origin HOUSING

Annual Accounts

Year Ended 31 March 2020

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Board members, executive directors, advisers, and bankers As at 31 March 2020

The Board of Origin Housing Association

Chair	Neil McCall
Vice Chair	Bryan Ingleby
Other Members	Chris Bond
	Vicky Bonner (appointed 25 October 2019)
	Anne Bowers (resigned 4 September 2019)
	Carol Carter (Chief Executive)
	Olivia Gadd (resigned 17 January 2020)
	Mary Gibbons (resigned 4 September 2019)
	Robert Green (appointed 4 September 2019)
	Mash Halai
	Stephen Mutton
	Argiri Papathos (appointed 25 October 2019)
	Julia Porter
	Nicky Walden (resigned 4 September 2019)
	Gordon Wright

Committees

Audit and Risk Committee	Gordon Wright - Chair
Customer Services Committee	Julia Porter - Chair
Investment Committee	Chris Bond - Chair
Remuneration and Nominations Committee	Bryan Ingleby - Chair

Executive Directors

Carol Carter	Chief Executive
Gloria Yang	Director of Finance
Gareth Jones	Director of Development and Assets
Carol Williams	Director of Operations (appointed June 2019)

Secretary Gloria Yang

Registered office and head office
St Richard's House
110 Eversholt Street
London NW1 1BS

Registrations:
Registered Society Number: 10008R
Regulator of Social Housing Number: L0871

Auditor
KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

Principal Solicitors
Trowers & Hamlins
3 Bunhill Row
London EC1Y 8YZ

Banker
Royal Bank of Scotland
189-191 Camden High Street
London NW1 7BP

Chair's Statement

When reflecting back on the last year it is hard to recollect life as it was before the COVID-19 pandemic, so huge has been the impact in our communities and on our individual lives. In our response, we moved quickly to new ways of working, which ensured we were able to maintain essential services, support vulnerable residents and protect our staff. Driven by our core purpose: our people's commitment and creativity shone through, and we were able to engage effectively with our residents and strengthen the confidence of our partners and stakeholders in our business. Looking ahead to the future, we are determined to use this global crisis as a catalyst for good, building on the rapid transformation we have achieved, not just to weather the economic storm ahead through prudent financial planning and greater efficiency, but to enable us to do more to make sure our communities thrive.

During 2019/20 we continued to work to improve our landlord services; provide support services for those who are vulnerable; build new homes and invest in existing housing stock and the wider community.

We sustained high levels of our investment to meet new fire safety standards and delivered 247 new homes, achieving an operating margin of 22%. Our surplus for the year was a healthy £14.1m, all of which is reinvested in building affordable homes and improving our existing stock and services.

We have entered into contract on five new development schemes this year in well served vibrant locations, to deliver a total of 343 new homes, 80% of which will be affordable. We also continued to make good progress with our joint venture partner on our development programmes in Harrow: completing 116 with 204 homes completing in 2020/21 providing much needed additional housing and supporting regeneration of the local area.

We maintained a high level of liquidity, with £81m at year end and additional credit approved of £80m to be finalised during 2020/21. This will ensure we meet all existing obligations over the coming 18 months and enable us to position ourselves to take advantage of opportunities that come to the market.

Furthermore, we have exceeded our 2019/20 targets as a Strategic Partner (through the Connected Partnership) with the Greater London Authority.

The safety of our residents continued to be a key focus for us during the year. Up to date and comprehensive fire risk assessments are in place for all buildings, and these are published online for residents to view. We have completed another year of investing significantly in fire safety upgrade work to meet best practice standards.

I am proud of the continuing success of the care and support services we provide to the most vulnerable, which has included a stepping up of tenancy sustainment services, providing intensive one to one support for those grappling with life crises.

Our Origin 2020 change programme supports delivery of our top two business goals of providing safe, decent and affordable homes combined with good quality, easy to access Landlord services. This year after extensive consultation we launched our new resident engagement strategy 'Together' which aims to further embed our residents priorities into our day to day operations and longer term business planning though active listening, accountability and partnership. The leadership team continued to introduce changes to ensure an improved customer experience and greater productivity and efficiency. This included new approaches to recruiting, retaining, developing and rewarding the skills, attitudes and talent we need to achieve our goals. Our priorities over the coming year will be to continue improve communications and the repairs service as well as ways of working, data and technology.

We implemented the findings of the independent review of governance, helping to further strengthen and focus the work of the Board and Committees in ensuring robust oversight and support for the Executive team, and following an In Depth Assessment we had our governance rating restored to the top rating – G1 – in February 2020.

I look forward to working with the Board, the leadership team and all our stakeholders over the coming year to deliver our goals, shape our longer term ambitions and work creatively to deliver them informed by the insights and opportunities offered by our collective recent experience.

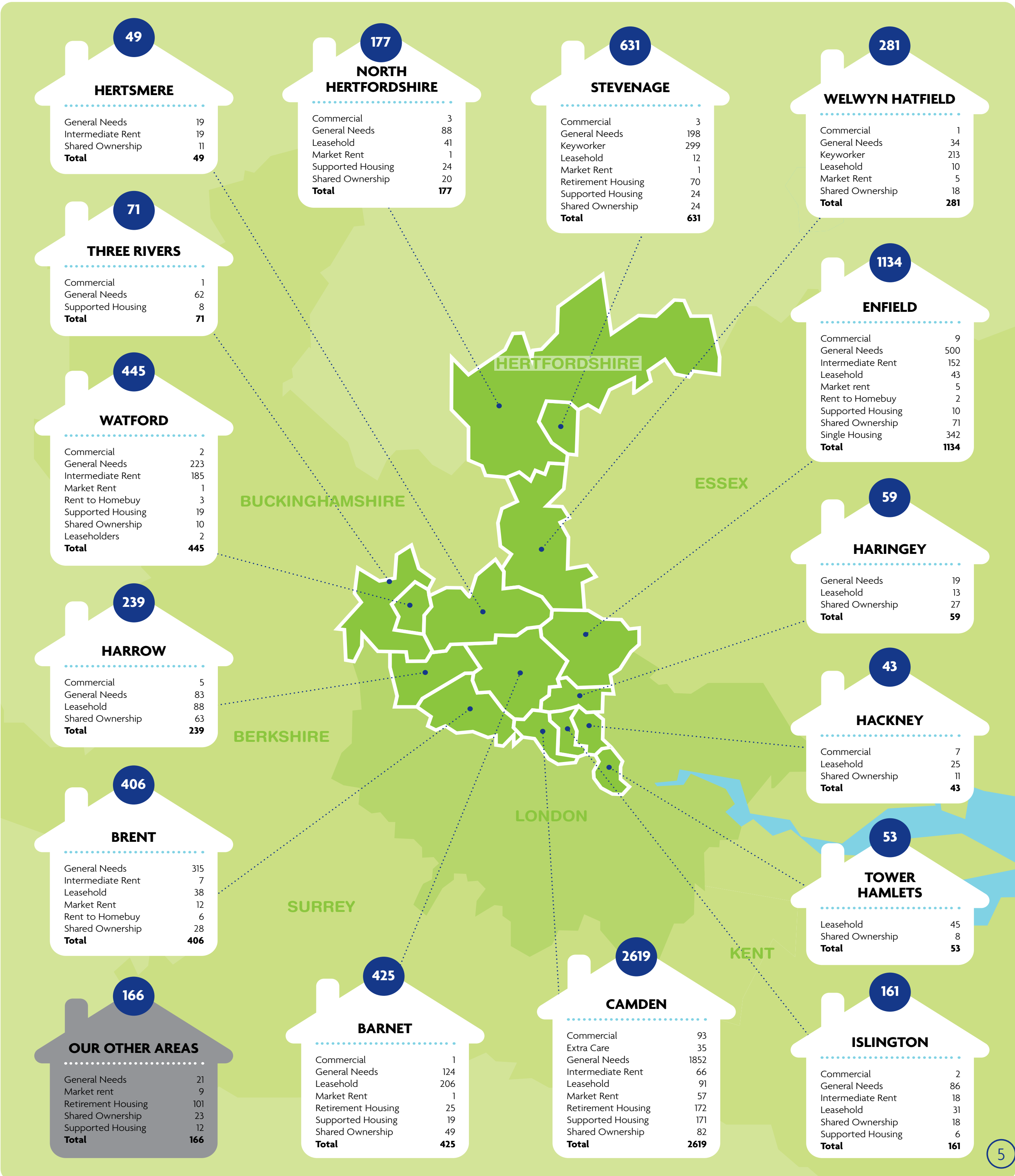
Neil McCall.

Strategic Report

About Origin

Origin Housing Limited ("Origin") is a dynamic and diverse organisation that owns and manages over 6,900 properties across central London and Hertfordshire. Our homes include social rented housing, affordable rent, intermediate and market rent, and shared ownership as well as outright sale. We have a strong care and support offering including retirement housing for older people; a wide range of housing-related support for vulnerable people including those with learning disabilities, mental health needs, young people, homeless people as well as community based services such as Home Improvement Agency and Handy person services.

We are a selected Strategic Partner to the GLA as part of the Connected Partnership, delivering affordable housing in London.



Strategic Report

Vision, objectives and strategy

We are driven by our core social purpose and residents are at the heart of what we do. Our vision: great homes; positive people; strong communities underpins this strong commitment and shapes the way we deliver our services:

- Delivering homes where people are proud to live - housing is a long-term commitment so it is important to us that we build quality properties and continue to invest in keeping our homes at modern standards over many decades.
- Responsive caring staff getting services right for customers - it is crucial that our staff are skilled, dedicated and positive people who are committed to providing the best possible customer service.
- Helping people and neighbourhoods thrive - we want our communities to be places where people feel safe and proud, and where they can aspire to reach their potential. To help achieve this, we provide support for people to find sustainable employment, manage their money, and stay in their homes for longer.

Great Homes

Our fundamental purpose is to use our assets and experience to provide housing to those who could not otherwise afford a home without our help. Our business model is structured to facilitate our ability to undertake development activities and provide landlord services to support our social purpose. The profits we generate from market sale and market rent as well as any surplus created from our social stock is reinvested for the development of sub-market rent and affordable properties in line with our social objectives.

During 2019/20, we delivered 247 new homes and 224 homes started on site.

We expect to continue funding our new developments utilising our new borrowing facilities, in addition to grant from GLA as a Strategic Partner. We have drawn down £25.5m in 2019-20 to help deliver our 2016-22 programme of 1,089 homes. In recognition of the uncertainty surrounding the property market in London, we have scaled back the proportion of private sales in our programme. 80% of our planned development programme will be affordable.

We have prioritised the continued improvement of our housing asset data and systems, which are used to assess the investment needs and performance of our stock. Our asset management strategy emphasises our commitment to the development, implementation and application of intelligent data, performance analysis and monitoring systems. These will drive improved efficiencies and enable us to optimise the return we receive from our property assets.

During 2019/20, we completed the base line data requirements for all property types owned by Origin. This is an important milestone in our strategy as it allows us to extrapolate results from surveyed to unsurveyed properties and forecast asset information more accurately. We have also started to gather information on energy efficiency, moving from a sample of 700 properties to 4,000+ properties, which will help us to demonstrate our energy performance against our carbon reduction commitments.

We reviewed the tools that enable us to optimise the return we receive from our property assets as well as calculate cumulative NPV and yield. Our asset performance tool uses a scoring system based on financial and socio-economic criteria to help target properties for appraisal. In 2019/20, we disposed of two non-performing properties, generating an income of £768k. We plan to target disposals only where they do not meet minimum performance standards.

During 2019/20, we continue to invest heavily in our existing homes, spending £10.3m on maintaining and improving our existing housing stock, showing our ongoing commitment to provide our residents with safe, decent homes.

We have continued to work to improve standards of fire safety within our new build homes, with our employer requirements setting out our minimum standards and our fire safety specialist, or our preferred contractors, reviewing fire strategies and products before building commences. Our processes involve providing safety advice during concept and planning stages of new builds to avoid costly remedial action post occupation and any inconvenience to residents.

In 2019/20 we have completed 167 in depth fire risk assessment and have embarked on a £3.8m door replacement programme to replace over 1,000 doors by the end of 2020/21.

In 2020/21, we will

Deliver our asset management strategy:

- Making sure property data is accurate and updated.
- Research into the environmental impact, carbon footprint and energy efficiency commitment.
- A long term stock condition survey programme for all stock.
- Review asset performance model to analyse socio-economic value.
- Improve confidence in data by using smart technology through efficient surveying methodology.
- Invest in the technology and resources to meet the ‘Building a safer future’ requirements.

Strategic Report

Positive People

Origin is committed to both excellent customer service and investing in its people to deliver this. Our people strategy is aimed to provide:

- Investment in leadership and management capability and skills.
- Improvements in recruitment/talent acquisition and 'on boarding' to attract the right quality candidates, assess them thoroughly then make sure they are given the tools to do the job.
- Improvements to performance management as well as pay and rewards to ensure a fair approach, which is easy to engage with, and rewards the great performance of individuals, teams and the business as a whole.

We are also investing in our systems and processes and by bringing together people, process, data and technology in new ways we are seeking to improve our services, reduce customer effort and create efficiencies.

During 2019/20, we:

- Launched our new values to reflect what Origin stands for and how we want to work.
- Delivered training to improve our leadership capability and skills.
- Introduced a new Learning Management System.
- Increased our wellbeing events and activities offering.
- Implemented a new pay review approach.
- Completed a repairs service review with residents and agreed new proposals with our contractor. The new offering is more resident friendly and offers more appointments to suit the resident.
- Deployed Skype throughout the business which proved essential for remote working during the COVID-19 lockdown.
- Moved remote working to a cloud environment to facilitate more home working which was also vital during lockdown.
- Increased security by achieving 'Cyber essentials' and multi-factor authentication for all internet facing systems.
- Introduced bulk messaging capabilities to the Customer Relationship Management system (CRM) and revised the complaints process.
- Upgraded on premise infrastructure and software including Financial, Procurement, Housing Management and Asset Management systems.
- Increased our Chatbot capabilities to include rent balances, payments and repairs.
- Improved our ability to manage repairs contractor performance.
- New Financial Transactions Team technology set-up achieved.
- Rapid response to COVID-19 risks including securing equipment, setting up UDC/alert and getting SMS text from CRM.

In 2020/21, we will:

Deliver our people strategy

- Introduce new ways of working with access to remote e-learning from our training partners.
- Develop management capability and skills.
- Launch our new 'on boarding' programme which is more tailored and ensures new employees are supported in their introduction to the organisation and set up for success.

Introduce new ways of working with access to remote e-learning from our training partners.

- Launch our new benefits portal which allows for personalised benefits.
- Introduce our new performance management framework.

Deliver other business change projects focused on reducing customer and staff effort

- Complete our move to the Cloud for all line of business systems with Disaster Recovery improvements.
- Launch a new responsive residents' portal.
- Launch customer self-service for booking appointments with housing staff.
- Upgrade CRM to the latest user interface with further workflow improvements.
- Implement Omni-channel integration with CRM including social media and WhatsApp.
- Mobile working improvements.
- Improve our usage of the asset management systems, having more extensive component information and better data structures.
- Introduce Building Information Modelling for Building a Safer Future.
- Continue improvements to our cyber defences.
- Upgrade the Local Area Network at the Head Office.
- Install diverse network routes to the Head Office and Enfield Office.

Strategic Report

Strong Communities

We engage residents in decision-making through a range of mechanisms, for example, ongoing independent customer feedback surveys; resident scrutiny panels; digital engagement; local resident associations and community events.

We were early adopters of Together with Tenants, a National Housing Federation campaign to strengthen the relationship between housing associations and their residents. We are proud to have launched our 'Together' resident engagement strategy after consultation with more than 500 residents. The strategy commits every Board and Origin staff member to three simple, powerful and constant ways of working:

1. Involvement and scrutiny – asking residents and partners how they feel about what we do and for their ideas.
2. Investing in communities – devoting time, effort and resources to learn and involve ourselves in what matters most to residents and local communities.
3. Trying new ways and learning from others – being open to innovation, willing to experiment and able to tailor what we do for different individuals, groups and communities.

Community investment

We have a community investment strategy which provides for stable annual investment into supporting the communities within which we operate, with measurable social benefits.

During 2019/20, we:

- Leveraged a total of 1,284 volunteer hours to support delivery of our We Are Ageing Better services. The project has had positive impact of the physical and mental wellbeing of 137 older people in Camden with 1,507 attendances between April 2019 – March 2020. A survey carried out found that 80% of participants felt less lonely whilst 82.5% reported improved mental health.
- Opened a new Enfield Employment hub, and supported 37 people into employment with an average employment sustainment rate of 82%.
- Helped 421 individuals with employment and training related activities such as accredited courses, CV writing, coaching, digital drop-In and interview preperation.

Helped

421

individuals with employment and training

- Through our Assessment & Support officers, we have secured almost £70,000 for residents in back-dated Benefits, Discretionary Housing Payment awards and Personal Independence Payment.
- Launched our resident engagement strategy called Together and started to bring to life some of the actions.
- Increased resident engagement activities with four Neighbourhood Explorers, active resident group, Spotlight and the delivery of Open House event, where almost 30 residents visited our office and met with our senior staff.
- Over 1000 responses to resident engagement opportunities through face to face meetings and online channels.
- Almost 40 residents benefited from summer trip to Chessington World of Adventure and we delivered Christmas hampers to 63 residents referred by staff. Staff and our contractor Gillmartins donated and were involved in preparing the hampers.
- Supported six garden projects through our Irene Barclay Garden fund.

In 2020/21, we plan to:

- Launch a community fund making £25k available to support community projects in London & Hertfordshire.
- Develop our three year Community Investment Strategy taking into consideration the impact of COVID-19 on our residents and finding out how we can best support them.
- Maintain delivery of our employment and training offer and increase partnership working to make greater impact in the community and in the lives of our residents.

Financial performance highlights

The financial results for Origin are set out on pages 24 to 58. The following tables and supporting commentary highlight key features of our financial performance for the year to 31 March 2020.

Table 1: Summary of the Group's Statement of Comprehensive Income	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Turnover	**55,922**	56,114	56,060	59,329	74,531
Cost of sales	**(3,173)**	(3,536)	(3,407)	(7,757)	(20,019)
Operating expenditure	**(39,850)**	(36,923)	(36,239)	(32,681)	(39,332)
Operating surplus prior to disposal and FV adjustment	**12,899**	15,655	16,414	18,891	15,180
Operating margin %	**22%**	28%	29%	32%	20%
Gain/(loss) on disposal of fixed assets	**1,961**	3,076	3,558	5,673	7,759
Movement in fair value of investment properties	**(803)**	7,215	8,727	11,563	2,168
Operating surplus	**14,057**	25,946	28,699	36,127	25,107

Turnover at £55.9m (2019: £56.1m) remained at a similar level to last year, despite the 1% rent reduction, largely due to new developments completed in the last two years. Turnover from outright sales and first tranche sales at £3.1m (2019: £3.5m) accounts for 6% of total turnover.

Total operating surplus at £14.1m (2019: £25.9m) is lower than last year largely due to increased operating costs relating to fire safety, reduced asset disposal surplus and the reduction in fair value of investment properties. Our asset management strategy has meant fewer properties require disposal and the disposal of assets is mainly from staircasing receipts.

Due to the uncertainty in the market on 31 March 2020, the investment properties portfolio we hold reduced in value by £0.8m, together with disposals and conversion to social housing this brings our holding to £83.7m as the end of March 2020 (2019: £88.4m).

Table 2: Summary of the Group's Statement of Financial Position	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Fixed assets	**790,532**	733,444	706,704	700,247	686,476
Investments	**95,099**	99,261	87,842	65,923	49,515
Net current assets	**(9,325)**	12,502	27,100	16,034	34,079
Loans after more than one year	**(335,765)**	(329,479)	(317,291)	(292,689)	(318,240)
Grant and other provisions	**(182,765)**	(163,861)	(159,841)	(160,383)	(161,935)
Net assets	**357,775**	351,867	344,514	329,132	289,895
Capital and reserves	**357,775**	351,867	344,514	329,132	289,895

The Group's financial position remains strong. During 2019/20, the Group invested £56.5m (2019: £32.4m) in developing new properties, and invested £10.3m (2019: £12.2m) in existing stock.

At 31 March 2020, the Group had total loan facilities of £447.3m (2019: £468.6m), with £380.7m drawn (2019: £356.6m). Approximately 69% (2019: 61%) of the loan portfolio is subject to fixed rate interest arrangements. The undrawn debt facility of £66.6m coupled with cash held at year end of £14.4m provides strong liquidity for the coming 12 months in meeting the Group's requirements.

Strategic Report

The Group carries out a regular review of cash flow risk as part of its risk management procedures and due to the current situation has increased the frequency of review of liquidity and cash planning. The key elements of cash flow risk are the availability of loan finance and property sales receipts. The Board is confident that these risks are appropriately monitored and controlled. Treasury management for Origin is performed by an in-house treasury function whose primary responsibility is administration of liquidity and risk management, with the oversight provided by the main Board. Origin also uses the services of professional treasury advisors to provide independent advice and support when required.

Surplus cash is invested with approved banks and counterparties with the priority on the preservation of capital rather than maximising returns.

Origin's loan covenants are based primarily on interest cover and gearing ratios. Golden rules are in place to provide additional headroom over covenant performance, which are independently monitored monthly and reported to the Board. Quarterly performance information is provided to our lenders and we hold meetings regularly with bondholders and credit rating agency, and provide covenant certification as part of the annual audit process.

Value for Money

Introduction

We work hard to ensure the best use of resources in delivering our business goals. We have a robust focus on all our activities to ensure maximum value is derived for the residents and communities we serve. The unprecedented COVID-19 pandemic and the ongoing uncertainty continues to be a challenge for all those operating in the sector, and maintaining our focus on VFM is all the more important.

Our ambition is to out-perform our financial plan so that we can achieve more in relation to our goals of "Safe, decent, affordable homes" and "Good quality, easy to use Landlord services". Our strategy has been to build a framework by which we can assess and review the VFM implications of our collective strategic intent, from Asset Management through to Resident Engagement and across all areas of our operations; as well as providing an opportunity to examine long term strategic options and choices-such as the balance of further investment in new homes versus existing services.

VFM benefits have been delivered by a cohesive portfolio of complementary strategies, notably:

- **Landlord Service Vision** delivered by the change programme. The vision and programme are focused on improving the customer experience and achieving enhanced efficiency through 'right first time' services. Overall customer satisfaction with Origin as a Landlord improved by 5% points in 2019/20.
- **Asset Management Strategy**. The strategy ensures we have good quality information on our housing stock and that this is used to inform investment decisions. In 2019/20, we focused on ensuring we obtained all the basic data requirements for our stock to enable better planning. We also increased the number of properties for which we have energy performance information.
- **Digital Strategy** as embedded in the ICT strategy and change programme. This strategy and programme is focused on rationalising and integrating systems and data to generate efficiency and greater productivity and providing a platform for digital services. In 2019/20, we focused on upgrading IT infrastructure and moving further towards a cloud environment.
- **Funding Strategy**. This strategy ensures we access the financial markets at the best time and in the best way to secure the funds required for investment in new homes at the best price we can achieve.
- **Income Strategy**. This strategy ensures we maximise our rental income through active intervention and support for residents and that service charges are transparent, accurate and represent value for money. In 2019/20, we collected 102% of rental and service charge income, with arrears for social rent at 3.6%.
- **People Strategy**. This strategy focuses on culture, leadership and skills, ensuring that we recruit and retain, invest in, reward, support and motivate the people we need to achieve our business goals. In 2019/20, we launched our values to underpin culture change and create a more engaged and productive workforce.
- **Development Strategy**. This strategy ensures that we deliver the maximum number of new affordable homes through making best use of our resources and working in partnership to lever in resources and skills. In 2019/20, we started building 224 homes and completed 247 homes with 98 Rented and 65 as Intermediate Rent or Shared Ownership.

  We secured a new four year Contractor and Consultant OJEU Framework agreement to help deliver value for money across our programme. We continue to draw down against our £67.8m GLA Housing Zone loan to deliver our joint ventures, at much lower interest rates to market, and we also claimed £25.5m grant to help deliver our programme, which accounts for 11.5% of the cost of our current programme.
- **Procurement Strategy**. We are continually reviewing our procurement strategy to ensure we achieve best value in the market and contractual arrangements that work well for our business, including benchmarking within the sector and using framework agreements where appropriate.
- **Care and Support Strategy**. This strategy looks to retain and expand our care and support services whilst retaining financial viability.
- **Community Investment Strategy**. This ensures our investment responds to the needs and ambitions of our communities and builds further partnerships to leverage additional resources. In 2019/20, we invested £293k across a range of activities.
- **Resident Engagement Strategy**. We launched our new strategy 'Together' during 2019/20, with the objective of rebalancing the relationship we have with our residents so that their priorities clearly shape our culture, activities and investment decisions. We will continue to embed this during the coming year.

Our approach to VFM is to enable robust decision making and planning:

- The Board holds overall responsibility for delivering VFM, including setting the five-year business plan and the financial model, which supports it. It undertakes an annual Board strategic review, which includes consideration of VFM.
- The Investment Committee is responsible for decisions to invest in our existing and new homes.
- The Audit and Risk Committee's work includes reviewing internal audit reports on organisational performance.
- The Customer Service Committee is responsible for monitoring performance of services to customers, overseeing major service transformation and responding to stakeholder feedback.
- The Executive Investment Panel assesses investment options, takes decisions and makes recommendations to the Investment Committee.
- Our Business plan defines our key priorities and is refreshed regularly and approved by the Board annually.
- The Executive team reviews business performance and delivery monthly.
- Senior management has overall responsibility for the day-to-day work driving value for money, including the management of procurement and the control and effective use of our property assets.
- We actively support resident engagement and offer a range of mechanisms for residents to feedback, influence and shape services.
- We use Housemark (London and South East benchmark peer group) and other benchmarking as appropriate to compare our costs, quality and performance to identify where we can improve VFM.

Value for Money

Our Performance

Table 3 below sets out a range of indices comparing Origin's performance against a number of sector ratings adopted by the Social Housing Regulator and benchmarked against their London median.

Table 3. RSH Value for Money Metric	2020/21 Budget	2019/20 Actual	2018/19 Actual	RSH release 2018/19 London Median Sub sector
Reinvestment	7.4%	**7.9%**	5.5%	4.8%
New social housing supply delivered	2.6%	**2.8%**	0.8%	1.4%
New non-social housing supply delivered	0.6%	**0.0%**	0.0%	0.0%
Gearing	50.6%	**46.3%**	46.8%	38.1%
EBITDA-MRI	106%	**100%**	75%	159%
Cost per unit	£5,736	**£5,877**	£6,161	£6,070
Operating margin (social housing lettings)	25.6%	**24.1%**	29.2%	26.3%
Operating margin	26.4%	**21.6%**	27.9%	22.7%
ROCE	1.6%	**1.6%**	2.2%	2.8%

Our key strategic priorities drive these results.

Under our asset management strategy and development strategy, reinvestment into existing and new stock compares favourably with London median results. In 2019/20, the ongoing health and safety expenditure and a larger completion profile of new homes, reinvestment and new supply measures increased significantly to 7.9% and 2.8% respectively. In 2020/21, we will continue this investment and aim to increase new supply to 4% (this has been revised from our original budget estimate of 8% due to the impact of COVID-19).

Our gearing will remain high compared to the benchmark in order to attain our target of 1,089 new homes in key London boroughs where land and development values are high. Gearing at 46% was well under covenant requirement, and we report bi-monthly to the Board on our gearing and interest cover ratio golden rules to ensure continued compliance.

Continued exceptional investment in health and safety remedial works will keep our EBITDA-MRI in line with the current year and below the benchmark. In 2018/19 and 2019/20, we carried out fire remedial works on existing estates. These investments affected the ratio in the short term, but these works enhance our assets for future use.

Our cost per unit has been reducing year on year, and is slightly lower than the London median. We continue to be committed to: providing care and support services; investing significantly in achieving high standards of safety in our buildings and in maintaining the quality of our residents homes as well as investing in improved ways of working and ramping up delivery of new homes. Subject to works arising from Building a Safer Future, and remedial health and safety works next year, we anticipate cost per unit to be similar to the current year.

The overall operating margin is better than the London benchmark result, although the social housing margin is lower due to increased health and safety maintenance and our programme of investment. We are also aware the lower operating margin effect of providing a resource intensive care and support function. These are services needed by the communities we work in and we remain committed to it as part of delivering on our social purpose.

In 2020/21, we aim to improve both margins through greater operational efficiency.

ROCE at 1.6% is lower than the London benchmark as 40% of our stock is located in Camden, central London, where social rent level is considerably lower as a proportion when compared to the asset value. In addition, we have had significant investment in our operations and stock, whereas social rent has seen a further reduction. Regardless, we are committed to developing more social housing in central London, with support from the GLA as a Strategic Partner, and see improvement in this measure over the coming year.

Value for Money

We are committed to providing the best possible services to our residents while continually striving to achieve value for money. All surplus achieved through our core and non-core activities is reinvested back into our social purpose, and this provides great impetus to achieve the best value in everything we do. Our skilled Board members provide strong oversight and scrutiny of our performance to facilitate the delivery of our Business Plan with new members having been recruited to further strengthen the skills and experience available to support our ambitions.

Strong business health coupled with our rigorously stress tested financial plan, and Fitch "A" credit rating continues to demonstrate that we are financially viable in spite of the current period of unprecedented economic uncertainty.

In addition to the metrics above, a range of measures are monitored and reported to the management team and Board as part of monthly reporting, budget setting and business plan process. Targets are set in the context of Housemark benchmarks where available. The measures below together with a wider range of mainly customer focused indicators demonstrate performance against our strategic objectives.

Table 4. Other key measures

Strategic objectives	Measures	2020/21 Target	2019/20 Actual	Housemark 2018/19 London Median	2018/19 Actual
Safe, decent, affordable homes	% resident satisfied with the overall quality of their home	77%	**72%**	75%	69.6%
	Development completions	343	**247**	–	48
Good quality, easy to access landlord services	% overall tenant satisfaction (GN and HFOP)	77%	**66%**	73%	71%
	% satisfied with last repair	90%	**86%**	87%	85%
Financial viability and efficiency	Current arrears - social rent	3.4%	**3.6%**	3.6%	3.6%
Leadership and skills for success	Average no. of sickness in days	8.8	**8.6**	8.8	5.7

Our resident satisfaction has improved in the last year as we continue to invest, develop and deliver against the change programme and key strategies. As we remain committed to investing into existing and new homes, and with our new 'Together' resident engagement strategy, we are set to improve the satisfaction for both the overall quality of home and overall experience year on year.

Our development strategy will deliver 1,089 new homes, circa 16% increase in stock, where 80% of the units will be for affordable housing.

Our arrears management is proactive and has an embedded financial support services offer. This has been vital in view of the potential impact of COVID-19 and we had 699 tenants on Universal Credit as at the end of March 2020, with a steady increase expected throughout 2020/21.

Our employee engagement programme is extensive, aimed at improving wellbeing and productivity, which reflects the actual results achieved. We have a Best Company Ones to Watch status (awarded in 2018/19) and continue to work on our offering to ensure we are an employer of choice.

Governance

Group Structure

Origin Housing Limited is registered under the Cooperative and Community Benefit Societies Act 2014 and is a registered provider. Origin has a number of subsidiaries, listed in note 30 of the financial statements. The charitable objectives of the association and the protection of social housing assets are delivered through this structure.

Nominates Subsidiary Board Members

Origin Housing Limited Board

- Sets policy
- Delegates to Committees & Executive
- Sets strategic direction
- Determines risk appetite
- Monitors performance
- Ensures compliance with laws and regulations

Nominates Committee Members

Origin Housing 2 Limited

Origin Finance Limited

Origin Finance 2 plc

Origin Housing Developments Ltd

Origin Properties Limited

Executive

Remuneration and Nominations Committee

- Review Board Members & Exec remuneration & payments
- Review Board composition, skills and succession
- Recommend appointment/ removal of Board members
- Oversee Board effectiveness

Investment Committee

- Review Development and Asset Management Strategies
- Approve development schemes
- Monitor delivery and performance including JVs

Audit & Risk Committee

- Advises Board on effectiveness of internal controls framework;
- Approves external audit and internal audit plans;
- Review risk management policy
- Receive reports on probity matters
- Scrutinise procurement activity

Customer Services Committee

- Monitor service provision
- Resident involvement and Community investment
- Review any significant changes to customer services
- Approve landlord services policies
- Compliance with Consumer Standards

Subsidiaries mirror the delegations of OHL to committees by adopting the Group Operating Regulations.

Board members of subsidiaries do not have to be members of the Origin Housing Limited Board but at present that is the case.

Committees report back to the Origin Housing Limited Board.

Temporary Working / Oversight Groups are set up by the OHL Board from time to time. At 31/03/2020, the only such body is the Health & Safety Oversight Group.

Governance

Board Membership

At 31 March 2020, the Board comprised nine non-executive members and one executive member, the Chief Executive. All Board members have the same legal status and share responsibility equally for decisions taken. Board members are appointed through an open and transparent recruitment process based on the Board's considered view of the skills and attributes required to discharge its function effectively.

Members are appointed for a term of three years and may serve no more than three consecutive terms. The Chair is appointed for a maximum of two three-year terms.

It is the Board's policy that appointments will always be based on merit. The principle of boardroom diversity is strongly supported by the Board and diversity is a key consideration in the recruitment process.

An open and competitive recruitment process was undertaken for three non-executive directors during 2019/20.

Board and Committee Focus

The Board is responsible for the governance of Origin's affairs. Its role is to lead, direct, control, scrutinise and evaluate the organisation's work. During the year key issues considered by the Board included:

- The adoption of a new investment strategy to optimise the value of Origin's assets in order to build more homes.
- Managing the near-term and longer-term impact of COVID-19.

The Board reorganised its committee structure in 2019 to streamline its operation. It has delegated specific responsibilities to four Board Committees. Each of these committees has clear terms of reference and delegated authority. They report back to the Board after each meeting, where their recommendations are considered and approved where appropriate.

Committee	2019/20 Focus
Audit & Risk Committee	• Reviewed the risk management framework • Approved an internal audit programme based on risk • Received regular reports on Internal Audit findings, financial reporting and risk management • Placed particular emphasis on internal and external audit recommendations and management's implementation of responses to recommendations
Customer Services Committee	• Regular review of customer service KPIs and customer insight • Oversight and assessment of the impact of the delivery and implementation of the resident engagement strategy - Together • Progressing the Origin 2020 Change Programme
Investment Committee	• Monitored the group's exposure to committed development project expenditure, liquidity and financial performance • Contributed to the objective of building new homes for those who need them by scrutinising investment opportunities that will provide new homes
Remuneration and Nominations Committee	• Led the process of appointing two new non-executive members • Approved the outcomes of the staff pay, reward and benefits review

Governance

Resident accountability/involvement

Our key business goals in 2019/20 focused on steps to improve resident satisfaction – with our new homes, our resident services and repairs, and with our care and support services, using customer insight to inform our priorities. During 2019/20, we carried out a large scale consultation with residents and developed a new resident engagement strategy which was launched early in 2020. This includes arrange of mechanisms for residents to influence service delivery including, scrutiny and consultative panels, local resident and topic-focused groups.

Board Effectiveness

The Board recognises that it continually needs to monitor and improve its performance. This is achieved through annual performance evaluation, induction of new Board members and ongoing Board development activities. An internal performance evaluation was carried out this year. The overall findings of the evaluation were presented to the Remuneration and Nominations Committee. The Chair received feedback on individual Board Members, which was discussed with them in one-to-one meetings. Bryan Ingleby, as the Vice-Chair, received a report on the evaluation of the Chair which he discussed with the Remuneration and Nominations Committee and, subsequently, with the Chair.

Modern Slavery Approach

The Board is committed to upholding the provisions of the Modern Slavery Act 2015. Origin published its annual statement in September 2019.

Code of Governance

Origin has adopted the National Housing Federation's 'Code of Governance: Promoting Board Excellence for Housing Associations (2015 edition)' and has committed to uphold it and keep to the high standards expected. Compliance with it has been reviewed by Board.

Risk and Internal Controls

The Board has overall responsibility for establishing and monitoring the system of internal controls, reviewing its effectiveness and taking necessary action to remedy any significant failings or weaknesses identified in its review.

The Board recognises that the system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Origin's systems are designed to provide the Board with assurance that problems are identified on a timely basis and dealt with appropriately, that assets are safeguarded against unauthorised use or disposition, that proper accounting records are maintained, and that the financial information used within the business or for publication is reliable.

Origin has a multi-tiered internal control framework which sets out how actions and decisions should be taken and which ensures that compliance is effectively assessed. Our Governance Structure sets out the operating boundaries and defines the activities of the Board, committees, subsidiary organisations and the executive team. Our Scheme of Delegation sets out who has authority to do what at an operational level and those authorities are embedded in our key financial and management systems.

Origin has an embedded risk management structure which involves an ongoing process to identify, evaluate and manage operational and strategic risks faced by the Group. The process provides assurance to successive levels of management that risks and controls are being properly identified, and material risks can be escalated up to Board level for consideration as required.

The Audit and Risk Committee and the Board receive quarterly updates on strategic business risks which are owned by Executive Directors. Each directorate within Origin maintains its own risk register. These are reviewed quarterly and summary reports are considered by the Senior Management Group.

In 2019, we refreshed our risk management policy and risk appetite statement which sets out the risk and opportunity boundaries agreed by Origin's Board. There are specific quantitative boundaries (relating mainly to development, financial and investment) and qualitative boundaries (relating to the degree of risk taking and innovation tolerated by the Board in relation to our key business objectives).

Risk and Internal Controls

Key risks and mitigation strategies

At the date of this report, the Board has identified the following key strategic risks to the delivery of Origin's plans:

Risk	Key Controls
Economic and political change significantly affects operating environment and delivery of strategic objectives	• Executive horizon scanning and Board oversight. • Stress testing and mitigation plan in place. • Supply chain resilience monitored. • Revised Group budget approved by Board 29 April which takes account of COVID-19 impact.
A breach of legal and/or regulatory requirements adversely affects Origin	• Corporate policies in place, monitored by Board. • Regular KPI reporting to Executive and Board. • Assurance from legal, treasury, PETA (H&S) and internal and external audit, contracted compliance quality checks. • Pandemic Planning team in place which decides on steps to mitigate the impact of COVID-19.
IT infrastructure insufficiently robust and adversely impacts business continuity	• Cyber Essentials accreditation achieved. • Multi factor authentication and penetration testing. • Moving from on premise servers to cloud hosting and management by December 2020. • Planned upgrade.
Sales and rental income is less than planned or is delayed	• Financial modelling. • Golden rules. • Reduced sales exposure. • Contingencies in place for schemes.
Failure to comply with health and safety law and regulations resulting in serious incident involving death or injury leading to criminal and/or civil proceedings	• H&S policies and system in place, supported by strong assurance system. • Compliance checks in place. • Focus on data quality. KPIs and Board oversight. Assurance from PETA, internal audit, Building a Safer Future and Grenfell enquiry plans being developed.

COVID-19

Our response to the COVID-19 crisis has demonstrated our ability to run our business successfully, while adapting to new ways of working.

A COVID-19 response team meets on a weekly basis to plan, adapt and respond to the latest developments in order to maintain customer service and protect residents.

We have created a COVID-19 risk register which enables new or developing risks to be accommodated and addressed as they arise. We continue to review and revise risk mitigation measures following Government guidance. This is supported by rigorous scenario planning to ensure we remain prepared and can adapt to changing regulations.

As the COVID-19 outbreak continues to evolve, the Board is looking ahead. In 2020/21, consideration will be given to the merging of the COVID-19 and Corporate risk registers.

Risk and Internal Controls

Internal controls performance and effectiveness

Origin's internal auditor (RSM) assessed the effectiveness of internal controls in mitigating Origin's exposure to risk.

Their reports assessed and rated the operating effectiveness of management systems and controls. The ratings for operating effectiveness are consistently 'reasonable' or 'substantial'. Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Following the In Depth Assessment undertaken last year and as referred to in the Chair's Statement, the Regulator obtained assurance that Origin's governance arrangements enable it to adequately control the organisation and continue to meet its objectives, and subsequently increased Origin's governance rating to the top rating of G1.

The Audit & Risk Committee undertook a tender of the internal auditor role in 2019. The Committee approved and oversaw the tender process, including agreeing the timetable and tender document, which were prepared in accordance with the relevant requirements. The Board accepted the Committee's recommendation to appoint Beever and Struthers as internal auditor from 1 April 2020.

The internal control framework is designed to identify, evaluate and manage significant risks to Origin. The Board has received the Chief Executive's annual report on internal control assurance, reviewed the main policies designed to provide effective internal control, reviewed the fraud register which indicates whether the Regulator of Social Housing has been notified of any frauds identified, and reflected the information contained within it in its review.

The Board confirms that during the year there were no identified weaknesses in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements or in the report of the auditor.

Fraud and Anti-Corruption

Origin is committed to maintaining the highest possible ethical standards in all of its business activities.

An Anti-Fraud Policy is in place covering the prevention, detection, investigation and reporting of fraud and any remedial action to prevent a recurrence. All cases of fraud and attempted fraud are reported to the Executive Team and to the Audit & Risk Committee.

The fraud register is reviewed by the Executive Team and Audit & Risk Committee. During 2019/20 there was a small amount of tenancy fraud reported but no non-tenancy fraud. This will be included on the 2019/20 annual fraud return to the Regulator of Social Housing.

Origin's Anti-Bribery Policy makes clear that we have zero tolerance of any form of bribery. The Policy sets out Origin's rules and expectations regarding the acceptance of gifts and hospitality.

Origin operates a Whistleblowing Policy that enables employees and others to express any serious concerns regarding suspected misconduct or malpractice going on within the organisation. The policy was revised and re-issued in March 2020.

Origin is aware of its responsibilities with regard to detecting and reporting money laundering.

Regulation and Compliance

Statement of Board's responsibilities

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

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

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

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

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

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

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

Compliance with the Governance and Financial Viability Standard

The Board is required to formally certify compliance with the Regulator of Social Housing's Governance and Financial Viability Standard and supporting Code of Practice on an annual basis.

A detailed, evidence-based assessment against each element of the Standard and Code was carried out in preparation for making a statement of compliance to the Board. The Board approved the statement and formally certified its compliance with the Standard and Code at its meeting on 27 May 2020.

In April 2019 the regulator downgraded its assessment of Origin's governance from G1 to G2. Inaccurate data returns presented a risk of misunderstanding the organisation's financial position. The regulator concluded that Origin needed to strengthen its business planning, risk and control framework.

The Board acknowledged that improvement was required and took steps to address the issue in order to improve the quality of data. It commissioned a data quality review. A data improvement plan was delivered which implemented new policies, processes, systems and structures, whilst enhancing the skills of staff.

Origin underwent an IDA at the end of 2019 and was upgraded from a G2 to a G1 rating in February 2020. This was an extremely positive achievement for the organisation. The regulator stated in the regulatory judgement that: "Improvements to the control framework have ensured the accurate completion and timely submission of regulatory returns." OHG retained its V2 rating for viability, which recognises we are an active, successful and developing housing association.

Going Concern

After making enquiries, the Board has a reasonable expectation that the overall group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed.

This year, the Board felt it particularly important to address the risks arising from COVID-19. Origin tailored stress testing and mitigating actions to address these risks. Scenarios that brought in multiple challenges to cash flows and covenants were considered. The Group is able to withstand these stresses whilst remaining fully compliant with its loan covenants.

For this reason, it continues to adopt the going concern basis in the financial statements.

Regulation and Compliance

Independent Auditor and Annual General Meeting

The Annual General Meeting will be held on 9 September 2020. A resolution to reappoint KPMG LLP as auditors will be put to shareholders at the AGM.

At the date of this report, each Board member confirms the following:

- So far as each Board member is aware, there is no relevant information needed by Origin's auditors in connection with preparing their report of which Origin's auditors are unaware.
- Each Board member has taken all the steps that they ought to have taken as a Board member in order to make themselves aware of any relevant information needed by the auditors in connection with preparing their report and to establish that the auditors are aware of that information.

In preparing the strategic report, the Board has followed the principles set out in the Statement of Recommended Practice for Registered Social Housing Providers (SORP: 2018).

By order of the Board

Neil McCall

Chair

Auditor's report to the members of Origin Housing Limited

Opinion

We have audited the financial statements of Origin Housing Limited ("the association") for the year ended 31 March 2020 which comprise the Consolidated and Association Statements of Comprehensive Income, the Consolidated and Association Statements of Financial Position, the Consolidated Cash Flow Statement, the Consolidated and Association Statements of Changes in Reserves, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the group and the association as at 31 March 2020 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

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

Other information

The association's Board is responsible for the other information, which comprises the Chair's Statement, Strategic Report, Value for Money statement, and other information on Governance, Risk and Internal Controls, and Regulation and Compliance. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in their statement set out on page 20, the association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

Auditor's report to the members of Origin Housing Limited

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

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Lees
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London
E14 5GL

24 September 2020

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	**2**	**55,922**	**56,114**
Cost of sales	2	(3,173)	(3,536)
Operating expenditure	2	(39,850)	(36,923)
Gain on disposal of property, plant and equipment	2 & 5	1,961	3,076
Movement in fair value of investment properties	2 & 12	(803)	7,215
Operating surplus	**2**	**14,057**	**25,946**
Interest receivable	6	78	76
Interest and financing costs	7	(12,952)	(13,754)
Surplus before taxation		**1,183**	**12,268**
Taxation	10	–	–
Surplus & comprehensive income for the year		**1,183**	**12,268**
Other comprehensive income			
SHPS opening balance adjustment on initial recognition		–	(3,222)
Actuarial gains/(losses) on pension liability	22	4,725	(1,693)
Total comprehensive income for the year		**5,908**	**7,353**

Turnover and operating surplus for the current and prior year relate to continuing activities.

The financial statements were approved and authorised for issue by the Board on 9 September 2020 and signed on its behalf by:

Chair Board Member Secretary

Association Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	**2**	**51,805**	**49,955**
Cost of sales	2	(2,642)	(1,563)
Operating expenditure	2	(38,186)	(35,762)
Gain on disposal of property, plant and equipment	2 & 5	1,877	3,076
Movement in fair value of investment properties	2 & 12	(826)	6,767
Operating surplus	**2**	**12,028**	**22,473**
Interest receivable	6	714	760
Interest and financing costs	7	(12,097)	(12,705)
Surplus before taxation		**645**	**10,528**
Taxation	10	–	–
Surplus & comprehensive income for the year		**645**	**10,528**
Other comprehensive income			
SHPS opening balance adjustment on initial recognition		–	(3,222)
Actuarial gains/(losses) on pension liability	22	4,725	(1,693)
Total comprehensive income for the year		**5,370**	**5,613**

Turnover and operating surplus for the current and prior year relate to continuing activities.

The financial statements were approved and authorised for issue by the Board on 9 September 2020. and signed on its behalf by:

Chair Board Member Secretary

Financial Statements

Consolidated Statement of Financial Position

As at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Fixed Assets			
Property Plant and Equipment			
Housing properties	11	787,205	730,318
Other tangible fixed assets	13	3,327	3,126
		790,532	733,444
Investments			
Commercial properties	12	48,648	51,008
Market rent properties	12	35,036	37,386
Investment in joint ventures		8,764	8,170
Homebuy loans		2,651	2,697
		95,099	99,261
Current assets			
Properties held for sale	15	33,418	26,745
Trade and other debtors	16	9,639	20,658
Cash and cash equivalents	26	14,445	15,002
		57,502	62,405
Creditors: amounts falling due within one year	17	(66,827)	(49,903)
Net current assets		**(9,325)**	**12,502**
Total assets less current liabilities		**876,306**	**845,207**
Creditors: amounts falling due after more than one year			
Loans	18	(335,765)	(329,479)
Deferred grant & other capital grant	20	(179,440)	(154,997)
Provisions for liabilities			
Provision for Pension Fund Liability	22	(3,325)	(8,661)
Other provisions for liabilities and charges	23	–	(203)
Net assets		**357,775**	**351,867**
Capital and reserves			
Non-equity share capital	24	–	–
Revaluation reserve		111,301	110,977
Revenue reserve		246,474	240,890
		357,775	**351,867**

The financial statements were approved and authorised for issue by the Board on 9 September 2020 and signed on its behalf by:

Chair Board Member Secretary

Financial Statements

Association Statement of Financial Position

As at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Fixed Assets			
Property Plant and Equipment			
Housing properties	11	713,799	663,971
Other tangible fixed assets	13	3,327	3,126
		717,126	667,097
Investments			
Commercial properties	12	40,253	42,493
Market rent properties	12	32,061	33,685
Investment in subsidiaries and associated undertakings	14	19,176	15,288
Homebuy loans		2,651	2,697
		94,141	94,163
Current assets			
Properties held for sale	15	14,763	6,295
Trade and other debtors	16	13,409	25,615
Cash and cash equivalents		11,123	14,581
		39,295	46,491
Creditors: amounts falling due within one year	17	(62,650)	(50,372)
Net current assets		**(23,355)**	**(3,881)**
Total assets less current liabilities		**787,912**	**757,379**
Creditors: amounts falling due after more than one year			
Loans	18	(296,374)	(290,207)
Deferred grant & other capital grant	20	(175,352)	(150,818)
Provision for Pension Fund Liability	22	(3,325)	(8,661)
Other provisions for liabilities and charges	23	–	(203)
Net assets		**312,860**	**307,490**
Capital and reserves			
Non-equity share capital	24	–	–
Revaluation reserve		78,228	77,933
Revenue reserve		234,632	229,557
		312,860	**307,490**

The financial statements were approved and authorised for issue by the Board on 9 September 2020 and signed on its behalf by:

Chair Neil McColl. Board Member Secretary

Financial Statements

Consolidated Cash Flow Statement

For the year ended 31 March 2020

	2020	2019
	£'000	£'000
Cashflow from operating activities		
Operating surplus for the year	14,057	25,946
Depreciation	7,856	6,496
Amortisation	(1,963)	(1,978)
Gain on disposal of property, plant and equipment	(1,961)	(3,076)
Fair value adjustment for investment properties	768	(7,215)
Increase in current assets properties for sale	(6,673)	(8,563)
Decrease in trade and other debtors	11,019	5,690
Increase in trade and other creditors	17,568	11,779
Decrease in provisions	(1,002)	(907)
Net cash generated from operating activities	**39,669**	**28,172**
Cash flow from investing activities		
Proceeds from sale of housing properties	5,068	12,152
Payments to acquire and develop housing properties	(63,315)	(39,085)
Payments to acquire other fixed assets	(1,415)	(1,161)
Payments to acquire and develop investment properties	–	(2,626)
Capital grants received	26,452	807
Net cash from investing activities	**(33,210)**	**(29,913)**
Cash flow from financing activities		
Interest received	78	76
Interest paid	(12,602)	(13,028)
Loans received	45,529	21,180
Loans repaid	(39,427)	(7,974)
Investment in joint ventures	(594)	(1,602)
Net cash from financing activities	**(7,016)**	**(1,348)**
Decrease in cash	**(557)**	**(3,089)**
Cash and cash equivalents at the beginning of the year	15,002	18,091
Cash and cash equivalents at the end of the year	**14,445**	**15,002**

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2020

Group 2020	Note	Revaluation reserve	Revenue reserve	Total
		£'000	£'000	£'000
Balance at 1 April 2019		110,977	240,890	351,867
Surplus for the financial year		–	1,183	1,183
Other comprehensive income		–	4,725	4,725
		110,977	**246,798**	**357,775**
Reserve Transfers:				
Transfer from revaluation reserve to revenue reserve		324	(324)	–
Balance at 31 March 2020		**111,301**	**246,474**	**357,775**

Group 2019	Note	Revaluation reserve	Revenue reserve	Total
		£'000	£'000	£'000
Balance at 1 April 2018		111,520	232,994	344,514
Surplus for the financial year		–	12,268	12,268
Other comprehensive income		–	(4,915)	(4,915)
		111,520	**240,347**	**351,867**
Reserve Transfers:				
Transfer from revaluation reserve to revenue reserve		(543)	543	–
Balance at 31 March 2019		**110,977**	**240,890**	**351,867**

Financial Statements

Association Statement of Changes in Reserves

For the year ended 31 March 2020

Association 2020	Note	Revaluation reserve	Revenue reserve	Total
		£'000	£'000	£'000
Balance at 1 April 2019		77,933	229,557	307,490
Surplus for the financial year		–	645	645
Other comprehensive income		–	4,725	4,725
		77,933	**234,927**	**312,860**
Reserve Transfers:				
Transfer from revaluation reserve to revenue reserve		295	(295)	–
Balance at 31 March 2020		**78,228**	**234,632**	**312,860**

Association 2019	Note	Revaluation reserve	Revenue reserve	Total
		£'000	£'000	£'000
Balance at 1 April 2018		78,448	223,430	301,878
Surplus for the financial year		–	10,528	10,528
Other comprehensive income		–	(4,915)	(4,915)
		78,448	**229,043**	**307,491**
Reserve Transfers:				
Transfer from revaluation reserve to revenue reserve		(515)	515	–
Transfer reserve to subsidiary		–	(1)	(1)
Balance at 31 March 2019		**77,933**	**229,557**	**307,490**

Notes to the Financial Statements

1. Accounting policies

Legal status

Origin Housing Limited is incorporated as a charitable social landlord under the Co-operative and Community Benefit Societies Act 2014, No. 10008R.

Basis of accounting

The financial statements of the Group and the Association have been prepared in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice - UK GAAP), which for Origin Housing Limited includes Cooperative and Community Benefit Societies Act 2014 (and related Group accounts regulations) includes: FRS 102 "The Financial Reporting Standards applicable in the UK and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, "Accounting by Registered Social Housing Providers" 2014 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements include the results of Origin Housing Limited and all its subsidiaries at 31 March. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the income statement from the effective date of acquisition or disposal.

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 30 year business plan which is updated and approved on an annual basis. The most recent business plan was reviewed in May 2020 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 association budgets for 2020/21 and the Group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In order to reach this conclusion, the Board has considered the following factors:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash and unutilised loan facilities of £81m which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The group's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

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

Turnover and revenue

Turnover comprises rental income receivable in the year, income from sales of first tranche shared ownership sales and outright sales (whenever applicable), other services included at the invoiced value (excluding Value Added Tax) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become

Notes to the Financial Statements

available for letting, income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of sale.

Current and deferred taxation

The tax expense for the period comprises of current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity. The current income tax charge is calculated on the basis of UK tax rates and laws that have been enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Value added tax

The Group charges value added tax ('VAT') on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset respectively.

Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

a) interest on borrowings specifically financing the development programme after deduction of interest on Social Housing Grant received in advance; or

b) interest on borrowings of the Group as a whole after deduction of interest on Social Housing Grant received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the statement of comprehensive income in the year.

Derivatives

The Group uses interest rate swaps to reduce its exposure to future increases in the interest rates on floating rate loans. The notional principal is not reflected in the Group's balance sheet. Payments made under swaps are accrued over the payment period on a straight-line basis and adjusted against interest payable on the loans.

Pensions

The Group operates defined benefit and defined contribution pension schemes.

Defined benefit pension scheme

The Group contributes to the Social Housing Pension Scheme (SHPS) a defined benefit final salary pension for staff that were in post before 1 April 2007, and to a career average earnings scheme for other new staff who were in post and elected to join the scheme by 30 September 2010. From these dates the schemes were closed to new members.

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme with separately identifiable assets and liabilities and is accounted for adopting a full FRS 102 valuation at 31 March 2020.

Defined contribution pension scheme

Staff who were not members of either scheme at 30 September 2010 could elect to join a defined contribution scheme to which the Group contributes. From 1 February 2014 all qualifying staff not already a member of the defined contribution scheme, and new starters are automatically enrolled into the scheme as set out by legislation. The costs arising on the Group's defined contribution schemes are recognised in the statement of comprehensive income in the year in which they become payable. The Group has no legal or constructive obligation to pay further contributions in the event that these plans do not hold sufficient assets to provide retirement benefits.

Contributions to the Group's pension schemes in respect of pension entitlements earned in the current year for the defined benefits scheme and all contributions to the defined contributions scheme are charged to the statement of comprehensive income in the year in which they become payable.

Employee benefits

A liability is recognised for all employee benefits to which employees have become entitled as a result of their service during the reporting period. This includes any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods, measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Housing properties

Housing properties are principally properties rented to provide social housing and are not held to earn commercial rentals or for capital appreciation.

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

Notes to the Financial Statements

1. Accounting policies (continued)

The cost of housing properties includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. Major components of properties are treated as separate assets and components additions are described as works to existing properties.

Mixed developments are held within properties, plant and equipment (PPE) and accounted for at cost less depreciation. Commercial elements of mixed developments are held as investment properties.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

The sale of housing properties are part of the normal operating activities of the business and consequently the profits and losses on these transactions are included in the operating surplus of the Association and Group.

Deemed cost on transition to FRS 102

On transition to FRS 102 the Group took the option of carrying out a one-off valuation exercise of selected items of housing properties and using that amount as deemed cost. To determine the deemed cost at 1st April 2014, the Group engaged independent valuation specialist Jones Lang LaSalle Ltd to value the housing properties on an EUV-SH basis. Housing properties will subsequently be measured at cost less depreciation.

Any difference between historical cost depreciation and depreciation calculated on deemed cost is transferred between the revaluation reserve and income and expenditure reserve.

Shared ownership and staircasing

Under shared ownership arrangements, the Group disposes of a long lease of shared ownership housing units to persons who occupy them, at a premium equal to between 25% and 75% of the open market value (the 'first tranche'). The occupier has the right to purchase further proportions at the current valuation at that time up to 100% ('staircasing').

A shared ownership property comprises two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset; and that retained by Group, which is recorded as a fixed asset in the same manner as for general needs housing properties.

Proceeds of sale of first tranches are accounted for as turnover in the statement of comprehensive income, with the apportioned cost being shown within operating results as the cost of sale. Subsequent tranches sold ('staircasing sales') are disclosed in the statement of comprehensive income as a surplus or deficit on sale of fixed assets. Such staircasing sales may result in capital grant being deferred or abated and this is credited in the sales account arriving at the surplus or deficit.

Properties under rent to homebuy arrangements (where the occupier has the right to purchase within 5 years) are also disclosed under shared ownership, with 100% recorded as a fixed asset.

Depreciation of housing properties

Freehold land is not depreciated. Buildings are depreciated over their estimated useful economic life of 100 years. Major components of buildings are treated as separable assets and depreciated over their estimated useful economic lives at the following rates:

Roof, doors and windows	40 years
Kitchens and bathrooms	25 years
Boilers and heating equipment, electrical, lifts	20 years

Properties held on leases are amortised over the shorter of life of the lease or their estimated useful economic lives.

Depreciation of other tangible fixed assets

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. The expected useful lives of other assets are:

Furniture, fixtures and fittings	15 years
Computers and office equipment	4-7 years

Impairment

Housing properties are assessed for indicators of impairment at each balances sheet date. Where indicators are identified, then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which the impairment is indicated to their recoverable amounts. The impairment loss must be charge to the statement of comprehensive income as expenditure and disclosed as a separate line in operating expenditure where it is considered to be material.

Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Leased assets

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Investment properties

Investment properties are held to earn commercial rent and/or for capital appreciation. Such properties include properties held for residential market rent and commercial properties.

Investment properties are measured at cost on initial recognition and subsequently at fair value at the reporting date, with changes in fair value recognised in the statement of comprehensive income.

Fair value is determined annually by appropriately qualified external valuers and is derived from current market rents and investment property yields for comparable properties, adjusted if necessary for any differences in the nature, location or condition of the specific asset.

Notes to the Financial Statements

1. Accounting policies (continued)

Commercial properties are stated at market value. The rolling valuation method has been adopted for valuations.

Market value is defined as the estimated amount for which the property should exchange on the valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted 'knowledgably, prudently and without compulsion'.

The sale of investment properties are part of the normal operating activities of the business and consequently the profits and losses on these transactions are included in the operating surplus of the Association and Group.

Social Housing Grant

Social Housing Grant ('SHG') is receivable from the Homes and Communities Agency ('HCA') and the Greater London Authority ('GLA'').

Grant is carried as deferred income and released to the statement of comprehensive income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life (UEL) of the housing property structure has been selected (average UEL has been estimated as 88 years, which also took into account the components in coming up with this figure as permitted by the SORP).

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the statement of comprehensive income.

Grants relating to revenue are recognised in statement of comprehensive income over the same period as the expenditure to which they relate once performance related conditions have been met.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the HCA and GLA can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to the HCA or GLA with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Homebuy loans and grants

Under these arrangements the Association receives Social Housing Grant representing a maximum of 30% of the open market purchase price of a property in order to advance interest free loans of the same amount to a homebuyer. The buyer meets the balance of the purchase price from a combination of personal mortgage and savings.

Grants received by the Group under these arrangements are recognised as a liability in full until the loan is redeemed and the grant is transferred to the recycled capital grant fund.

In the event that the property is sold on, the Group recovers the equivalent loaned percentage value of the property at the time of the sale. The grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent the proceeds permit. The Group is able to retain any surplus proceeds less sale costs attributable to the equivalent loan percentage share of the value of the property. If there is a fall in the value of the property the shortfall of the proceeds is offset against the recycled grant. There are no circumstances in which the Group will suffer any capital loss.

Other grant

Other grants are receivable from local authorities and other organisations. Such grants are recognised using the performance model in accordance with Section 34 of FRS 102.

- Where the grant does not impose specific future performance-related conditions, it is recognised as revenue when the grant proceeds are received or receivable.
- Where the grant does impose specific future performance-related conditions. It is recognised only when the performance-related condition are met.
- Where the grant is received before the revenue recognition criteria are satisfied, it is recognised as a liability.

Properties for sale

Properties for outright sale and shared ownership first tranche developments are valued at the lower of cost and net realisable value, regardless of whether they are completed or still under construction. Cost comprises materials, direct labour, direct development overheads and attributable interest on borrowings. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Current asset investments

Current asset investments are readily disposable liquid resources stated at market value. They include some money market deposits, held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

Revaluation reserve

The difference between the EUV of housing properties and the historical cost carrying value is credited to the revaluation reserve.

Notes to the Financial Statements

1. Accounting policies (continued)

Deferred financing costs

Costs of financing are capitalised and amortised over the life of the loan.

Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

All loans, investments and short term deposits held, are classified as basic financial instruments in accordance with FRS 102. As such these are recorded at historical cost.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- whether there are indicators of impairment of the association's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The association has considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The association has also considered impairment based on their assumptions to define cash or asset generating units.

- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, the association then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the association's best estimate of sales value based on economic conditions within the area of development.

- whether leases entered into by the association, either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis. There were no additional assets recognised as Property, Plant and Equipment in the association's balance sheet.

- the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.

- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Other key sources of estimation and uncertainty

- Tangible fixed assets (see note 11 and 12)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as wear and tear, decay, and casualty (e.g. fire, flood) are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key inputs into the valuations were:

- Capitalisation rate market rented properties: 7.75%

- Capitalisation rate commercial properties: 4.0% - 11.0%, with a weighted average of 5.87%

- Rental and other trade receivables (debtors) (see note 13)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Notes to the Financial Statements

2. Turnover, cost of sales, operating costs and operating surplus

	Note	Group 2020			
		Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings		**46,088**	**–**	**(34,971)**	**11,117**
Other social housing activities					
Shared ownership first tranche sales		2,527	(2,642)	–	(115)
Community development		110	–	(293)	(183)
Charges for support services		1,183	–	(1,340)	(157)
Development activities		69	–	(578)	(509)
		3,889	**(2,642)**	**(2,211)**	**(964)**
Non-social housing activities					
Properties for outright sale		556	(531)	–	25
Investment property lettings		4,143	–	(1,306)	2,837
Leasehold		999	–	(900)	99
Home improvement agency		173	–	(414)	(241)
Other (non-housing)		74	–	(48)	26
		5,945	**(531)**	**(2,668)**	**2,746**
Gain/(loss) on disposal of fixed assets	5	–	–	–	1,961
Movement in fair value of investment properties	12	–	–	–	(803)
		55,922	**(3,173)**	**(39,850)**	**14,057**

	Note	Group 2019			
		Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings		**45,655**	**–**	**(32,312)**	**13,343**
Other social housing activities					
Shared ownership first tranche sales		1,498	(1,515)	–	(17)
Community development		174	–	(370)	(196)
Charges for support services		1,460	–	(1,657)	(197)
Development activities		161	–	(226)	(65)
		3,293	**(1,515)**	**(2,253)**	**(475)**
Non-social housing activities					
Properties for outright sale		2,003	(2,021)	–	(18)
Investment property lettings		4,130	–	(965)	3,165
Leasehold		716	–	(1,006)	(290)
Home improvement agency		264	–	(339)	(75)
Other (non-housing)		53	–	(48)	5
		7,166	**(2,021)**	**(2,358)**	**2,787**
		56,114	**(3,536)**	**(36,923)**	**15,655**
Gain/(loss) on disposal of fixed assets	5	–	–	–	3,076
Movement in fair value of investment properties	12	–	–	–	7,215
		56,114	**(3,536)**	**(36,923)**	**25,946**

2. Turnover, cost of sales, operating costs and operating surplus

	Note	Association 2020			
		Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings		**43,404**	**–**	**(33,357)**	**10,047**
Other social housing activities					
Shared ownership first tranche sales		2,527	(2,642)	–	(115)
Community development		110	–	(293)	(183)
Charges for support services		1,152	–	(1,340)	(188)
Development activities		48	–	(565)	(517)
		3,837	**(2,642)**	**(2,198)**	**(1,003)**
Non-social housing activities					
Investment property lettings		3,284	–	(1,258)	2,026
Leasehold		999	–	(911)	88
Home improvement agency		173	–	(414)	(241)
Other (non-housing)		108	–	(48)	60
		4,564	**–**	**(2,631)**	**1,933**
Gain on disposal of fixed assets		–	–	–	1,877
Movement in fair value of investment properties		–	–	–	(826)
		51,805	**(2,642)**	**(38,186)**	**12,028**

	Note	Association 2019			
		Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings		**42,462**	**–**	**(31,189)**	**11,273**
Other social housing activities					
Shared ownership first tranche sales		1,535	(1,563)	–	(28)
Community development		174	–	(370)	(196)
Charges for support services		1,431	–	(1,686)	(255)
Development activities		5	–	(191)	(186)
		3,145	**(1,563)**	**(2,247)**	**(665)**
Non-social housing activities					
Investment property lettings		3,281	–	(932)	2,349
Leasehold		716	–	(1,006)	(290)
Home improvement agency		264	–	(340)	(76)
Other (non-housing)		87	–	(48)	39
		4,348	**–**	**(2,326)**	**2,022**
		49,955	**(1,563)**	**(35,762)**	**12,630**
Gain on disposal of fixed assets	5	–	–	–	3,076
Movement in fair value of investment properties	12	–	–	–	6,767
		49,955	**(1,563)**	**(35,762)**	**22,473**

Notes to the Financial Statements

2. Turnover, cost of sales, operating costs and operating surplus

Particulars of income and expenditure from social housing lettings

Group	**General needs housing £'000**	**Supported housing & housing for older people £'000**	**Key worker/ Intermediate housing £'000**	**Shared ownership £'000**	**2020 Total £'000**	**2019 Total £'000**
Rent	24,992	2,967	6,431	2,145	36,535	36,161
Service charge income	2,702	1,802	184	526	5,214	5,023
Other income	88	661	1,564	63	2,376	2,497
Amortisation of housing grant	1,341	223	267	132	1,963	1,974
Non-sales income	**29,123**	**5,653**	**8,446**	**2,866**	**46,088**	**45,655**
Management	(2,999)	(1,067)	(956)	(273)	(5,295)	(5,892)
Service charge costs	(3,418)	(1,360)	(1,085)	(461)	(6,324)	(5,626)
Other cost	(3,166)	(2,463)	(1,012)	(372)	(7,013)	(6,187)
Routine maintenance	(3,950)	(288)	(471)	(16)	(4,725)	(4,380)
Planned maintenance	(2,774)	(922)	(856)	(148)	(4,700)	(4,342)
Rent losses from bad debts	(249)	(3)	(20)	–	(272)	(243)
Depreciation	(4,624)	(552)	(1,465)	(1)	(6,642)	(5,642)
Operating costs on social housing lettings	**(21,180)**	**(6,655)**	**(5,865)**	**(1,271)**	**(34,971)**	**(32,312)**
Operating surplus on social housing lettings	**7,943**	**(1,002)**	**2,581**	**1,595**	**11,117**	**13,343**
Void losses	**(244)**	**(307)**	**(406)**	**(33)**	**(990)**	**(725)**

Notes to the Financial Statements

2. Turnover, cost of sales, operating costs and operating surplus

Particulars of income and expenditure from social housing lettings

Association	General needs housing £'000	Supported housing & housing for older people £'000	Key worker/ Intermediate housing £'000	Shared ownership £'000	2020 Total £'000	2019 Total £'000
Rent	21,473	2,865	6,431	2,077	32,846	32,440
Service charge income	2,483	1,767	184	524	4,958	4,785
Other income	1,337	690	1,564	95	3,686	3,309
Amortisation of housing grant	1,299	218	267	130	1,914	1,928
Net rental income	**26,592**	**5,540**	**8,446**	**2,826**	**43,404**	**42,462**
Management	(2,862)	(1,059)	(991)	(283)	(5,195)	(5,874)
Service charge costs	(3,331)	(1,351)	(1,085)	(454)	(6,221)	(5,514)
Other cost	(3,163)	(2,460)	(1,011)	(372)	(7,006)	(6,206)
Routine maintenance	(3,776)	(283)	(471)	(14)	(4,544)	(4,294)
Planned maintenance	(2,251)	(903)	(842)	(148)	(4,144)	(4,010)
Rent losses from bad debts	(245)	(3)	(20)	–	(268)	(219)
Depreciation	(3,985)	(528)	(1,465)	(1)	(5,979)	(5,072)
Operating expenditure	**(19,613)**	**(6,587)**	**(5,885)**	**(1,272)**	**(33,357)**	**(31,189)**
Operating surplus	**6,979**	**(1,047)**	**2,561**	**1,554**	**10,047**	**11,273**
Void losses	**(224)**	**(302)**	**(406)**	**(33)**	**(965)**	**(696)**

Notes to the Financial Statements

3. Accommodation in management

At the end of the financial year units in management for each class of accommodation was as follows:

	Group		Association	
	2020 No.	2019 No.	2020 No.	2019 No.
Social housing				
General needs housing				
Social	3,464	3,460	3,013	2,999
Affordable	502	424	420	352
Supported housing and housing for older people	662	640	647	625
Keyworker housing	959	929	959	933
Shared ownership	464	426	452	412
Rent to homebuy	11	12	11	12
Residential care homes	35	35	35	35
Total managed	**6,097**	**5,926**	**5,537**	**5,368**
Non-social housing				
Commercial/Right to buy/Leasehold/Market rented	862	764	836	736
Total owned and managed	**6,959**	**6,690**	**6,373**	**6,104**

The Group owns 47 supported housing units (2019: 47) that are managed on its behalf, under management agreements, by other bodies who contract with Supporting People Administering Authorities and carry the financial risk relating to the supported housing units.

4. Operating Surplus

This is arrived at after charging:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Depreciation of housing properties	6,642	5,642	5,979	5,072
Depreciation of other tangible fixed assets	1,214	854	1,214	854
Operating lease rentals for office equipment and computers	14	14	14	14
Auditors' remuneration exclusive of VAT				
- for audit services	76	65	54	47
- for non-audit services	24	22	8	7

5. Gain/(loss) on disposal of property, plant and equipment

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Disposal proceeds	4,292	9,304	3,886	9,304
Carrying value of fixed assets	(2,331)	(6,228)	(2,009)	(6,228)
	1,961	**3,076**	**1,877**	**3,076**

6. Interest receivable

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank interest receivable	78	76	77	75
Other interest receivable	–	–	637	685
	78	**76**	**714**	**760**

7. Interest and financing costs

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Loans and bank overdrafts	15,465	15,266	13,556	13,489
Amortisation of financing costs	477	376	440	340
Pension interest costs	188	179	188	179
	16,130	**15,821**	**14,184**	**14,008**
Interest capitalised on housing properties under construction	(3,178)	(2,067)	(2,087)	(1,303)
	12,952	**13,754**	**12,097**	**12,705**
Capitalisation rate used to determine the finance costs capitalised during the period	**4.58%**	**5.11%**	**4.04%**	**5.10%**

Notes to the Financial Statements

8. Employees

Average monthly number of employees expressed in full time equivalents:

	Group and Association	
	2020	**2019**
	£'000	**£'000**
Administration	65	61
Development	19	14
Housing, support and care	201	202
	285	**277**

Full time equivalents are calculated based on a standard working week of 37 hours.

Employee costs:	Group and Association	
	2020	**2019**
	£'000	**£'000**
Wages and salaries	9,225	8,479
Social security costs	881	809
Other pension costs	912	876
Employee benefits accrued	26	30
	11,044	**10,194**

The Group operates a salary sacrifice scheme by which employees forego remuneration equivalent to the value of the pension contributions attributable to the employee. The Group then pays these contributions on behalf of the employee. Thus, the charge for the year ended 31 March 2020 under FRS 17 represents the total contributions payable.

The company participates in the Social Housing Pension Scheme (SHPS). The Scheme is 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 Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by 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 Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due. The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017 by a professionally qualified Actuary using the Projected Unit Method. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026. The Association paid £623,477 during the year in additional contributions.

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 basis on withdrawal from the scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme. Details can be found in note 22 Pension Fund Liability.

The Association also participates in The Pension's Trust Growth Plan which is a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme. It is also subject to the same funding legislation as the SHPS Scheme and also classified as a 'last-man standing arrangement'.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2019 to 31 January 2025 £135k increasing by 3% each year (in respect of September 2017 valuation)

From 1 April 2016 to 30 September 2025 £155k increasing by 3% each year (in respect of September 2014 valuation)

From 1 April 2016 to 30 September 2028 £660k increasing by 3% each year (in respect of September 2014 valuation)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of Series 1 and Series 2 scheme liabilities. The Association paid £805k in deficit contributions during the year.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost. Details of the liability can be found in note 22 Pension Fund Liability.

Notes to the Financial Statements

9. Board members, executive directors and senior staff emoluments

Group and Association	Basic salary £'000	Benefits in kind £'000	Pension contr'ns £'000	2020 Total £'000	2019 Total £'000
Aggregate emoluments	**506**	**-**	**87**	**593**	**788**

Non-executive Board Members received emoluments of £78,341 cumulatively, including £13,341 (2019: £12,776) received by the Chair. This excludes the Chief Executive aggregate emoluments as the highest paid director, which is detailed below. Expenses paid during the year to Board members amount to £5,309 (2019: £5,009).

Group and Association	Basic salary £	Benefits in kind £	Pension contr'ns £	2020 Total £	2019 Total £
Christopher Bond	5,000	–	–	5,000	5,000
Victoria Bonner	2,174	–	–	2,174	–
Anne Bowers	2,143	–	–	2,143	5,000
Olivia Gadd	5,000	–	–	5,000	4,702
Mari Gibbons	2,143	–	–	2,143	5,000
Robert Green	2,877	–	–	2,877	–
Halai Mahesh	5,000	–	–	5,000	5,000
Bryan Ingleby	5,000	–	–	5,000	5,000
Neil McCall	11,859	–	988	12,847	7,316
Stephen Mutton	5,000	–	–	5,000	5,000
Argiri Papathos	2,174	–	–	2,174	–
Julia Porter	5,000	–	–	5,000	5,000
Nichola Wilden	2,143	–	–	2,143	5,000
Gordon Wright	5,000	–	–	5,000	5,000
Steve White	–	–	–	–	5,460
Aggregate emoluments of Board Members (excluding Chief Executive)	**60,513**	**–**	**988**	**61,501**	**62,478**

Cost is recognised in the income statement

Origin's policy on Board member remuneration is to pay at the median rate for housing associations of our size in the not-for-profit sector. In setting the median rates for Board Members and the Chair of the Board, benchmarking data comes from the National Housing Federation's annual survey of Board member pay. Board Member and Chair remuneration rates are formally reviewed against the market every three years.

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £140,454 (2019: £137,700). The Chief Executive is a member of the Social Housing Pension Scheme. She is an ordinary member of the pension scheme and no enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

Group and Association	Basic salary £'000	Benefits in kind £'000	Pension contr'ns £'000	2020 Total £'000	2019 Total £'000
Aggregate emoluments of highest paid director	**140**	**–**	**29**	**169**	**194**

The full time equivalent number of staff whose remuneration, including pension contributions, was greater than £60,000 in bands of £10,000 is below:

	Group and Association 2020 No.	Group and Association 2019 No.
£60,000 to £69,999	2	6
£70,000 to £79,999	9	4
£80,000 to £89,999	3	3
£90,000 to £99,999	–	2
£100,000 to £109,999	–	–
£110,000 to £119,999	–	–
£120,000 to £129,999	1	–
£130,000 to £139,999	1	1
£140,000 to £149,999	–	–
£150,000 to £159,999	–	–
£160,000 to £169,999	1	1
£190,000 to £199,999	–	1
	17	**18**

Key management personnel include all Board members, the executive directors and a number of senior managers across the group who together, and to various degrees, have the authority and responsibility for planning, directing and controlling the activities of the group. The total compensation for loss of office paid to key management personal was £nil (2019: £113k). The total compensation paid to off payroll key management personnel for services provided to the group was £246k (2019: £146k).

Notes to the Financial Statements

10. Tax on surplus on ordinary activities

Origin Properties Limited, Origin Finance Limited, Origin Finance 2 Plc, and Origin Housing Developments Limited are subject to corporation tax. Origin Housing Limited has Charitable Objects and is exempt from corporation tax on its charitable activities.

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
United Kingdom Corporation Tax	–	–	–	–
Current tax on income for the year	–	–	–	–
Adjustments in respect of prior periods	–	–	–	–
Current tax (credit)/charge for the period	–	–	–	–
Deferred tax	–	–	–	–
Origination and reversal of timing differences	–	–	–	–
	–	**–**	**–**	**–**

Factors affecting the tax charge for the period

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Surplus for the year before taxation	**1,183**	**12,268**	**645**	**10,528**
Corporation tax at 19% (2019: 19%)	216	2,331	123	2,000
Effects of:				
Income from exempt activities	(2,705)	(2,318)	(2,501)	(2,000)
Expenses not deductible for tax purposes	2,528	(2)	2,378	–
Amounts charged/(credited) directly to SOCR or otherwise transferred	–	–	–	–
Current tax charged/(credited) directly to SOCR	–	–	–	–
Accelerated capital allowances	–	–	–	–
Adjustments in respect of prior years	–	–	–	–
Adjust closing deferred tax to average rate	(216)	–	(16)	–
Deferred tax asset not recognised	177	(11)	16	–
	–	**–**	**–**	**–**

Notes to the Financial Statements

11. Tangible fixed assets – housing properties

Group	Social housing held for letting	Social housing to let under construction Restated	Shared ownership completed	Shared ownership under construction Restated	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2019	702,690	24,885	53,775	14,618	795,968
Transfer from investment properties	3,715	–	–	–	3,715
Transfer to shared ownership	(270)	–	270	–	–
Additions - new properties/construction	–	32,494	–	23,997	56,491
Additions – works to existing properties	5,561	–	–	–	5,561
Schemes completed	17,086	(17,086)	12,508	(12,508)	–
Disposals	(1,037)	–	(2,155)	–	(3,192)
At 31 March 2020	**727,745**	**40,293**	**64,398**	**26,107**	**858,543**
Accumulated depreciation and impairment					
At 1 April 2019	64,433	–	1,217	–	65,650
Depreciation charge	6,014	–	–	–	6,014
Transfer to shared ownership	(14)	–	–	–	(14)
Disposals	(283)	–	(29)	–	(312)
At 31 March 2020	**70,150**	**–**	**1,188**	**–**	**71,338**
Net book value					
At 1 April 2019	638,257	24,885	52,558	14,618	730,318
At 31 March 2020	**657,595**	**40,293**	**63,210**	**26,107**	**787,205**

Association	Social housing held for letting £'000	Social housing to let under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Total £'000
Cost					
At 1 April 2019	636,659	23,894	51,072	14,099	725,724
Transfer from investment properties	2,847	–	–	–	2,847
Transfer to shared ownership	(270)	–	270	–	–
Additions – new properties/construction	–	27,734	–	21,949	49,683
Additions – works to existing properties	5,197	–	–	–	5,197
Schemes completed	17,086	(17,086)	12,508	(12,508)	–
Disposals	(951)	–	(1,837)	–	(2,788)
At 31 March 2020	**660,568**	**34,542**	**62,013**	**23,540**	**780,663**
Accumulated depreciation and impairment					
At 1 April 2019	60,483	–	1,270	–	61,753
Depreciation charge	5,415	–	–	–	5,415
Transfer to shared ownership	(14)	–	–	–	(14)
Disposals	(261)	–	(29)	–	(290)
At 31 March 2020	**65,623**	**–**	**1,241**	**–**	**66,864**
Net book value					
At 1 April 2019	576,176	23,894	49,802	14,099	663,971
At 31 March 2020	**594,945**	**34,542**	**60,772**	**23,540**	**713,799**

11. Tangible fixed assets – housing properties (continued)

The net book value of Group housing properties may be further analysed as:

	2020 £'000	2019 £'000
Freehold	487,260	487,260
Long leasehold	299,945	243,058
At 31 March	**787,205**	**730,318**

If Group housing property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2020 £'000	2019 £'000
Historic cost	724,481	661,906
Accumulated depreciation	(31,088)	(37,072)
At 31 March	**693,393**	**624,834**

Interest capitalisation by the Group on properties under construction

	2020 £'000	2019 £'000
Interest capitalised in the year	3,178	2,067
Cumulative interest capitalised	2,735	5,649
At 31 March	**5,913**	**7,716**

Expenditure on works to existing properties by the Group:

	2020 £'000	2019 £'000
Amounts capitalised	5,561	7,831
Amounts charged to income statement	4,700	4,342
At 31 March	**10,261**	**12,173**

Valuation

On transition to FRS 102 Origin Housing took the option of carrying a one off valuation on a number of its housing properties and using that amount as deemed costs.

To determine the deemed cost at 1st April 2014, the Group engaged external valuers Jones Lang LaSalle Ltd to value housing properties on an Existing Use Value for Social Housing (EUV-SH) basis. Housing properties will subsequently be measured at cost.

The valuation was carried out as a desktop exercise on an EUV-SH basis using discounted cashflows. The property portfolio was Grouped by a number of key parameters to determine the valuation including:

- Location
- Age
- Tenure Type
- Spread
- Construction
- Rental streams less key deductions for expected maintenance and management costs
- Usage categories
- Property Type

The valuation apportioned rates between 84% (Outer London) and 87.5% (Inner London) as a land apportionment of the EUV-SH asset value. The carrying value at 31 March 2020 of letting properties under the cost model would be £693,554k compared with £787,366k shown in the Statement of Financial Position and notes above.

Impairment

Under FRS 102, the SORP (Statement of Recommended Practice) considers that properties held for their social benefit are not held solely for the cash inflows they generate but for their service potential. Hence, an impairment provision will not be triggered on initial recognition of the value being below costs under FRS 102. No impairment triggers have been identified for the year ended 31 March 2020.

12. Tangible fixed assets – investment properties

Group	Commercial	Market Rent	Total
	2020	2020	2020
	£'000	£'000	£'000
Valuation			
At 1 April 2019	51,008	37,386	88,394
Additions	–	–	–
Transfer to/from housing properties	–	(3,715)	(3,715)
Disposals	–	(227)	(227)
Revaluation	(2,360)	1,592	(768)
At 31 March 2020	**48,648**	**35,036**	**83,684**

Association	Commercial	Market Rent	Total
	2020	2020	2020
	£'000	£'000	£'000
Valuation			
At 1 April 2019	42,493	33,685	76,178
Additions	–	–	–
Transfer from/to housing properties	–	(2,847)	(2,847)
Disposals	–	(226)	(226)
Revaluation	(2,240)	1,449	(791)
At 31 March 2020	**40,253**	**32,061**	**72,314**

Valuation

The Group's investment properties are valued annually on 31 March at fair value, determined by independent, professionally qualified valuers, Jones Lang LaSalle Ltd. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself, with added uncertainty this year due to COVID-19. Key inputs into the valuations were:

- Capitalisation rate market rented properties: 7.75% for Greater London and 8.00% of Hertfordshire
- Capitalisation rate commercial properties: 3.5% - 7.50%, with a weighted average of 6.00%

The decrease in value as a result of revaluation of investment property arising of £768k (Association £791k) has been debited to the Statement of Comprehensive Income for the year. The historic cost of market rent properties is £20,290k for the Group and £19,659k for the Association (2019: £20,664k Group and £19,886k Association).

13. Tangible fixed assets - other

Group and Association	Furniture, fixtures & fittings £'000	Computers & office equipment £'000	Total £'000
Cost			
At 1 April 2019	57	12,743	12,800
Additions	–	1,415	1,415
Disposals	(57)	–	(57)
At 31 March 2020	**–**	**14,158**	**14,158**
Accumulated depreciation			
At 1 April 2019	57	9,617	9,674
Charged in year	–	1,214	1,214
Disposals	(57)	–	(57)
At 31 March 2020	**–**	**10,831**	**10,831**
Net book value			
At 1 April 2019	–	3,126	3,126
At 31 March 2020	**–**	**3,327**	**3,327**

14. Investment in subsidiaries & joint ventures

Group	**2020 £'000**	**2019 £'000**
Investment in South Harrow LLP	2,252	5,005
Investment in Central Harrow LLP	6,482	3,135
Sector lending vehicle	30	30
	8,764	**8,170**

Association	**2020 £'000**	**2019 £'000**
Investment in Origin Properties Limited	16,388	12,501
Investment in other subsidiaries	2,758	2,757
Sector lending vehicle	30	30
	19,176	**15,288**

The Association owns the following shares:

Number of Shares	Company	Percentage of issued share capital
2 ordinary £1 share	Origin Finance Limited	100%
4 ordinary £1 shares	Origin Properties Limited	100%
4 ordinary £1 share	Origin Housing Developments Limited	100%
6 ordinary £1 share	Origin Housing 2 Limited	100%
50,000 ordinary £1 shares	Origin Finance 2 Plc	100%

The country of incorporation for all these companies was England.

As required by statute, the financial statements consolidate the results of Origin Finance Limited, Origin Properties Limited, Origin Housing Developments Limited, Origin Housing 2 Limited, and Origin Finance 2 Plc which were members of the Group for the whole of the year. The Association has the right to appoint members to the Boards of the Group members and thereby exercises control over them. Origin Housing Limited is the ultimate parent undertaking.

During the year the Association provided management services to all members of the Group. It also provided loans to Origin Properties Limited in the year and received repayments bringing the total advanced to £16,388k (2019: £12,501k).

15. Properties held for sale

	Group		**Association**	
	2020 £'000	**2019 £'000**	**2020 £'000**	**2019 £'000**
Properties under construction	22,491	25,463	10,943	5,983
Capitalised interest (properties under construction)	771	1,165	257	195
Completed properties	10,156	117	3,563	117
	33,418	**26,745**	**14,763**	**6,295**

Notes to the Financial Statements

16. Debtors

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Rent and service charges receivable	4,465	1,887	4,467	1,888
Provision for bad and doubtful debts	(1,100)	(1,077)	(1,076)	(1,053)
	3,365	**810**	**3,391**	**835**
Commercial rent and service charge arrears	584	345	541	295
Amounts due from Group companies	–	–	6,156	7,824
Amounts due from joint ventures	63	11,324	63	11,324
Prepayments and accrued income	3,223	4,483	1,102	1,881
Other debtors	2,404	3,696	2,156	3,456
	9,639	**20,658**	**13,409**	**25,615**

17. Creditors: amounts falling due within one year

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Loans (note 19)	46,586	28,052	46,586	28,052
Deferred financing costs (note 19)	(293)	(466)	(218)	(382)
Trade creditors	849	729	810	258
Grants received in advance	172	145	172	145
Amounts owed to Group companies	–	–	–	4,740
Recycled capital grant fund (note 21)	1,345	1,939	1,345	1,939
Corporation tax	–	–	–	–
Other taxation and social security	243	233	347	233
Leaseholder sinking funds	1,368	1,362	1,368	1,362
Accrued interest	5,261	5,575	2,558	2,812
Capital accrual	3,575	3,720	2,537	2,841
Deferred income	449	–	396	–
Other creditors and accruals	7,272	8,614	6,749	8,372
	66,827	**49,903**	**62,650**	**50,372**

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

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Loans (note 19)	334,140	328,528	294,140	288,528
Deferred financing costs (note 19)	(1,660)	(1,905)	(1,006)	(1,177)
Recycled capital grant fund (note 21)	3,285	2,856	3,240	2,856
Total Loans	**335,765**	**329,479**	**296,374**	**290,207**

Notes to the Financial Statements

19. Debt

	Group 2020 £'000	Group 2019 £'000	Association 2020 £'000	Association 2019 £'000
Due within one year				
Bank loans	46,586	28,052	46,586	28,052
	46,586	28,052	46,586	28,052
Deferred financing costs	(293)	(466)	(218)	(382)
	46,293	**27,586**	**46,368**	**27,670**
Due after more than one year				
Bank loans	254,121	248,509	146,501	128,509
Other loans	19	19	19	19
Bond Issue	80,000	80,000	–	–
Loans from subsidiaries	–	–	147,620	160,000
	334,140	328,528	294,140	288,528
Deferred financing costs	(1,660)	(1,905)	(1,006)	(1,177)
	332,480	**326,623**	**293,134**	**287,351**
Between one and two years	45,439	36,586	45,439	36,586
Between two and five years	102,404	47,489	96,004	43,489
In five or more years	186,297	244,453	152,697	208,453
	334,140	328,528	294,140	288,528
Deferred financing costs	(1,660)	(1,905)	(1,006)	(1,177)
	332,480	326,623	293,134	287,351
Total debt				
Loans	380,726	356,580	340,726	316,580
Deferred financing costs	(1,953)	(2,371)	(1,224)	(1,559)
	378,773	**354,209**	**339,502**	**315,021**

The bank loans are secured by fixed charges on individual properties.

The bank and other loans are repaid at various times of the year. The interest rates are a mixture of fixed and variable rates, and range from 1.61% to 12.46% (2019: 1.96% to 12.46%).

The interest of 12.46% relates to £1.6m which is repayable in March 2039.

At 31 March 2020, the Group had total loan facilities of £447.3m (2019: £445.6m), with £380.7m drawn (2019: £356.6m). Approximately 69% (2019: 61%) of the loan portfolio is subject to fixed rate interest arrangements. The undrawn debt facility of £66.6m coupled with cash held at year end of £14.4m provides strong liquidity for the coming 12 months in meeting the groups requirements.

20. Deferred government grant

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 1 April	154,997	155,164	150,818	150,935
Grant received in the year	26,184	1,345	26,184	1,345
Transfer from RCGF	599	1,520	599	1,520
Homebuy redemption	(46)	(25)	(46)	(25)
Disposals	(330)	(1,029)	(289)	(1,029)
Amortisation	(1,964)	(1,978)	(1,914)	(1,928)
At 31 March	**179,440**	**154,997**	**175,352**	**150,818**

21. Recycled capital grant fund & disposal fund

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 1 April	4,795	4,678	4,795	4,678
Grants recycled/net sale proceeds recycled	430	1,605	385	1,605
Interest accrued	4	32	4	32
Purchase/development of properties	(599)	(1,520)	(599)	(1,520)
At 31 March	**4,630**	**4,795**	**4,585**	**4,795**
Disclosed as:				
Amounts falling due within one year (note 17)	1,345	1,939	1,345	1,939
Amounts falling due after more than one year (note 18)	3,285	2,856	3,240	2,856
	4,630	**4,795**	**4,585**	**4,795**
Amount due for repayment to the Homes and Communities Agency and Greater London Authority	–	–	–	–

22. Pension fund liability

Group and Association	**2020 £'000**	**2019 £'000**
Social Housing Pension Scheme defined benefit obligation / funding liability for 2019-20	3,164	8,466
Growth Plan funding liability	161	195
	3,325	**8,661**

Present values of defined benefit obligation, fair value of assets and defined benefit liability

Group and Association	**Social Housing Pension Scheme**	
	2020 £'000	**2019 £'000**
Fair value of plan assets	24,980	24,796
Present value of defined benefit obligation	(28,144)	(33,262)
Net defined benefit liability recognised	**(3,164)**	**(8,466)**

The Association participates in the Social Housing Pension Scheme (SHPS), a defined benefit scheme in the UK. For the year ending 31 March 2020 the Association has recognise the present values of its defined benefit obligation and the fair value of it's share of the plan assets.

SHPS reconciliation between opening and closing balances

Fair value of plan assets	**£'000**
At 1 April 2019	24,796
Interest income	575
Loss on plan assets (excluding interest)	(661)
Employer contributions	950
Benefits paid and expenses	(680)
At 31 March 2020	**24,980**

Defined benefit obligation	**£'000**
At 1 April 2019	(33,262)
Current service cost	(164)
Expenses	(19)
Interest Expense	(761)
Actuarial gains	5,382
Benefits paid and expenses	680
At 31 March 2020	**(28,144)**

The actual return on plan assets including any changes in share of assets over the period ended 31 March 2020 was £86k

SHPS defined benefit costs recognised in Income Statement

Statement of Comprehensive Income	**2020 £'000**
Current service cost	164
Expenses	19
Net interest expense	186
Defined benefit costs recognised in statement of comprehensive income	**369**

Other Comprehensive income	**2020 £'000**
Loss on plan assets (excluding interest)	(661)
Gains arising on plan liabilities	5,382
Loss recognised in other comprehensive income	**4,721**

Notes to the Financial Statements

22. Pension fund liability (continued)

SHPS Plan Assets	2020 £'000	2019 £'000
Global Equity	3,654	4,172
Absolute Return	1,302	2,145
Distressed Opportunities	481	451
Credit Relative Value	685	454
Alternative Risk Premia	1,747	1,430
Fund of Hedge Funds	15	112
Emerging Markets Debt	756	855
Risk Sharing	844	749
Insurance – Linked Securities	767	711
Property	550	558
Infrastructure	1,859	1,300
Private Debt	503	333
Opportunistic Illiquid Credit	605	–
Corporate Bond Fund	1,424	1,157
Liquid Credit	10	–
Long Lease Property	432	365
Secured Income	948	888
Liability Driven Investment	8,291	9,068
Net Current Assets	107	48
Total assets	**24,980**	**24,796**

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	2020	2019
Discount Rate	2.38%	2.30%
Inflation (RPI)	2.63%	3.30%
Inflation (CPI)	1.63%	2.30%
Salary Growth	2.63%	3.30%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

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

22. Pension fund liability (continued)

Group and Association	Growth Plan	
	2020 £'000	2019 £'000
Provision 1 April	195	252
Interest expense (unwinding of discount factor)	2	4
Deficit contribution paid	(32)	(32)
Remeasurements recognised in other comprehensive income	(4)	(29)
At 31 March	**161**	**195**

Interest expense and remeasurments been recognised in the Income Statement

The following discount rates have been used, these are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions:
31 March 2020: 2.53% per annum
31 March 2019: 1.39% per annum

23. Provisions for liabilities and charges

Other provisions for liabilities and charges	Restructure £'000	Litigation £'000	Total £'000
Provision at 1 April 2019	–	203	203
Release of provision	–	(203)	(203)
At 31 March 2020	**–**	**–**	**–**

24. Non-equity share capital

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

Association	2020 £	2019 £
Shares of £1 each issued and fully paid		
At 1 April	28	28
Shares issued during the year	3	1
Shares surrendered during the year	(4)	(1)
At 31 March	**27**	**28**

Notes to the Financial Statements

25. Financial commitments

Capital expenditure commitments were as follows:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Expenditure contracted for but not provided in the accounts	42,386	29,500	33,359	8,559
Expenditure authorised by the Board, but not contracted	9,114	13,365	9,114	13,365
Total	**51,500**	**42,865**	**42,473**	**21,924**

The above commitments will be financed primarily through borrowings (£30m).

Commitments under operating leases were as follows:

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Operating lease payments receivable:				
- Within one year	264	259	264	259
- One to five years	455	363	455	363
- More than five years	35	35	35	35
Total	**754**	**657**	**754**	**657**
Operating lease payments due:				
- Within one year	7	8	7	8
- One to five years	6	11	6	11
- More than five years	–	–	–	–
Total	**13**	**19**	**13**	**19**

26. Financial Instruments

	2020 £'000	2019 £'000
Financial assets		
Financial assets measured at historical cost		
- Trade receivables	9,639	20,645
- Cash and cash equivalents	14,445	15,002
Total	**24,084**	**35,647**
Financial liabilities		
Financial liabilities measured at historical cost		
- Trade creditors	20,534	22,520
Financial liabilities measured at amortised cost		
- Loans payable	378,773	354,209
Total	**399,307**	**376,729**

27. Contingent liabilities

The Group (and Association) has no contingent liabilities.

28. Financial liabilities

Financial liabilities excluding trade creditors - interest rate risk profile.

	Group		Association	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Floating rate	116,784	86,267	86,784	46,267
Fixed rate	263,942	270,313	253,942	270,313
Total	**380,726**	**356,580**	**340,726**	**316,580**

The Association's financial liabilities are sterling denominated. After taking into account various interest rate swaps, the interest rate profile of the Group's financial liabilities at 31 March were:

The fixed rate financial liabilities have a weighted average interest rate of 4.92% (2019: 4.50%) and the average period for which it is fixed is 15 years (2019: 15 years).

The floating rate financial liabilities comprise bank loans and overdrafts that bear interest at rates based on the three-month LIBOR.

The debt maturity profile is shown in note 19.

Borrowing facilities

The Group has undrawn committed borrowing facilities. The undrawn facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2020 £'000	2019 £'000
Expiring between two to five years	66,595	98,000

29. Analysis of net debt

	Group				Association			
	2019 £'000	Cashflow £'000	Non-Cashflow Items £'000	2020 £'000	2019 £'000	Cashflow £'000	Non-Cashflow Items £'000	2020 £'000
Loans	(356,580)	(24,146)	–	(380,726)	(316,580)	(24,146)	–	(340,726)
Deferred financing costs	2,371	–	(418)	1,953	1,559	–	(335)	1,224
Debt	(354,209)	(24,146)	(418)	(378,773)	(315,021)	(24,146)	(335)	(339,502)
Cash and cash equivalents	15,002	(557)	–	14,445	14,581	(3,458)	–	11,123
Net debt	**(339,207)**	**(24,703)**	**(418)**	**(364,328)**	**(300,440)**	**(27,604)**	**(335)**	**(328,379)**

30. Related parties

The Board includes one leasehold member who holds a lease on normal commercial terms and cannot use their position to their advantage. During the year, service charge costs charged to the leasehold Board member were £1,007 (2019: £1,172) and the balance outstanding at year end amounted to £nil (2019: £169).

The Association is a member of the Social Housing Pension Scheme (SHPS), see note 22 for details of significant transactions.

During the year the following significant transactions took place between related parties.

Outstanding balances as at 31st March:

Debtor	Creditor	2019 £'000	Movement £'000	2020 £'000
Origin Housing Ltd	Origin Properties Ltd	12,501	3,887	16,388
Origin Housing 2 Ltd	Origin Properties Ltd	7,356	–	7,356
Origin Housing 2 Ltd	Origin Housing Development Ltd	7,180	100	7,280
Origin Housing Ltd	Origin Housing Development Ltd	2,708	–	2,708
Origin Properties Ltd	Origin Housing Development Ltd	11,519	1,794	13,313
Origin Finance Ltd	Origin Housing Ltd	130,000	(10,000)	120,000
Origin Finance 2 Plc	Origin Housing Ltd	40,000	–	40,000
Origin Finance 2 Plc	Origin Housing 2 Ltd	40,000	–	40,000
Origin Housing Development Ltd	South Harrow LLP	5,005	(2,754)	2,251
Origin Housing Development Ltd	Central Harrow LLP	3,135	3,347	6,482
South Harrow LLP	Origin Housing Ltd	37	2	39
Central Harrow LLP	Origin Housing Ltd	11,287	(11,258)	29
		270,728	**(14,882)**	**255,846**

Payable to Origin Housing Ltd by subsidiaries:	Management & lease charges		Interest charges	
	2020 £'000	2019 £'000 restated	2020 £'000	2019 £'000
Origin Properties Ltd	550	492	637	940
Origin Housing Development Ltd	15	15	–	–
Origin Finance Ltd	2	2	–	–
Origin Finance 2 Ltd	2	2	–	–
Origin Housing 2 Ltd	1,349	699	–	–
	1,918	**1,210**	**637**	**940**

Payable by Origin Housing Ltd to subsidiaries:	Management charges		Interest charges	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Origin Finance Ltd	15	15	5,577	5,511
Origin Finance 2 Ltd	2	2	1,823	759
	17	**17**	**7,400**	**6,270**

Notes to the Financial Statements

31. Post balance sheet events

There are no post balance sheet events.

32. Legislative provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Provider of Social Housing registered with the Homes and Communities Agency under the Housing and Regeneration Act 2008.