31 March 2025 has been calculated at 25% (2024: 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 2024	248,534	17,187	2,979	7,809	276,509
Completions	13,791	(13,791)	1,373	(1,373)	-
Additions	694	4,324	4,443	1,460	10,921
Component additions	4,326	-	-	-	4,326
Disposals	(1,354)	-	-	-	(1,354)
At 31 March 2025	265,991	7,720	8,795	7,896	290,402
Depreciation					
Brought forward at 1 April 2024	(57,026)	-	(77)	-	(57,103)
Charge for the year (Note 6)	(4,447)	-	(61)	-	(4,508)
Written out through property disposals	512	-	-	-	512
At 31 March 2025	(60,961)	-	(138)	-	(61,099)
Net book value at 1 April 2024	191,508	17,187	2,902	7,809	219,406
Net book value at 31 March 2025	205,030	7,720	8,657	7,896	229,303

In the year revenue expenditure on existing properties was £10,706,000 (2024: £7,367,000) and capital expenditure was £4,326,000 (2024: £4,678,000) of which £1,994,000 (2024: £1,777,000) related to kitchen, bathroom or heating system replacements.

Additions to housing properties include capitalised interest of £241,000 (2024: £245,000) for the year (cumulative total of £4,681,000).

8 Tangible fixed assets (continued)

Recycled Capital Grant	At 31 March 2025	At 31 March 2024
	£'000	£'000
Balance as at 1 April 2024	291	280
Inputs to the fund:		
Grants recycled	-	-
Interest accrued	12	11
Recycling of grant:		
New development schemes	(20)	-
Balance as at 31 March 2025	283	291

The number of rented properties in management at 31 March 2025 was 4,280 (2024: 4,241). 3,592 (2024: 4,053) carried a fixed charge at 31 March 2025. Of these properties, 2,817 (2024: 3,284) are valued using Existing Use Value Social Housing (EUV-SH), 775 (2024: 769) using Market Value Subject To Tenancy (MV-STT). As at 31 March 2025 there were 688 rented properties unencumbered (2024: 188).

The number of shared ownership properties at 31 March 2025 was 134 (2024: 73). 8 (2024: 8) of these dwellings are in charge as at 31 March 2025.

The sum of the latest independent valuations of Ocean's housing properties as at 31 March 2025 as extracted from the group asset register is £225,000,000 (2024: £238,000,000), excluding the 688 (2024: 188) unencumbered properties which are not valued. This valuation arises from the various professional valuations undertaken by Savills (L&P) Ltd whose operatives are members of the Royal Institute of Chartered Surveyors. The timings of any revaluations are in accordance with lenders requirements. All valuations are made on either the basis of Existing Use Value Social Housing (EUV-SH) or Market Value Subject To Tenancy (MV-STT).

8 Tangible fixed assets (continued)

(b) Other assets	IT	Total
Company	£'000	£'000
Cost		
As at 1 April 2024	398	398
Additions	-	-
Adjustment	-	-
At 31 March 2025	398	398
Depreciation		
As at 1 April 2024	(361)	(361)
Charge for the year (Note 6)	(17)	(17)
At 31 March 2025	(378)	(378)
Net book value at 31 March 2024	37	37
Net book value at 31 March 2025	20	20

Group	Operating premises £'000	Plant and equipment £'000	Vehicles £'000	IT £'000	Office furniture/ telephones £'000	Total £'000
Cost						
As at 1 April 2024	3,193	388	124	3,670	59	7,434
Additions	-	-	-	80	-	80
At 31 March 2025	3,193	388	124	3,750	59	7,514
Depreciation						
As at 1 April 2024	(853)	(365)	(102)	(1,891)	(48)	(3,259)
Charge for the year (Note 6)	(41)	(5)	(12)	(276)	(11)	(345)
At 31 March 2025	(894)	(370)	(114)	(2,167)	(59)	(3,604)
Net book value at 31 March 2024	2,340	23	22	1,779	11	4,175
Net book value at 31 March 2025	2,299	18	10	1,583	-	3,910

8 Tangible fixed assets (continued)

c) Investments	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	At 31 March 2025 £'000	At 31 March 2024 £'000	At 31 March 2025 £'000	At 31 March 2024 £'000
Share in Joint Venture reserves	145	121	-	-
Share in Joint Venture	-	-	5	5
Subsidiary	-	-	290	290
Total	145	121	295	295

Ocean Housing Group Limited is one of the four 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 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 £145,000 (Table 8d). The Company also owns 100% of the share capital of Gilbert & Goode Limited which in turn owns 100% of both Cornelius Drive Residents Management (Truro) Ltd, Lannanta Forge Residents Management (Lelant) Ltd. and Melin Drive Residents Management Company Ltd. 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 Ltd.	Property Development	England	£100
Cornelius Drive Residents Management (Truro) Ltd.	Residents Management	England	£Nil
Melin Drive Residents Management Company Ltd.	Residents Management	England	£Nil
Lannanta Forge Residents Management (Lelant) Ltd.	Residents Management	England	£Nil
Copper Hills Management Company Ltd.	Residents Management	England	£Nil
The Maltings (Merton) Management Company Ltd.	Residents Management	England	£Nil
The Grove (FollyGate) Management Company Ltd.	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:

	2025	2024
	£'000	£'000
Advantage Southwest LLP		
Share of fixed assets	-	-
Share of current assets	212	179
Share of current liabilities	(67)	(58)
Total (SFP)	145	121
Share of income	121	105
Share of profit/(loss) before tax	24	16
Share of profit/(loss) after tax (I&E)	0	0
Total Net Assets	145	121

9 Stock and work in progress

	Group	Group	Company	Company
	At 31 March	At 31 March	At 31 March	At 31 March
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Completed properties available for sale	4,439	1,435	-	-
Van stocks	155	121	-	-
Work in progress	10,269	17,108	-	-
Total	14,863	18,664	-	-

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 Companies vehicles.

10 Debtors

	<u>Group</u> At 31 March 2025 £'000	<u>Group</u> At 31 March 2024 £'000	<u>Company</u> At 31 March 2025 £'000	<u>Company</u> At 31 March 2024 £'000
Amounts falling due within one year:				
Rent and service charge arrears	680	691	-	-
Less provision for bad debts	(291)	(291)	-	-
Net rent and service charge arrears	389	400	-	-
Amounts recoverable on contracts	783	-	-	-
Trade debtors	652	441	3	-
Prepayments and accrued income	684	1,259	265	161
V.A.T.	49	69	-	-
Deferred Tax	180	241	-	-
Amounts owed by Group companies	-	-	23	9
Bonds	1,133	2,325	-	-
Other debtors	62	256	4	3
Total	3,932	4,991	295	173

11 Creditors: amounts falling due within one year

	<u>Group</u> At 31 March 2025 £'000	<u>Group</u> At 31 March 2024 £'000	<u>Company</u> At 31 March 2025 £'000	<u>Company</u> At 31 March 2024 £'000
Trade creditors	2,233	2,115	75	20
Rent and service charge prepayments	1,094	954	-	-
Other creditors including tax and social security:				
Corporation tax	51	51	-	-
Taxation and social security	377	346	81	70
VAT	51	44	20	27
Amounts owed to group companies	-	-	-	9
Interest	752	790	-	-
Deferred Tax	2	5	2	5
RTB creditor	105	210	-	-
Other creditors	32	31	-	-
Grant creditor	671	661	-	-
Short term bank loans	718	-	-	-
Accruals and deferred income	4,567	6,230	66	46
Total	10,653	11,437	244	177

The Group has secured short term loan facilities in place at a value of £15.4 million (2024: £8.1 million)

12 Creditors: amounts falling due after more than one year

Housing Finance

In November 2020, Ocean Housing Limited entered into a Note Purchase Agreement with MetLife at a value of £70 million. In addition to the MetLife facility, Ocean Housing Limited has £50 million fully drawn with M&G Investments and during the year secured a £40 million Revolving Credit Facility with Santander, of which £12 million is drawn.

As at 31 March 2025 there were facilities in place of £160 million (2024: £170 million) and £132 million (2024: £131 million) was drawn from these facilities.

Debt outstanding	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	At 31 March 2025 £'000	At 31 March 2024 £'000	At 31 March 2025 £'000	At 31 March 2024 £'000
Housing loans outstanding (a)	132,000	131,381	500	500
Deferred financing costs	(640)	(601)	-	-
Grant Creditor	54,757	54,476	-	-
Total	186,117	185,256	500	500

Maturity of debt	Group	Group	Company	Company
Repayable in greater than one year but less than five	20,333	18,048	-	-
Repayable in more than five years	111,667	113,333	500	500
Total	132,000	131,381	500	500

Interest rate profile	Group	Group	Company	Company
Floating rate	12,000	11,381	500	500
Fixed rate	120,000	120,000	-	-
Total	132,000	131,381	500	500

The Group has undrawn committed borrowing facilities at 31 March 2025 of £28 million (2024: £39 million) from a total facility of £160 million (2024: £170 million). The weighted average fixed interest rate as at 31 March 2025 was 3.68% (2024: 3.68%). Combined the average interest rate for the year was 4.5% (2024: 4%). At 31 March 2025 the maturity profile for borrowings was:

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

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

Deferred Financing Costs	Year ended 31 March 2025	Year ended 31 March 2024
	£'000	£'000
Brought forward at 1 April 2024	601	666
Refinancing costs incurred in year	160	-
Charged to the Income & Expenditure account	(121)	(65)
Carried forward at 31 March 2025	640	601

Grant Creditor	2025 £'000	2024 £'000
Brought forward at 1 April 2024	55,137	52,798
Grants received in the year	952	2,951
Grant amortised to the Income & Expenditure account during the year	(661)	(612)
Total Grants held.	55,428	55,137
Total held in Creditors: amounts falling due within one year (Note 11)	(671)	(661)
Total held in Creditors: amounts falling due after more than one year	54,757	54,476

The total value of grant held as at 31 March 2025 was £63,250,000 (2024: £62,298,000). £54,757,000 (2024: £54,476,000) is held in creditors: amounts due after more than one year, £7,822,000 (2024: £7,161,000) in reserves and £671,000 (2024: £661,000) in creditors amounts due within one year. During the year, £661,000 (2024: £612,000) was amortised through the income and expenditure account.

13 Employee information

Group	Year ended 31 March 2025 No.	Year ended 31 March 2024 No.
(a) Number of employees:		
Office staff	145	147
Maintenance staff	75	64
Support officers, caretakers and cleaners	11	15
Average total full-time and part-time employees employed during the year	231	226
Average number of full-time equivalents employed during the year	212	201

Group

(b) Staff costs for the above employees	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Wages and salaries	9,709	8,772
Social security costs	948	874
Pension costs	394	362
Total	11,051	10,008

Group

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

£'000	2025 number	2024 number
60-70	8	6
71-80	7	9
81-90	5	5
91-100	4	1
101-110	-	3
111-120	1	1
121-130	1	-
131-140	1	-
141-150	1	-
151-160	2	1
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 2025 £'000	Year ended 31 March 2024 £'000
Emoluments - Board Members	92	93
Emoluments - Executive Officers	690	671
Social security - Executive Officers	70	75
Pensions - Executive Officers	30	31
Total	882	870

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 Group Audit, Risk and Assurance Committee Chair each receive £9,000 per annum.

(b) Highest paid Director

	Salary £'000	Employer Pension contribution £'000	2025 £'000	2024 £'000
Mark Gardner	194	7	201	193
Total	194	7	201	193

The Group Chief Executive Mark Gardner is an ordinary member of the Social Housing Pension Scheme. No enhancement or special terms apply, and he has 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 also 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 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 2025 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Present values of provision for the period 31 March 2025

	2025 £'000	2024 £'000
Fair value of plan assets	1,703	1,695
Present value of defined benefit obligation	1,949	2,105
Deficit in plan	(246)	(410)
Deferred Tax (Note 16)	63	174
Defined benefit liability to be recognised	(183)	(236)

15a Pensions Company (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	2025 £'000	2024 £'000
Defined benefit obligation at start of period	2,105	2,059
Expenses	3	3
Interest expense	103	99
Actuarial losses due to scheme experience	101	36
Actuarial (gains) due to changes in demographic assumptions	-	(19)
Actuarial (gains) due to changes in financial assumptions	(341)	(44)
Benefits paid and expenses	(22)	(29)
Defined benefit obligation at end of period	1,949	2,105

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

	2025 £'000	2024 £'000
Fair value of plan assets at start of period	1,695	1,707
Interest income	85	84
Experience on plan assets (excluding amounts included in interest income) - (loss)	(165)	(171)
Contributions by the employer	110	104
Benefits paid and expenses	(22)	(29)
Fair value of plan assets at end of period	1,703	1,695

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

	2025 £'000	2024 £'000
Expenses	3	3
Net interest expense	18	15
Defined benefit costs recognised in statement of comprehensive income (SOCl)	21	18

15a Pensions Company (continued)

Defined benefit costs recognised in Other Comprehensive Income

	2025 £'000	2024 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(165)	(171)
Experience gains and losses arising on the plan liabilities – (loss)	(101)	(36)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	-	19
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	341	44
Deferred tax charged in statement of comprehensive income (SoCI)	-	84
Total amount recognised in other comprehensive income gain/(loss)	75	(60)

Assets

	2025 £'000	2024 £'000
Global Equity	191	169
Absolute Return	-	66
Distressed Opportunities	-	60
Credit Relative Value	-	56
Alternative Risk Premia	-	54
Liquid alternatives	316	-
Emerging Markets Debt	-	22
Risk Sharing	-	99
Insurance-Linked Securities	5	9
Property	85	68
Infrastructure	-	171
Private Equity	2	1
Real assets	204	-
Private Debt	-	67
Opportunistic liquid Credit	-	66
Private credit	209	-
Credit	65	-

15a Pensions Company (continued)

Investment grade credit	52	-
Cash	23	33
Long Lease Property	-	11
Secured Income	28	51
Liability driven investment	516	690
Currency hedging	3	(1)
Net Current Assets	4	3
Total assets	1,703	1,695

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

	2025	2024
	% per annum	% per annum
Discount Rate	5.92	4.92
Inflation (RPI)	3.05	3.09
Inflation (CPI)	2.80	2.79
Salary Growth	3.80	3.79
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	2025	2024
	Life expectancy at age 65	Life expectancy at age 65
	(Years)	(Years)
Male retiring in 2025	20.5	20.5
Female retiring in 2025	23.0	23.0
Male retiring in 2045	21.7	21.8
Female retiring in 2045	24.5	24.4

15b Pensions (Group)

Social Housing Pension Scheme (SHPS): DB Pension Scheme

Present values of provision for the period 31 March 2025

	2025 £'000	2024 £'000
Fair value of plan assets	7,341	7,360
Present value of defined benefit obligation	(8,371)	(9,065)
(Deficit) in plan	(1,030)	(1,705)
Deferred Tax (Note 16)	63	174
Defined benefit liability to be recognised	(967)	(1,531)

Reconciliation of opening and closing balances of the defined benefit obligation

	2025 £'000	2024 £'000
Defined benefit obligation at start of period	9,065	9,030
Expenses	12	12
Interest expense	442	434
Actuarial losses due to scheme experience	467	23
Actuarial (gains) due to changes in demographic assumptions	-	(89)
Actuarial (gains) due to changes in financial assumptions	(1,453)	(177)
Benefits paid and expenses	(162)	(168)
Defined benefit obligation at end of period	8,371	9,065

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

	2025 £'000	2024 £'000
Fair value of plan assets at start of period	7,360	7,531
Interest income	369	371
Experience on plan assets (excluding amounts included in interest income) – (loss)	(698)	(821)
Contributions by the employer	472	447
Benefits paid and expenses	(162)	(168)
Fair value of plan assets at end of period	7,341	7,360

15b Pensions Group (continued)

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

	2025 £'000	2024 £'000
Expenses	12	12
Net interest expense	73	63
Defined benefit costs recognised in statement of comprehensive income (SOI)	85	75

Defined benefit costs recognised in Other Comprehensive Income

	2025 £'000	2024 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(698)	(821)
Experience gains and losses arising on the plan liabilities – (loss)	(467)	(23)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	-	89
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	1,453	177
Deferred tax recognised in statement of comprehensive income (SoCI)	-	84
Total amount recognised in other comprehensive income – gain/(loss)	288	(494)

15b Pensions Group (continued)

Assets

	2025 £'000	2024 £'000
Global Equity	823	733
Absolute Return	-	287
Distressed Opportunities	-	260
Credit Relative Value	-	242
Alternative Risk Premia	-	234
Liquid Alternatives	1,361	-
Emerging Markets Debt	-	95
Risk Sharing	-	431
Insurance-Linked Securities	22	38
Property	367	295
Infrastructure	1	743
Private Equity	7	6
Real Assets	879	-
Private Debt	-	290
Opportunistic Liquid Credit	-	287
Private Credit	899	-
Credit	281	-
Investment Grade Credit	226	-
High Yield	-	1
Cash	100	145
Long Lease Property	2	48
Secured Income	122	220
Liability Driven Investment	2,223	2,995
Currency Hedging	12	(3)
Net Current Assets	16	13
Total Assets	7,341	7,360

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

	2025 % per annum	2024 % per annum
Discount Rate	5.92	4.92
Inflation (RPI)	3.05	3.09
Inflation (CPI)	2.80	2.79
Salary Growth	3.80	3.79
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	2025 Life expectancy at age 65 (Years)	2024 Life expectancy at age 65 (Years)
Male retiring in 2025	20.5	20.5
Female retiring in 2025	23.0	23.0
Male retiring in 2045	21.7	21.8
Female retiring in 2045	24.5	24.4

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 the end of 2025 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 2023 High Court judgment in the case of Virgin Media Ltd v NTL Pension Trustees II Limited and others, and that in July 2024 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 2025. 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 £393,961 (2024: £362,345) was paid into the scheme in the form of Employer contributions.

Note 11 includes outstanding payments to the Defined Contribution scheme of £74,606 (2024: £64,710).

16 Deferred taxation

	<u>Group</u> At 31 March 2025	<u>Group</u> At 31 March 2024	<u>Company</u> At 31 March 2025	<u>Company</u> At 31 March 2024
	£'000	£'000	£'000	£'000
Deferred taxation (other) provided for:				
At beginning of year	166	649	(75)	(2)
(Debited) to income and expenditure account (Note 7)	(80)	(483)	(19)	(73)
Transferred to Pension tax asset	92	-	92	-
At end of year	178	166	(2)	(75)
Difference between accumulated depreciation and capital allowances	3	(4)	(2)	(4)
Losses and other deductions	173	170	-	-
Other timing differences	2	-	-	(71)
Deferred tax asset / (liability)	178	166	(2)	(75)
<hr/>				
Deferred taxation (pension) provided for:				
At beginning of year	174	90	174	90
Transferred from other Deferred Taxation	(92)	-	(92)	-
(Debited) / credited to the SOCI (Note 7)	(19)	84	(19)	84
Total deferred tax asset on Pension deficit to SHPS	63	174	63	174
<hr/>				
Total deferred tax	241	340	61	99

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 seven members: five non-executive and two executive, the Group Chief Executive and Group Director of Resources.

19 Group companies and related transactions

At 31 March 2025 Ocean Housing Group Limited was a parent undertaking with 6 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 Ltd.	Procurement Consortium	25%
Cornelius Drive Residents Management (Truro) Ltd.	Management Company	100%
Melin Drive Residents Management Company Ltd.	Management Company	100%
Lannanta Forge Residents Management Company (Lelant) Ltd.	Management Company	100%
Copper Hills Management Company Ltd.	Management Company	100%
The Maltings (Merton) Management Company Ltd.	Management Company	100%
The Grove (FollyGate) Management Company Ltd.	Management Company	100%

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

	Year ended 31 March 2025	Year ended 31 March 2024
Inter-company trading	£'000	£'000
Ocean Housing Limited	2,705	2,403
Gilbert & Goode Limited	509	530
Total	3,214	2,933

The year-end balance with Ocean Housing Limited was £0k (2024: £0k) and with Gilbert & Goode Limited was £3k (2024: £3k).

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

	Year ended 31 March 2025	Year ended 31 March 2024
Inter-company trading	£'000	£'000
Ocean Housing Limited	3,820	11,393
Total	3,820	11,393

20 Capital commitments

	<u>Group</u> At 31 March 2025 £'000	<u>Group</u> At 31 March 2024 £'000	<u>Company</u> At 31 March 2025 £'000	<u>Company</u> At 31 March 2024 £'000
Capital expenditure that has been contracted for but not provided for in the financial statements	4,897	20,757	-	-
Funded By:				
Grant	-	-	-	-
Reserves	3,303	11,040	-	-
Loans	1,594	9,717	-	-
Total	4,897	20,757	-	-

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	<u>Group</u> At 31 March 2025 £'000	<u>Group</u> At 31 March 2024 £'000	<u>Company</u> At 31 March 2025 £'000	<u>Company</u> At 31 March 2024 £'000
Arrangements expiring in less than 1 year	67	49	10	10
Arrangements expiring between 1-5 years	159	148	9	19
Arrangements expiring between 6-10 years	15	9	0	0
Total	241	206	19	29
Other Assets				
	<u>Group</u> At 31 March 2025 £'000	<u>Group</u> At 31 March 2024 £'000	<u>Company</u> At 31 March 2025 £'000	<u>Company</u> At 31 March 2024 £'000
Arrangements expiring in less than 1 year	240	258	-	-
Arrangements expiring between 1-5 years	113	235	-	-
Arrangements expiring between 6-10 years	-	-	-	-
Total	353	493	-	-

Operating lease costs charged to the income and expenditure account in the year were, Group £432k (2024: £465k), Company £14k (2024: £11k).

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

Debt	Year ended	Year ended
	31 March 2025	31 March 2024
	£'000	£'000
Opening balance of net debt	126,090	113,094
Loan received during the year	1,337	11,381
Loan pay back during the year	-	-
Movement in deferred loan fees	(39)	65
Cash movement	(3,317)	1,550
Closing balance of net debt	124,071	126,090

24 Other provisions

Provisions	Year ended	Year ended
	31 March 2025	31 March 2024
	£'000	£'000
Opening provisions	-	-
Additions in the year	1,500	-
Closing balance of provisions	1,500	-

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