origin HOUSING

Annual Accounts

Year Ended 31 March 2019

Contents

Board Members, Executive Directors, Advisors and Bankers

Board Members	
Chair	Neil McCall (appointed September 2018) Steve White (resigned September 2018)
Vice Chair	Nicky Wilden
Other Members	Carol Carter Anne Bowers Mash Halai Mary Gibbons Stephen Mutton Gordon Wright Julia Porter Bryan Ingleby Chris Bond Olivia Gadd (appointed April 2018)
Chair of Audit and Risk Committee	Gordon Wright
Chair of Operations Committee	Anne Bowers
Chair of Governance Committee	Nicky Wilden
Chair of Investment Committee	Chris Bond
Executive Directors	
Chief Executive	Carol Carter
Director of Finance and Company Secretary	Gloria Yang (appointed December 2018) Chris Trebilcock (resigned March 2019)
Director of Development and Assets	Gareth Jones
Director of Operations	Carol Williams (appointed June 2019) Richard Parkin (resigned February 2019)
Director of Corporate Services	Cathy McCarthy (resigned April 2018)
Registered office	St Richard's House 110 Eversholt Street London NW1 1BS
Registered number	Incorporated as a charitable social landlord under the Co-operative and Community Benefit Societies Act 2014, No: 10008R Registered by the Regulator of Social Housing, No: L0871
Auditors	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Internal Auditors	RSM Risk Assurance Services LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Bucks MK9 1BP
Principal Solicitors	Trowers & Hamlins 3 Bunhill Row London EC1Y 8YZ
Bankers	Royal Bank of Scotland 189-191 Camden High Street London NW1 7BP

Chair's Statement

It is a great credit to everyone at Origin and our strength, resilience and adaptability as a business that, despite the year's challenges in terms of the economic, political and social context, we continued to make good progress with our ambition to build more homes and provide high quality landlord and support services that make a difference to people's lives.

I was delighted to join Origin in 2018 and have thoroughly enjoyed meeting the wider team and learning more about the business, our well-established community roots and our strong sense of social purpose and ambition. I would like to say a big thank you to all those who have offered such a warm welcome and I very much look forward to working with the team over the coming year.

The housing sector alongside the wider economy continues to operate in an unprecedented period of political turmoil as the uncertainty created by Brexit continues, with significant potential implications for business costs amidst growing demand for our products and services. Planning for the future becomes ever more challenging as a result, so we continue to make sure that our plans balance ambition to do more with robust risk management and scenario planning.

It has been a year of considerable change at Origin as we work to improve our landlord services alongside continuing to build new affordable homes, provide support services for those who are vulnerable and invest in existing housing stock and the wider community.

I am impressed that we have achieved an operating margin of 28% amid the continued rent reduction and increased health and safety expenditure. Furthermore, our surplus for the year was a healthy £12m, all of which is reinvested in building new homes and improving our existing stock and services, with a particular focus on meeting best practice in health and safety standards.

We have entered into contract on six new development schemes this year to deliver a total of 314 new homes, 191 of which will be affordable. We also made good progress with our joint venture partner on our development programmes in Harrow, completing 48 homes with a further 116 expected to complete in early 2019-20-providing much needed additional housing and supporting regeneration of the local area.

In support of our development ambitions, we successfully raised additional bank finance of £80m with two new lenders at competitive rates. 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, as part of our membership of the Connected Partnership we were approved as a Strategic Partner with the Greater London Authority and I am pleased to report we have already received significant grant funding in the early part of 2019-20.

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 now being 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 this year the further expansion of services to support young homeless people get back on their feet, gain confidence, learn new skills, access education, training and employment and move on to a new secure home.

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. Our resident's priorities are front and centre. The leadership team have worked to identify what needs to change to ensure an improved customer experience and greater productivity and efficiency, and have developed plans to deliver better solutions. Our priorities over the coming year will be on improving the repairs service and streamlining the administration of service charges; investing in attracting, recruiting, retaining and developing staff with the right skills and attitudes and improving ways of working, data and technology.

We have completed an independent review of governance, which will help to further strengthen and focus the work of the Board and Committees in ensuring robust oversight and support for the Executive team, and have successfully implemented a plan to address the reporting issues which led to a revised rating from the regulator at the end of last year. We are also working with residents to find new ways to inspire trust and create true partnership in tackling the issues that affect them most.

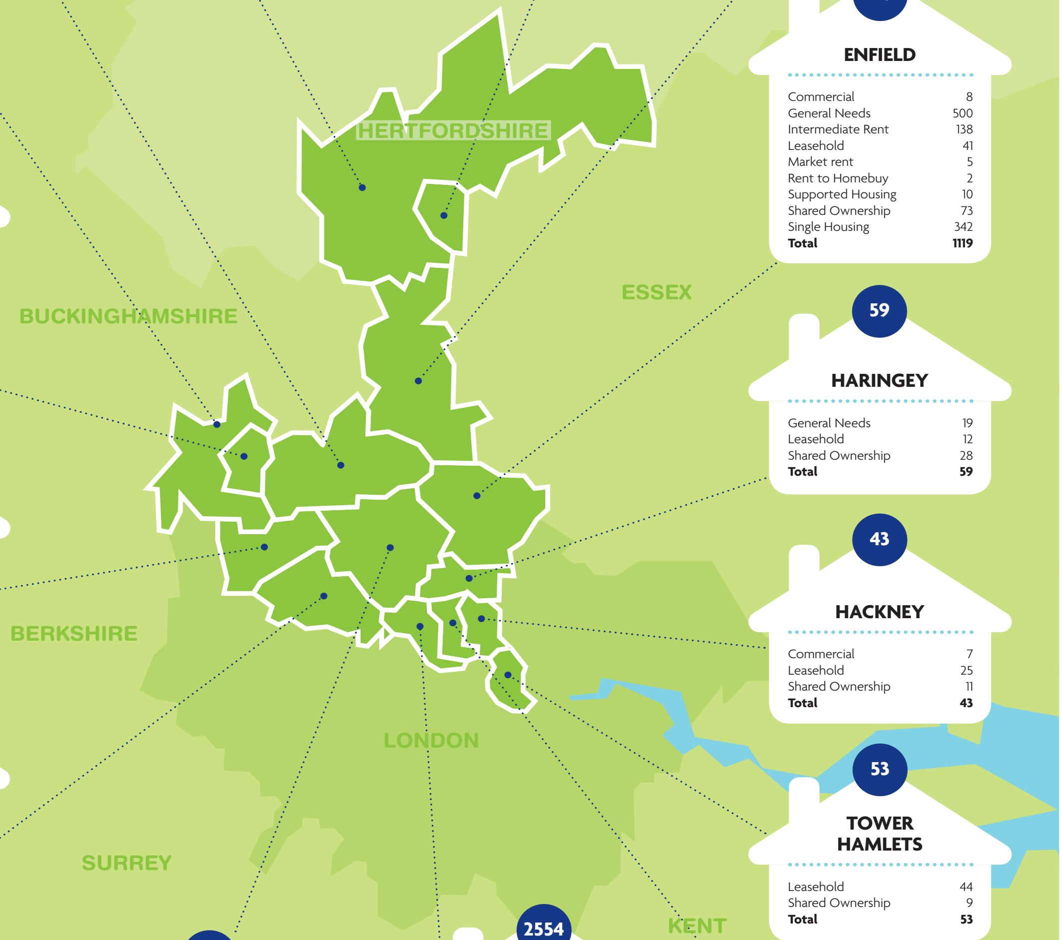
We have said goodbye to a number of Directors over the course of the year and I would like to thank them all for their contribution over the past 10+ years. In their place, we have attracted high calibre replacements who have already made a positive impact. I look forward to working with the new Executive team and new Board members alongside residents, partners and stakeholders to deliver even more for our local communities.

Strategic Report

About Origin

Origin Housing Limited ("Origin") and the Group is a dynamic and diverse organisation that owns and manages over 6,600 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 Handyperson services.

We have been selected as a Strategic Partner by GLA as part of the Connected Partnership to deliver affordable housing in London.



50 HERTSMERE

General Needs	19
Intermediate Rent	19
Shared Ownership	12
Total	**50**

177 NORTH HERTFORDSHIRE

Commercial	3
General Needs	88
Leasehold	41
Market Rent	1
Supported Housing	24
Shared Ownership	20
Total	**177**

622 STEVENAGE

Commercial	3
General Needs	190
Keyworker	298
Leasehold	12
Market Rent	1
Retirement Housing	70
Supported Housing	24
Shared Ownership	24
Total	**622**

281 WELWYN HATFIELD

Commercial	1
General Needs	34
Keyworker	213
Leasehold	10
Market Rent	5
Shared Ownership	18
Total	**281**

71 THREE RIVERS

Commercial	1
General Needs	62
Supported Housing	8
Total	**71**

1119 ENFIELD

Commercial	8
General Needs	500
Intermediate Rent	138
Leasehold	41
Market rent	5
Rent to Homebuy	2
Supported Housing	10
Shared Ownership	73
Single Housing	342
Total	**1119**

444 WATFORD

Commercial	2
General Needs	224
Intermediate Rent	182
Market Rent	1
Rent to Homebuy	4
Supported Housing	19
Shared Ownership	11
Leaseholders	1
Total	**444**

59 HARINGEY

General Needs	19
Leasehold	12
Shared Ownership	28
Total	**59**

114 HARROW

Commercial	2
General Needs	65
Leasehold	14
Shared Ownership	33
Total	**114**

43 HACKNEY

Commercial	7
Leasehold	25
Shared Ownership	11
Total	**43**

406 BRENT

General Needs	315
Intermediate Rent	7
Leasehold	37
Market Rent	12
Rent to Homebuy	7
Shared Ownership	28
Total	**406**

53 TOWER HAMLETS

Leasehold	44
Shared Ownership	9
Total	**53**

166 OUR OTHER AREAS

General Needs	21
Market rent	9
Retirement Housing	101
Shared Ownership	23
Supported Housing	12
Total	**166**

389 BARNET

Commercial	1
General Needs	101
Leasehold	204
Market Rent	2
Retirement Housing	25
Supported Housing	19
Shared Ownership	37
Total	**389**

2554 CAMDEN

Commercial	88
Extra Care	35
General Needs	1820
Intermediate Rent	53
Leasehold	87
Market Rent	65
Retirement Housing	150
Supported Housing	172
Shared Ownership	84
Total	**2554**

142 ISLINGTON

Commercial	2
General Needs	84
Intermediate Rent	18
Leasehold	15
Shared Ownership	17
Supported Housing	6
Total	**142**

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.

The Origin 2020 business change programme will ensure that our people, processes and systems are optimised to offer exceptional customer service and to realise efficiencies, which will in turn increase our capacity to deliver additional social value.

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 2018/19, we delivered 48 new homes and 314 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 are due to draw down £7m in 2019-20 to help deliver our 2016-22 programme of 1,000 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.

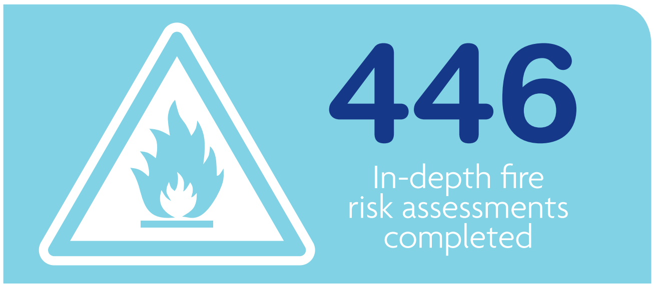
We have prioritised the continued improvement of our housing asset data and systems, which are used to assess the investment needs and performance of our stock. Our latest asset management strategy emphasises our commitment to the development, implementation and application of intelligent data, performance analysis and monitoring systems. These will drive improved efficiencies and enable us to optimise the return we receive from our property assets. In 2018/19, we disposed of three high value properties, generating an income of £3.3m with which to re-invest in new homes. Our updated asset performance tool uses a scoring system based on financial and socio-economic criteria to help target properties for appraisal. In future years, we plan to target disposals only where they do not meet minimum performance standards.

During 2018/19, we continue to invest heavily in our existing homes, spending £8.3m on maintaining and improving our existing housing stock, showing our ongoing commitment to provide our residents with safe, decent homes. We have focused on fire safety and invested more than £3.7m in fire safety measures across our housing stock. An additional £4.9m has been allocated in 2019/20's budget to ensure the safety of our residents remains a priority.

We worked in collaboration 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. We continue to provide safety advice during concept and planning stages of new builds to avoid costly remedial action post occupation and any inconvenience to residents.

In 2018/19, we have:

- Completed 446 in-depth fire risk assessments.
- Procured an IT system to allow us to digitalise our fire risk assessments and monitor actions and trends.
- Enabled Origin's residents to view any fire risk actions that are open on their buildings.



In 2019/20, we will:

Deliver our Asset management strategy:

- Making sure property data it is accurate and comprehensive.
- Assessing asset performance (financial and social value).
- Informed long term decisions about where we invest/divest.

Positive People

Origin embarked on a new change programme in 2018, underpinned by our commitment to both excellent customer service and value for money. The investment in services aimed to provide:

- Improved quality and consistency of service delivery.
- Digital service options for customers.
- Better data, improved information and reporting available to staff.
- Increased business efficiency through improved systems and processes.

Strategic Report

The programme supports delivery of efficiency savings by investing in our services and people. We expect over time to improve both customer satisfaction as well as strengthening our financial performance.

By bringing together people, process, data and technology in new ways we are seeking to improve our services, reduce customer effort and create efficiencies.

Overall customer satisfaction **UP** from 62% to **68%** in the last year

We are beginning to see the benefits of this investment:

- First point of contact resolution improved from 43% to 72% in the last year.
- Follow up queries resolved on time up from 76% to 98% in the last year.
- Overall customer satisfaction for all tenures up from 62% to 68% in the last year.
- Satisfaction with outcome of query up from 42% to 55% in the last year.
- Building on this we are moving more case and contact management functions to our CRM system enabling better visibility of customer experience and improved efficiency.

During 2018/19, we:

- Significantly strengthened our capacity and skills to deliver business change with new roles and key appointments in business support functions such as HR and IT.
- Developed a new People Strategy which will invest in our leadership capability and skills and ensure we attract and retain the talent we need to deliver our goals.
- Completed external surveys of all stock.
- Continued significant investment in Health and Safety to meet standards of excellence in safety.
- Carried out a review of resident engagement to strengthen our relationship with our residents by building greater trust and accountability.
- Introduced a more streamlined and improved service charges billing process to improve accuracy, transparency and VfM.
- Transferred to new better performing interim gas contractor.
- Rolled out additional capabilities on our customer relationship database relating to anti-social behaviour, complaints, and financial assessment and support.
- Deployed more laptops and improved smart phones to enable mobile working as part of our enhanced digital technology.
- Strengthened oversight of outstanding repairs to ensure proactive management and communication with customers.
- Improved data protection and information assurance governance and enhanced cyber security defences.
- Introduced Live chat and development of a chat bot trials to improve communication channels.

In 2019/20, we will:

Deliver our People strategy

- Invest in leadership capability and skills.
- Review employer branding and values to develop a clearer sense of who we are for our people, residents, partners and prospective employees.
- Review 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.
- Review performance management as well as our 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.

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

- Repairs, planned maintenance and asset systems service review-to improve the customer experience through clear end-to-end processes which address service failure.
- Improve service charge accuracy and improve efficiency in collecting data on costs.
- Introduce customer self-service portal-to better suit our residents' needs and accelerate digital channel shift.
- Rationalise our IT platform and improve system integration to get the best fit between our business technology needs, the systems we use and how they are linked together to enable customers to self-serve and staff to have better ways of working.
- Improve information on Development handovers: property information and clarity about management and maintenance responsibilities.
- Make our other offices fit for purpose, with a focus on our Watermill Lane site in Enfield.

Make our other offices fit for purpose with a focus on our **Watermill Lane** site in Enfield

Strategic Report

Strong Communities

Resident engagement

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're excited to be early adopters of Together with Tenants, a National Housing Federation campaign to strengthen the relationship between housing associations and their tenants and residents. Together with Tenants has developed a four-point plan to help achieve this goal:

1. A requirement for boards to be accountable to their tenants and residents.
2. A charter setting out what tenants and residents can expect from their housing association.
3. Tenant and resident oversight of the charter to check how their landlord is doing against charter commitments.
4. A closer link to government regulation.

In 2019/20, we will have a new Resident Engagement Strategy having worked and consulted a large number of residents and staff.

Our resident engagement will have the following principles going forward:

- Targeted, realistic and achievable – 'less is more'.
- Connected to core performance-driving better services and increased satisfaction.
- Firmly two-way-involved in what matters most to residents and communities.
- Build trust and relationships – regular, open, and sustained communication.
- Embedded into every job – a core part of every post holder's and team's role.
- Outward looking – make the most of PlaceShapers and Together with Tenants.
- Revive the spirit of St Pancras Housing – rediscovering the passion and boldness of our founders.
- Something for everyone – flexible and experimental to empower a wider range of people.

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 2018/19, we:

- Leveraged a total of 1261 volunteer hours to support delivery of our 'We Are Ageing Better services'. The project has grown significantly and involved 170 older people with 1222 attendances in Camden.

Supported **21** people into work with a sustainment rate of

83%

- Our training sessions and digital drop-In delivered 192 training sessions to customers. 57 Digital sessions and 135 other training sessions delivered.
- Through our Financial Support team, we have secured £42k for residents in back-dated Housing Benefit and £21k in Discretionary Housing Payment awards; and secured £40k in advance rent payments.
- Supported 21 people into work with an average employment sustainment rate of 83%.
- Maximised the income from our Community Halls by increasing bookings, generating £16k of income to fund activities for residents.
- Targeted the Assessment and Support service to minimise anti-social behaviour and reduce arrears. We secured £37k in back-dated benefits.
- Launched our Neighbourhood Explorers programme on our estates based on social investment priorities, and completed sessions on four estates.
- Delivered a community engagement plan for Enfield Single Housing to deliver health and social activity programme to reduce ASB and reduce social cohesion.
- Started a gardening project at Athlone Estate, funded by Origin to engage with residents around gardening and improving their estate working in partnership with Groundwork, Gilmartins and John O'Conner Gardeners.

In 2019/20, we plan to:

- Open a new Enfield Employment hub, supporting our residents to employment.
- Establish the criteria to apply for the new small grants pot and promote through the Community Development programme on our estates.
- Open a community space at Watermill Lane, Enfield.
- Restore a field beside the Whitehead Close properties to an activity and football space.

Restore a field beside the Whitehead Close properties to an activity and **football space**

Strategic Report

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 2019.

Table 1: Summary of the Group's Statement of Comprehensive Income	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Turnover	56,114	56,060	59,329	74,531	59,667
Cost of sales	(3,536)	(3,407)	(7,757)	(20,019)	(5,853)
Operating expenditure	(36,923)	(36,239)	(32,681)	(39,332)	(36,398)
Operating surplus prior to disposal and FV adjustment	**15,655**	**16,414**	**18,891**	**15,180**	**17,146**
Operating margin %	**28%**	**29%**	**32%**	**20%**	**29%**
Gain/(loss) on disposal of fixed assets	3,076	3,558	5,673	7,759	3,134
Movement in fair value of investment properties	7,216	8,727	11,563	2,168	6,445
Operating surplus	**25,946**	**28,699**	**36,127**	**25,107**	**26,995**

Turnover at £56.1m (2018: £56.1m) remained at the same level as of 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 £3.5m (2018: £3.8m) accounts for 6% of total turnover.

Total operating surplus at £25.9m (2018: £28.7m) is lower than last year largely due to reduced asset disposal surplus and smaller fair value gain of investment properties. As we work through the new asset management strategy, disposal of assets is mainly from staircasing receipts. The underlying operational performance remain strong.

Due to high demand for properties for market rent and commercial units in our core operational base, the investment properties portfolio we hold continued to increase in value, adding a further £7.2m to a holding now at £88.4m as the end of March 2019 (2018: £78.6m).

Table 2: Summary of the Group's Statement of Financial Position	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Fixed assets	733,444	706,704	700,247	686,476	670,883
Investments	99,261	87,842	65,923	49,515	49,406
Net current assets	12,502	27,100	16,034	34,079	27,569
Loans after more than one year	(329,479)	(317,291)	(292,689)	(318,240)	(296,705)
Grant and other provisions	(163,861)	(159,841)	(160,383)	(161,935)	(163,562)
Net assets	**351,867**	**344,514**	**329,132**	**289,895**	**287,591**
Capital and reserves	**351,867**	**344,514**	**329,132**	**289,895**	**287,591**

The Group's financial position remains strong. During 2018/19, the Group invested £32.4m (2018: £12.2m) in developing new properties, and invested £12.2m (2018: £20.5m) in existing stock.

At 31 March 2019, the Group had total loan facilities of £468.6m (2018: £400.3m), with £356.6m drawn (2018: £327.1m). Approximately 61% (2018: 78%) of the loan portfolio is subject to fixed rate interest arrangements. The undrawn debt facility of £112m coupled with cash held at year end of £15m provides strong liquidity for the coming 12 months.

Strategic Report

The Group carries out a regular review of cash flow risk as part of its risk management procedures. 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 Investment Committee with experienced and qualified non-executives who report to 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 annually with bondholders and lenders, 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 political environment and the wider uncertainty has created and continues to be a challenge for all those operating in the sector. It is with this in mind that we have redoubled efforts to enhance VFM further.

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 Transformation 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 6% points in 2018/19.
- 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 2018/19, we focused on improving our data and refining our asset performance model.
- 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 2018/19, we focused on investing in IT infrastructure and cyber security and planning for system development.
- 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. In 2018/19, we secured £80m of new funding from AIB and Lloyds at competitive rates.
- 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 2018/19, we collected 104.4% of rental and service charge income, with current arrears for social rent at 3.7%.
- 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 2018/19, we launched our new strategy which identifies what will change at every stage of the employee lifecycle 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 2018/19, we started building 314 homes and completed 48 homes with 40 as Affordable Rent and 8 as Shared Ownership.
- Procurement Strategy. We will be working to review our strategy in 2019/20 to ensure we achieve best value in the market and contractual arrangements that work well for our business.
- Care and Support Strategy. This strategy looks to retain and expand our care and support services whilst retaining financial viability. In 2018/19, we grew these services by 10% using our own stock.
- Community Investment Strategy. This strategy will be reviewed in 2019/20 to ensure that our investment fully responds to the needs and ambitions of our communities and builds further partnerships to leverage additional resources. In 2018/19 we invested £370k across a range of activities described above.
- Resident Engagement Strategy. This strategy is under review and will be implemented 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 are the early adopters of Together with Tenants campaign.

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 regarding financing arrangements and investment of those resources in more homes.
- The Audit and Risk Committee's work includes reviewing internal audit reports on organisational performance.
- The Operations 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 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. We subscribe to Housemark benchmarking services, and use the London Median as a reference.

Table 3. RSH Value for Money Metric	2019/20 Budget	2018/19 Actual	2017/18 Actual	RSH release 2017/18 London Median	Housemark 2017/18 London Median
Reinvestment	**6.8%**	**5.5%**	5.2%	5.7%	5.1%
New social housing supply delivered	**4.0%**	**0.8%**	1.0%	1.4%	1.2%
New non-social housing supply delivered	**0.0%**	**0.0%**	0.0%	0.0%	0.3%
Gearing	**49.0%**	**46.8%**	43.9%	34.4%	38.9%
EBITDA-MRI	**75%**	**75%**	31%	212%	181%
Cost per unit	**£5,931**	**£6,161**	£7,427	£5,510	£4,840
Operating margin (social housing lettings)	**27.1%**	**29.2%**	30.7%	29.2%	28%
Operating margin	**25.1%**	**27.9%**	29.3%	29.1%	27.3%
ROCE	**2.3%**	**2.2%**	2.4%	3.7%	3.2%

Our key strategic priorities drive these results.

Under our Asset Management Strategy and Development Strategy, reinvestment into existing and new stock compares favourably with Housemark London median results. In 2019/20, with additional health and safety expenditure and a larger completion profile of new homes, reinvestment and new supply measures will increase significantly to 6.8% and 4% respectively.

Our gearing will remain high compared to the benchmark in order to attain our target of 1,184 new homes in key London boroughs where land and development values are high. Gearing at 47% was well under covenant requirement, and we report 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 2017/18, we completed three large estate improvement projects in central London. In 2018/19, 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. From 2020/21 onwards, the ratio will return to a comparable level to the benchmark.

Our cost per unit is successfully reducing, though remains higher than median as we are committed to: continuing to provide 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 working through the implications of Building a Safer Future, the next year will see a reduction in cost per unit as we start to retire some of the legacy IT infrastructure. We do carry higher operational costs due to 60% of our stock being concentrated in Central London, 85% being flats in blocks and estates and due to our scale as a medium sized registered provider. We have made a conscious decision to retain the benefits to residents of being a community based provider in London.

Both sets of operating margin (overall and for social housing lettings) are on par with the London benchmark result. We are aware of the lower operating margin effect of providing a resource intensive care and support function, but these are services needed by the communities we work in and we remain committed to it as part of delivering on our social purpose.

We do have ambition to improve the margins in the coming years by investing in our change programme now for greater operational efficiency. In 2019/20, the operating margin is expected to be less than 2018/19 due to a larger property sales programme for first tranche shared ownership and outright sales units.

ROCE at 2.2% 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 to the asset value held. Regardless, we are committed to developing more social housing in central London, with support from the GLA as a Strategic Partner.

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 Stable" credit rating continues to demonstrate that we are financially viable in spite of the current period of unprecedented political and 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 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	2019/20 Target	2018/19 Actual	Housemark 2017/18 London Median	2017/18 Actual
Safe, decent, affordable homes	% resident satisfied with the overall quality of their home	**70%**	**69.6%**	**75.6%**	65.6%
	Development completions	**229**	**48**	**213**	66
Good quality, easy to access landlord services	% overall tenant satisfaction (GN and HFOP)	**77%**	**71%**	**73%**	62%
	% satisfied with last repair	**90%**	**85%**	**–**	87%
Financial viability and efficiency	Current arrears - social rent	**3.5%**	**3.6%**	**3.9%**	3.9%
Leadership and skills for success	Average no. of sickness in days	**6.7**	**5.7**	**9**	8

Our resident satisfaction has improved in the last year as we invest, develop and deliver against the change programme and key strategies. As we continue with investments into existing and new homes, and with a new Resident Engagement Strategy, we set to improve the satisfaction for both the overall quality of home and overall experience year on year.

Our development strategy will deliver 1,184 new homes, circa 20% increase in stock. We have already secured 1,090 pipeline homes of which over 50% will be for social rent.

Our arrears management is proactive and has an embedded financial support services offer. We have 386 tenants on Universal Credit as at the end of March 2019, with a steady increase expected throughout 2019/20.

Our employee engagement programme is extensive aimed at improving well-being and productivity, which reflects the actual results achieved. We were awarded Best Company Ones to Watch status in 2018.

Strategic Report

Governance

The Board has ultimate responsibility for the governance and performance of Origin. The Board's central role is to determine strategic direction and policies, to establish and oversee control and risk management frameworks that will ensure Origin achieves its aims and objectives.

The Board delegates its responsibility for the day-to-day management and leadership to the Chief Executive, supported by the Executive Team. The Board also delegates certain oversight functions to committees and subsidiary Boards within the corporate structure. The parameters of this authority are set out within the set terms of reference, which are reviewed by the Board annually. Origin has four committees and their responsibilities are as follows:

Governance Committee

- Ensures effective governance framework.
- Approves Board Members, Executive Team remuneration and payments.
- Ensures appropriate skills.
- Recommends appointment and removal of Board members.
- Executive and Board succession planning.
- Has oversight of the People strategy.

Investment Committee

- Monitors treasury and development activities.
- Reviews and approves/recommends investment proposals.
- Approval of new debt funding.
- Monitors asset management and stock investment activities.

Audit and Risk Committee

- Assurance that controls are in place.
- Advises Board on effectiveness of internal controls framework.
- Approves external audit and internal audit plans.
- Reviews the fraud register.
- Review the annual accounts.
- Oversees business continuity and disaster planning.
- Oversees Health and Safety Risk Management.

Operations Committee

- Monitors performance of services to customers and improvement plans.
- Oversees major service transformation and business change proposals.
- Ensure Stakeholder feedback is listened and responded to accordingly.
- Monitors the delivery of landlord compliance with Health and safety legislation and regulation through the Health and Safety Oversight Group which is responsible for oversight of compliance and ensuring the application of best practice in landlord health and safety.

During the year each committee reported regularly to the Board on the discharge of its function. Terms of Reference for each Committee are reviewed regularly by the Board to ensure that they remained fit for purpose and an independent review of governance in 2018/19 has resulted in a plan to further strengthen the effectiveness of the Board over the course of 2019/20.

The subsidiaries of the Association are listed in note 14 of the financial statements. All subsidiaries are directly wholly owned by the Association. The Board of each subsidiary are nominated by the Association and have delegated the same powers to the committees of the Association Board as has the Board of the Association.

The performance of individual Board members is reviewed annually by the Chair. An independent consultant conducts the appraisal of the Chair with input from the Board and Executive Directors. Board member remuneration is disclosed in note 9 to the financial statements.

Group insurance policies indemnify Board members and officers against liability when acting for the Group.

Compliance with Governance and Financial Viability

In preparing this report, the Board has followed the principles set out in Section 4 of the Housing SORP 2014 'Statement of Recommended Practice for Social Housing Providers' and 'The Accounting Direction for Private Registered Providers of Social Housing 2015' published by the Regulator of Social Housing (RSH).

The Board has undertaken an assessment of its compliance with the Governance & Financial Viability Standard and complies in all material respects. We have developed our Assets & Liabilities Register, continued to carry out multi-variate stress tests on our financial plans and further improved our approach to managing risks through revising our strategic risk register, reviewing our risk appetite statement and documenting our sources of assurances.

In April 2019, the Regulator downgraded our Governance rating from G1 to G2. This remains compliant with the Governance Standard and the Board and Executive has taken steps to improve the quality of data and oversight of regulatory returns. An action plan to restore the grading to G1 as soon as possible has been implemented and is on schedule. This has included strengthening the skills of the finance team; reviewing processes and reporting and bringing in additional expertise and Executive/Board oversight.

NHF Code of Governance and Code of Conduct

Origin Housing Limited has adopted the NHF Code of Governance 2015.

Following our annual review, the Board can confirm that Origin Housing Limited complies with the Code of Governance, and the Board and Executive are committed to upholding the Code, and to adhering to the high standards of conduct set out in the NHF Code of Conduct.

Strategic Report

Assessment of the effectiveness of internal control

The Board is responsible for maintaining a sound system of internal controls within the Association and for reviewing its effectiveness. It delegates the ongoing review of controls to the Audit and Risk Committee and the Board receives an annual report from both the Committee and the Executive.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and as such can only provide reasonable and not absolute assurance, against material misstatement, loss or failure to achieve the business objectives.

In fulfilling these responsibilities, the Board has ensured that the process for identifying, evaluating and managing the significant risks faced by the Association is a continuing process and is embedded in the day-to-day management and governance processes. This has been in place for the year under review and up to the date of the approval of these accounts and report.

The Board has agreed a number of key policies designed to ensure effective internal controls including:

- Risk Management Strategy, Policy and Procedure.
- Strategic Risk Monitoring Policy.
- Statement of Risk Appetite.
- Rules and Standing Orders of the Association (including terms of reference for Boards and Committees).
- Set of delegated powers detailing responsibilities for expenditure and authorisation of payments.
- Comprehensive set of financial and operating policies and procedures covering all aspects of the business.
- Risk based approach to internal audit reviews.
- Code of conduct for Board members and staff.
- Policy on regular performance reporting to the Board.
- Treasury Management Policy and Strategy with bi-annual reviews provided to the Investment Committee together with updates on the current position included in the quarterly management accounts provided to the Board.
- Treasury Golden Rules and Triggers.
- Investment Policy.
- Fraud and Anti Money Laundering Policies.
- Suppliers' Code of Conduct.

The Board has in place a comprehensive process to review the effectiveness of the Association's system of internal controls. This includes all of the following elements:

Identifying and evaluating key risks and the control environment:

- Risk management framework which is regularly reviewed.
- Strategic risk register linked to the Association's key business plan objectives. During the year we have developed a Business Assurance Framework mapping the risks and controls against a three line of defence model.
- Review of the strategic risk register and internal controls by the Audit and Risk Committee at each meeting, which is reported to the Board bi-annually.
- A strategic risk register reviewed quarterly by the Executive.
- Five year Financial Plan developed from a 30 year planning model which is reviewed annually.
- Review of high level financial plan risks, multi variate stress testing and mitigation plans as part of the annual review of the financial plan.
- Reports to the Audit and Risk Committee and Board on any significant changes affecting key risks.
- Review against Treasury Golden Rules and Triggers reported to Board monthly.
- Executive Investment Panel and a Board Investment Committee which reviews the financial and other risks attached to all new business initiatives within the limits of their delegated authority.
- Executive Risk Assessment Panel which reviews all other risks.
- Operations Committee which reviews operational risks and provides assurance that statutory and regulatory requirements are met.
- Health & Safety Oversight Group, which provides additional oversight of key health and safety issues impacting the Association.

Information and reporting systems

- An annual budget agreed before the beginning of each financial year.
- Quarterly performance reports to Boards.
- Quarterly management accounts to the Board.
- A monthly balanced scorecard report reviewed by the Executive and senior managers covering all key performance areas.
- An annual review of performance and setting of new targets by the Board.
- A comprehensive Business Plan which is annually reviewed by the Board.
- Minutes of the Audit and Risk Committee considered by the Board.
- Minutes of the Health & Safety Oversight Group considered by the Board.
- Minutes of the Risk Assessment Panel considered by the Audit and Risk Committee.
- All decisions by the Executive Investment Panel considered by the Investment Committee.
- Minutes of the Executive Investment Panel and Risk Assessment Panel considered by the Executive.
- Reports to the Audit and Risk Committee and Board on any fraudulent activity.
- A Staff and Board Code of Conduct.
- Reports from the Regulator on regulatory matters are reviewed by the Board.
- Annual Value for Money Reports.
- Annual Review of compliance with the NHF Code of Governance and Code of Conduct.

Strategic Report

Monitoring arrangements on control issues

- A regular programme of internal audit reviews based on the risk map and reported to the Audit and Risk Committee consisting of non-executive directors.
- An annual report from the Internal Auditor to the Audit and Risk Committee and the Board.
- A regular review by the Internal Auditor of the completion of internal audit recommendations, which are reported to the Audit and Risk Committee.
- Review of external audit management letters and action taken by officers.
- A review of strategic risks and controls by the Audit and Risk Committee three times a year.
- A quarterly review by the Executive of strategic risks.
- The annual report by the Executive team to the Audit and Risk Committee and Board on the effectiveness of internal controls.

This process culminates in an Annual Report by the Executive team on the Effectiveness of Internal Controls to the Audit and Risk Committee and a subsequent report from the Committee to the Board.

As an outcome of these processes and procedures, the Board has concluded that there are no significant control issues and nothing requiring reporting to the regulator. This assessment is supported by the Internal Auditor's assessment that for the year that Origin has an adequate and effective framework for risk management, governance and internal control.

Operating environment

The environment in which Origin operates continues to be challenging, particularly with the ongoing uncertainty surrounding BREXIT, what it will mean for the sector and the wider economy, once the United Kingdom leaves the EU.

We have provided for contingency provisions in our budget and stress tested our 30 year financial plan under different scenarios. We also wrote to key suppliers to seek confirmations of their plans for any potential service disruptions. We have developed a process to review mitigation plans every quarter to ensure the plans remain practical and relevant.

We believe that despite external uncertainty, the Group, with a financially robust business plan which underwent comprehensive stress testing, is well placed to continue to develop more affordable homes and sustain growth while delivering the day-to-day services our residents need.

Strategic Report

Principal risks and uncertainties

The Origin Board is ultimately responsible for risk management and has delegated some of its role in ensuring that risks are identified, monitored and suitably managed to the Audit and Risk Committee.

The Executive team have operational responsibility for the identification, assessment, monitoring and management of risk and are answerable to the Audit and Risk Committee and ultimately to the Board for the effective fulfilment of these responsibilities.

Risks are recorded in risk registers which are maintained at both a strategic and operational level.

Senior Management Team (SMT) members are responsible for the maintenance of Operational Risk Registers within their areas of operation with the Executive member to whom they report having a monitoring role and overall responsibility.

The Strategic Risk Register is the maintained by the Executive team and reviewed at each meeting of the Audit and Risk Committee and at least twice a year by the Board.

The Strategic Risk Register identifies the key risks to the delivery of our business strategy and the activities we have been taking to mitigate them and the residual risk after mitigation. These risks change as the environment we operate in changes but our 'live' risk management ensures that we report our most up to date strategic risk profile to our Board.

Our risk management strategy includes a risk appetite statement, sets out the risks, measures and requirement agreed by Origins' Board. There are quantitative measures (relating mainly to development, financial and investment boundaries) and qualitative measures (relating to the degree of risk taking and innovation tolerated by the Board in relation to our key business objectives).

The key risks and mitigations identified are:

Strategic Risk	Impact	Mitigation
Lack of clarity of purpose and vision	Failure to deliver charitable objectives. Reputational damage.	Regular review of strategy by Group Board, with delivery against strategy reported annually.
Failure to comply with law and/or regulations	Harm to residents, staff, suppliers, and third parties. Prosecution and fines. Regulatory downgrade followed by regulatory intervention. Reputational damage. Increased difficulty in winning Care Contracts.	Appropriate Board committees in place with annual self-assessment of compliance with code of governance reviewed by Board. Appropriate legal and professional advice sought when required
Failure to deliver projected income	Inability to deliver on obligations and commitments. Compliance with bank financial covenants threatened. Potential withdrawal from Care contracts. Development programme postponed/ terminated. Maintenance programme deferred. Reputational damage Intervention by Regulator	Annual multi variate stress tested business plan. Golden Rules and triggers in place and reported to Board monthly. Annual budget and Forecast, monthly accounts to Exec and Quarterly to Board. Annual review of rents and service charges. Income strategy takes account of Universal Credit impact.
Failure to control operational expenditure	Inability to deliver on obligations and commitments. Compliance with bank financial covenants threatened. Reduced or cancelled development programme. Credit rating reduced and higher margins sought by new funders. Delivery of VFM threatened.	Annual multi variate stress tested. business plan with prudent assumptions. Golden Rules and triggers in place and reported to Board monthly. Annual budget and Forecast, monthly accounts to Exec and Quarterly to Board.

Strategic Report

Strategic Risk	Impact	Mitigation
Service quality expectation not met	Adverse impact on relationship with residents and partners. High levels of call backs waste resources and increase costs. Reputational damage. Regulatory intervention.	KPI's in place and reported the Exec monthly and quarterly to the Board. Monitoring against benchmarks. Investing in change programme to improve serve quality.
Unable to deliver on growth targets	Reduced ability to deliver new affordable homes.	Effective relationship with the GLA and boroughs. Apply for S106 opportunities as arise. Employ planning consultants where necessary and work closer with contractors to identify land and agree build costs simultaneously. Focusing on client groups with highest priority for Local Authorities.
Insufficient funds available to deliver strategy	Reduced source of loans to fund development programme. Potential breach of contracts with developers. Defer maintenance expenditure. Reputational damage. Regulatory intervention.	Golden rules and Triggers in place and reported to Board monthly. Investment committee monitors. refinancing exposure. Maintain good relationships with lenders. and credit rating agency. Annual review of funding strategy. Annual multi variate stress tested business plan.
Inability retain and recruit the right calibre of staff	Service quality declines or fails to improve. Increase recruitment costs and low. morale and low productivity. Unable to deliver change programme. Reputational damage.	Clarity of vision and active leadership and communication. People strategy. Active staff engagements with change champions and staff council.
IT infrastructure and/or data security is compromised	Business continuity threatened. Harm to residents and suppliers. Compliance threatened with potential prosecution and fine. Reputational damage. Regulatory intervention.	Technology strategy. Application of strong security and monitoring measures, with continued investment available each year. Chief Information Security Officer as a service contract.
Failure to protect the assets	Reduced proportion of social/affordable properties and decline in stock quality & value. Less security to support new finance. Reputational damage.	Asset management matrix developed and maintained. Adequate insurance cover in place with professional advice taken. Executive Investment Panel to oversee investment decisions.

Strategic Report

Annual general meeting

The annual general meeting will be held on 4 September 2019 at St. Richard's House, 110 Eversholt Street, London, NW1 1BS.

Disclosure of information to auditors

At the date of making this report each of the Association's Board members, as set out on page two, confirm the following:

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

Resident involvement

The Group encourages resident involvement in decision-making through a range of mechanisms, which offer diverse opportunities to influence our services. These include ongoing independent customer feedback surveys; resident scrutiny panels; digital engagement; local resident associations and community events. We continue to work with residents to keep these arrangements under review and ensure that we remain transparent and accessible. As at 31 March 2019, the Group had one resident Board member.

Going concern

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the annual report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Post balance sheet events

There have been no significant post balance sheet events.

External auditors

KPMG LLP will be proposed for reappointment at the forthcoming annual general meeting.

Approval

This Strategic Report was approved on behalf of the Board on 4 September 2019.

Neil McCall

Neil McCall
Chair

4 September 2019

Statement of Responsibilities of the Board

Statement of Board's responsibilities in respect of the Board's Report and the Financial Statements.

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board has 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 Association and of their income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Group and 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 and 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 Group and Association and enable it 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 2015. 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 Group and 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 Group and Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Neil McCall

Signed on behalf of the Board,

Neil McCall

Chair

4 September 2019

Independent Auditor's Report

Opinion

We have audited the financial statements of Origin Housing Limited ("the association") for the year ended 31 March 2019 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 2019 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 2015.

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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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, including the impact of Brexit, 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 Strategic Report, and the Value for Money Statement. 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

Independent Auditor's Report

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.

J Lees

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

20 September 2019

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.

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 £'000	Restated 2018 £'000
Turnover	2	56,114	56,060
Cost of sales	2	(3,536)	(3,407)
Operating expenditure	2	(36,923)	(36,239)
Gain/(loss) on disposal of fixed assets	2 & 5	3,076	3,558
Movement in fair value of investment properties	2 &12	7,215	8,727
Operating surplus	**2**	**25,946**	**28,699**
Interest receivable	6	76	110
Interest and financing costs	7	(13,754)	(13,478)
Surplus/(deficit) before taxation		**12,268**	**15,331**
Taxation	10	–	51
Surplus/(deficit) & comprehensive income for the year		**12,268**	**15,382**
Other comprehensive income			
SHPS opening balance adjustment on initial recognition	22	(3,222)	–
Actuarial losses on pension liability	22	(1,693)	–
Total comprehensive income for the year		**7,353**	**15,382**

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

The notes on page 30 to 58 form part of these financial statements.

Association Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 £'000	Restated 2018 £'000
Turnover	2	49,955	50,944
Cost of sales	2	(1,563)	(1,841)
Operating expenditure	2	(35,762)	(35,206)
Gain on disposal of fixed assets	2 & 5	3.076	3,558
Movement in fair value of investment properties	2 &12	6,767	5,281
Operating surplus	**2**	**22,473**	**22,736**
Interest receivable	6	760	780
Interest and financing costs	7	(12,705)	(12,591)
Donation received		–	7,922
Movement in fair value of investments		–	(7,683)
Surplus/(deficit) before taxation		**10,528**	**11,164**
Taxation	10	–	–
Surplus/(deficit) & comprehensive income for the year		**10,528**	**11,164**
Other comprehensive income			
SHPS opening balance adjustment on initial recognition	22	(3,222)	–
Actuarial losses on pension liability	22	(1,693)	–
Total comprehensive income for the year		**5,613**	**11,164**

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

The notes on page 30 to 58 form part of these financial statements.

Financial Statements

Consolidated Statement of Financial Position

As at 31 March 2019

	Note	31 March 2019 £'000	31 March 2018 £'000
Fixed Assets			
Housing properties	11	730,318	703,885
Other tangible fixed assets	13	3,126	2,819
		733,444	706,704
Investments			
Commercial properties	12	51,008	51,283
Market rent properties	12	37,386	27,269
Investment in joint ventures	14	8,170	6,568
Homebuy loans		2,697	2,722
		99,261	87,842
Current assets			
Properties held for sale	15	26,745	18,182
Trade and other debtors	16	20,658	25,810
Cash and cash equivalents		15,002	18,091
		62,405	62,083
Creditors: amounts falling due within one year	17	(49,903)	(34,983)
Net current assets		**12,502**	**27,100**
Total assets less current liabilities		**845,207**	**821,646**
Creditors: amounts falling due after more than one year			
Loans	18	(329,479)	(317,291)
Deferred grant & other capital grant	20	(154,997)	(155,164)
Provisions for liabilities			
Provision for Pension Fund Liability	22	(8,661)	(4,171)
Other provisions for liabilities and charges	23	(203)	(506)
Net assets		**351,867**	**344,514**
Capital and reserves			
Non-equity share capital	24	–	–
Revaluation reserve		110,977	111,520
Revenue reserve		240,890	232,994
		351,867	**344,514**

The financial statements were approved and authorised for issue by the Board on 4 September 2019 and signed on its behalf by:

Chair Board Member Secretary

Financial Statements

Association Statement of Financial Position

As at 31 March 2019

	Note	31 March 2019 £'000	31 March 2018 £'000
Fixed Assets			
Housing properties	11	663,971	639,561
Other tangible fixed assets	13	3,126	2,819
		667,097	642,380
Investments			
Commercial properties	12	42,493	42,993
Market rent properties	12	33,685	23,543
Investment in subsidiaries and associated undertakings	14	15,288	10,018
Homebuy loans		2,697	2,722
		94,163	79,276
Current assets			
Properties held for sale	15	6,295	974
Trade and other debtors	16	25,615	32,216
Cash and cash equivalents		14,581	16,414
		46,491	49,604
Creditors: amounts falling due within one year	17	(50,372)	(35,618)
Net current (liabilities) / assets		**(3,881)**	**13,986**
Total assets less current liabilities		**757,379**	**735,642**
Creditors: amounts falling due after more than one year			
Loans	18	(290,207)	(278,152)
Deferred grant & other capital grant	20	(150,818)	(150,935)
Provisions for liabilities			
Pension Fund Liability	8	(8,661)	(4,171)
Other provisions for liabilities and charges	22	(203)	(506)
Net assets		**307,490**	**301,878**
Capital and reserves			
Non-equity share capital	23	–	–
Revaluation reserve		77,933	78,448
Revenue reserve		229,557	223,430
		307,490	**301,878**

The financial statements were approved and authorised for issue by the Board on 4 September 2019 and signed on its behalf by:

Chair Board Member Secretary

Financial Statements

Consolidated Cash Flow Statement

For the year ended 31 March 2019

	2019	2018
	£'000	£'000
Cashflow from operating activities		
Operating surplus for the year	25,946	28,699
Tax on surplus on ordinary activities	–	51
Depreciation	6,496	5,835
Amortisation	(1,978)	(1,858)
Gain on disposal of fixed assets	(3,076)	(3,558)
Fair value adjustment for investment properties	(7,215)	(8,727)
(Increase)/Decrease in current assets properties for sale	(8,563)	9,107
(Increase)/Decrease in trade and other debtors	5,690	(18,798)
Increase in trade and other creditors	11,779	(516)
(Decrease)/Increase in provisions	(907)	(312)
Net cash generated from operating activities	**28,172**	**9,923**
Cash flow from investing activities		
Proceeds from sale of housing properties	12,152	6,292
Payments to acquire and develop housing properties	(39,085)	(12,155)
Payments to acquire other fixed assets	(1,161)	(644)
Payments to acquire and develop investment properties	(2,626)	(6,779)
Capital grants received	807	1,050
Net cash from investing activities	**(29,913)**	**(12,236)**
Cash flow from financing activities		
Interest received	76	110
Interest paid	(13,028)	(15,362)
Loans received	21,180	31,833
Loans repaid	(7,974)	(7,493)
Investment in joint ventures	(1,602)	(6,568)
Net cash from financing activities	**(1,348)**	**2,520**
(Decrease)/increase in cash	**(3,089)**	**207**
Cash and cash equivalents at the beginning of the year	18,091	17,884
Cash and cash equivalents at the end of the year	**15,002**	**18,091**

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2019

Group 2019	**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**

Group 2018	**Revaluation reserve**	**Revenue reserve**	**Total**
	£'000	**£'000**	**£'000**
Balance at 1 April 2017	111,510	217,622	329,132
Surplus for the financial year	–	15,331	15,331
Reversal of 16/17 year tax charge	–	48	48
Tax credit for the year	–	3	3
	111,510	**233,004**	**344,514**
Reserve Transfers:			
Transfer from revaluation reserve to revenue reserve	10	(10)	–
Balance at 31 March 2018	**111,520**	**232,994**	**344,514**

Financial Statements

Association Statement of Changes in Reserves

For the year ended 31 March 2019

Association 2019	**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**

Association 2018	**Revaluation reserve**	**Revenue reserve**	**Total**
	£'000	**£'000**	**£'000**
Balance at 1 April 2017	78,408	212,327	290,735
Surplus for the financial year	–	11,164	11,164
	78,408	**223,419**	**301,899**
Reserve Transfers:			
Transfer from revaluation reserve to revenue reserve	40	(40)	–
Transfer reserve to subsidiary	–	(21)	(21)
Balance at 31 March 2018	**78,448**	**223,430**	**301,878**

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.

The financial statements of the Group and the Association have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future, being a period of at least twelve months after the date on which the financial statements are signed.

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.

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 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.

Notes to the Financial Statements

1. Accounting policies (continued)

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.

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. At 31 March 2018 it was not possible for the Association to obtain sufficient information to account for the liability on a full FRS 102 valuation basis so it was accounted for as a defined contribution scheme where the net present value of the deficit contributions were recognised in the accounts as creditors falling within and more than one year.

As a result of additional information, SHPS are now able to split the pension liability by employer which has resulted in the scheme liability being accounted for adopting a full FRS 102 valuation at 31 March 2019. In accordance with FRED 71, no restatement of prior year figures has been made in these accounts with the opening balance adjustment being recorded through OCI.

A reconciliation between the liability at 31 March 2018 and the provision at 31 March 2019 is shown below:

SHPS Pension Reconciliation (Note 22)	**£000**
Liability as previously calculated based on the net present value of deficit contributions payable	3,919
SHPS opening balance adjustment recorded in OCI	3,222
Liability re-stated using the full valuation method at 31 March 18	**7,141**

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).

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.

Notes to the Financial Statements

1. Accounting policies (continued)

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 have subsequently been 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 under housing properties.

Proceeds of sale of first tranches are accounted for as turnover in the income and expenditure account, with the apportioned cost being shown within operating results as the cost of sale. Subsequent tranches sold ('staircasing sales') are disclosed in the income and expenditure account 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.

Depreciation of housing properties

Freehold land and the fixed asset element of shared ownership properties are 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 balance 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 balance sheet date, with changes in fair value recognised in the income and expenditure. 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.

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

The sale of investment properties is 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.

Notes to the Financial Statements

1. Accounting policies (continued)

Social housing grant

Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model as required by Housing SORP 2014. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

Grant received since the transition date in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account 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 income and expenditure account. Grants relating to revenue are recognised in income and expenditure 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, Homes England 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 Homes England 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.

Joint venture investments

Investment in joint venture partnerships are valued at cost.

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. The Association has elected to adopt the amendments to FRS102 published by the Financial Reporting Council in December 2017, in applying the amendments to FRS102 certain loans have been reclassified as "basic" financial instruments and are valued at amortised cost rather than fair value.

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. No impairment triggers have been identified for the year ended 31 March 2019.
- 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 Fixed Assets 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 fixed assets 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 notes 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 16)

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 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**

	Note	Group 2018			
		Turnover £'000	Cost of sales £'000 Restated	Operating costs £'000 Restated	Operating surplus £'000
Social housing lettings		**45,808**	**–**	**(31,761)**	**14,047**
Other social housing activities					
Shared ownership first tranche sales		2,388	(1,841)	–	547
Community development		161	–	(334)	(173)
Charges for support services		1,609	–	(1,477)	132
Development activities		70	–	(342)	(272)
		4,228	**(1,841)**	**(2,153)**	**234**
Non-social housing activities					
Properties for outright sale		1,441	(1,566)	–	(125)
Investment property lettings		3,453	–	(991)	2,462
Leasehold		834	–	(1,065)	(231)
Home improvement agency		273	–	(236)	37
Other (non-housing)		23	–	(33)	(10)
		6,024	**(1,566)**	**(2,325)**	**2,133**
		56,060	**(3,407)**	**(36,239)**	**16,414**
Gain/(loss) on disposal of fixed assets	5	–	–	–	3,558
Movement in fair value of investment properties	12	–	–	–	8,727
		56,060	**(3,407)**	**(36,239)**	**28,699**

Shared ownership and properties for outright sales costs for the year ending 31 March 2018 have been restated so that all costs are included within cost of sales.

Notes to the Financial Statements

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

	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**

	Note	Association 2018 Turnover £'000	Cost of sales £'000 Restated	Operating costs £'000 Restated	Operating surplus £'000
Social housing lettings		**42,784**	**–**	**(30,837)**	**11,947**
Other social housing activities					
Shared ownership first tranche sales		2,388	(1,841)	–	547
Community development		161	–	(334)	(173)
Charges for support services		1,590	–	(1,468)	122
Development activities		70	–	(342)	(272)
		4,209	**(1,841)**	**(2,144)**	**224**
Non-social housing activities					
Investment property lettings		2,821	–	(924)	1,897
Leasehold		834	–	(1,065)	(231)
Home improvement agency		273	–	(236)	37
Other (non-housing)		23	–	–	23
		3,951	**–**	**(2,225)**	**1,726**
		50,944	**(1,841)**	**(35,206)**	**13,897**
Gain on disposal of fixed assets	5	–	–	–	3,558
Movement in fair value of investment properties	12	–	–	–	5,281
		50,944	**(1,841)**	**(35,206)**	**22,736**

Shared ownership and properties for outright sales costs for the year ending 31 March 2018 have been restated so that all costs are included within cost of sales.

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	2019 Total £'000	2018 Total £'000
Rent receivable net of identifiable service charges	24,720	2,962	6,417	2,062	36,161	34,748
Service charge income	2,606	1,895	44	478	5,023	5,928
Net rental income	**27,326**	**4,857**	**6,461**	**2,540**	**41,184**	**40,676**
Other income	182	636	1,643	36	2,497	3,274
Amortisation of housing grant	1,349	223	267	135	1,974	1,858
Turnover from social housing lettings	**28,857**	**5,716**	**8,371**	**2,711**	**45,655**	**45,808**
Management	(3,230)	(1,141)	(1,055)	(466)	(5,892)	(5,527)
Service charge costs	(2,895)	(1,220)	(1,138)	(373)	(5,626)	(5,432)
Other cost	(3,456)	(1,204)	(1,227)	(300)	(6,187)	(5,857)
Routine maintenance	(2,552)	(510)	(1,071)	(247)	(4,380)	(4,558)
Planned maintenance	(3,212)	(562)	(513)	(55)	(4,342)	(4,826)
Rent losses from bad debts	(158)	(30)	(40)	(15)	(243)	(380)
Depreciation of housing properties	(4,041)	(423)	(1,178)	–	(5,642)	(4,877)
Accelerated depreciation	–	–	–	–	–	(304)
Operating costs on social housing lettings	**(19,544)**	**(5,090)**	**(6,222)**	**(1,456)**	**(32,312)**	**(31,761)**
Operating surplus on social housing lettings	**9,313**	**626**	**2,149**	**1,255**	**13,343**	**14,047**
Void losses	**(213)**	**(303)**	**(209)**	**–**	**(725)**	**(576)**

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	2019 Total £'000	2018 Total £'000
Rent receivable net of identifiable service charges	21,176	2,855	6,417	1,992	32,440	32,039
Service charge income	2,416	1,852	44	473	4,785	5,652
Net rental income	**23,592**	**4,707**	**6,461**	**2,465**	**37,225**	**37,691**
Other income	700	721	1,791	97	3,309	3,272
Amortisation of housing grant	1,307	218	267	136	1,928	1,821
Turnover from social housing lettings	**25,599**	**5,646**	**8,519**	**2,698**	**42,462**	**42,784**
Management	(3,196)	(1,158)	(1,055)	(465)	(5,874)	(5,487)
Service charge costs	(2,827)	(1,178)	(1,137)	(372)	(5,514)	(5,359)
Other cost	(3,462)	(1,210)	(1,234)	(300)	(6,206)	(5,863)
Routine maintenance	(2,474)	(504)	(1,071)	(245)	(4,294)	(4,500)
Planned maintenance	(2,932)	(510)	(513)	(55)	(4,010)	(4,437)
Rent losses from bad debts	(137)	(27)	(40)	(15)	(219)	(369)
Depreciation of housing properties	(3,497)	(396)	(1,179)	–	(5,072)	(4,541)
Accelerated depreciation	–	–	–	–	–	(281)
Operating costs on social housing lettings	**(18,525)**	**(4,983)**	**(6,229)**	**(1,452)**	**(31,189)**	**(30,837)**
Operating surplus on social housing lettings	**7,074**	**663**	**2,290**	**1,246**	**11,273**	**11,947**
Void losses	**(188)**	**(299)**	**(209)**	**–**	**(696)**	**(559)**

3. Units under management

	Group		Association	
	2019 No.	2018 No. Restated	2019 No.	2018 No. Restated
Social housing				
General needs housing				
Social	3,460	3,485	2,999	3,025
Affordable	424	385	352	313
Supported housing and housing for older people	640	637	625	622
Keyworker housing	929	932	929	932
Shared ownership	426	429	412	415
Rent to homebuy	12	14	12	14
Residential care homes	35	35	35	35
Total managed	**5,926**	**5,917**	**5364**	**5,356**
Non-social housing				
Commercial/Right to buy/Leasehold/Market rented	764	732	740	707
Total owned and managed	**6,690**	**6,649**	**6,104**	**6,063**

The Group owns 47 supported housing units (2018: 56) 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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Depreciation of housing properties	5,642	4,877	5,072	4,541
Accelerated depreciation charge	–	304	–	281
Depreciation of other tangible fixed assets	355	654	355	654
Operating lease rentals for office equipment and computers	14	23	14	23
Auditors' remuneration exclusive of VAT				
- for audit services	65	60	47	42
- for non-audit services	22	74	7	13

Notes to the Financial Statements

5. Gain/(loss) on disposal of fixed assets

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Disposal proceeds	9,304	29,811	9,304	18,318
Carrying value of fixed assets	(6,228)	(26,253)	(6,228)	(14,760)
	3,076	**3,558**	**3,076**	**3,558**

6. Interest receivable

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank interest receivable	76	110	75	106
Other interest receivable	–	–	685	674
	76	**110**	**760**	**780**

7. Interest and financing costs

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Loans and bank overdrafts	15,266	15,044	13,489	13,140
Amortisation of financing costs	376	372	340	338
Pension interest costs	179	6	179	6
	15,821	**15,422**	**14,008**	**13,484**
Interest capitalised on housing properties under construction	(2,067)	(1,944)	(1,303)	(893)
	13,754	**13,478**	**12,705**	**12,591**
Capitalisation rate used to determine the finance costs capitalised during the period	**5.11%**	**5.11%**	**5.10%**	**5.10%**

Notes to the Financial Statements

8. Employees

Average monthly number of employees expressed in full time equivalents:	**Group and Association**	
	2019	**2018**
	£'000	**£'000**
Administration	61	62
Development	14	11
Housing, support and care	202	203
	277	**276**

Full time equivalents are calculated based on a standard working week of 37 hours.	**Group and Association**	
	2019	**2018**
	£'000	**£'000**
Wages and salaries	8,479	8,226
Social security costs	809	792
Other pension costs	876	624
Employee benefits accrued	30	(4)
	10,194	**9,638**

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 2019 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 before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution 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 £11,243k increasing by 3% each year (in respect of September 2017 valuation)
- From 1 April 2016 to 30 September 2025 £12,945k increasing by 3% each year (in respect of September 2014 valuation)
- From 1 April 2016 to 30 September 2028 £55k 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 £32,412 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	Pension contr'ns £'000	2019 Total £'000	2018 Total £'000
Aggregate emoluments	**698**	**90**	**788**	**674**

Non-executive Board Members received emoluments of £62,478 cumulatively, including £12,776 (2018: £10,100) received by the Chairs (former and current). This excludes the Chief Executive aggregate emoluments. Expenses paid to Board members amount to £5,009 (2018: £3,466).

Group and Association	Basic salary £	Pension contr'ns £	2019 Total £	2018 Total £
Stephen White	5,142	318	5,460	10,016
Neil McCall	6,890	426	7,316	–
Anne Bowers	5,000	–	5,000	4,500
Mash Halai	5,000	–	5,000	4,500
Nicky Wilden	5,000	–	5,000	4,500
Mary Gibbons	5,000	–	5,000	4,500
Stephen Mutton	5,000	–	5,000	4,500
Gordon Wright	5,000	–	5,000	4,500
Julia Porter	5,000	–	5,000	4,500
Christopher Bond	5,000	–	5,000	4,500
Bryan Ingleby	5,000	–	5,000	4,500
Olivia Gadd	4,702	–	4,702	–
Aggregate emoluments of Board Members (excluding Chief Executive)	**61,734**	**744**	**62,478**	**54,725**

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 Chief Executive, excluding pension contributions, were £137,700 (2018: £135,000). 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. Pension contributions were £27,540 (2018: £27,000), the Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

The emoluments of the highest paid director including compensation for loss of office are below:

Group and Association	Emoluments before pension £'000	Pension contr'ns £'000	2019 Total £'000	2018 Total £'000
Aggregate emoluments of highest paid director	**175**	**19**	**194**	**162**

The full time equivalent number of staff whose total remuneration, including pension contributions and compensation for loss of office, was greater than £60,000 per annum is as follows:

	Group and Association 2019 No.	2018 No.
£60,000 to £69,999	6	5
£70,000 to £79,999	4	4
£80,000 to £89,999	3	2
£90,000 to £99,999	2	–
£100,000 to £109,999	–	2
£110,000 to £119,999	–	–
£120,000 to £129,999	–	2
£130,000 to £139,999	1	–
£140,000 to £149,999	–	–
£150,000 to £159,999	–	–
£160,000 to £169,999	1	1
£190,000 to £199,999	1	–
	18	**16**

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 £113k (2018: £53k). The total compensation paid to off payroll key management personnel for services provided to the group was £146k (2018: £Nil).

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	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
United Kingdom Corporation Tax				
Current tax on income for the year	–	–	–	–
Adjustments in respect of prior periods	–	(48)	–	–
Current tax (credit)/charge for the period	–	(48)	–	–
Deferred tax				
Origination and reversal of timing differences	–	(3)	–	–
	–	**(51)**	**–**	**–**

Factors affecting the tax charge for the period

	Group		Association	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Surplus for the year before taxation	**12,268**	**15,331**	**10,528**	**11,164**
Corporation tax at 19% (2018: 19%)	2,331	2,913	2,000	2,121
Effects of:				
Income from exempt activities	(2,318)	(2,850)	(2,000)	(2,121)
Expenses not deductible for tax purposes	(2)	8	–	–
Adjustments in respect of prior years	–	(51)	–	–
Adjust closing deferred ta to average rate	–	(71)	–	–
Deferred tax asset not recognised	(11)	–	–	–
	–	**(51)**	**–**	**–**

Notes to the Financial Statements

11. Housing properties

Group	Social housing held for letting £'000	Social housing to let under construction £'000 Restated	Shared ownership completed £'000	Shared ownership under construction £'000 Restated	Total £'000
Cost					
At 1 April 2018	693,515	10,350	52,919	8,123	764,907
Transfer to investment properties	(3,396)	–		–	(3,396)
Transfer to shared ownership	(267)	–	267	–	–
Transfer from fixed asset to under construction	(1,745)	1,387	–	–	(358)
Additions – new properties/construction	–	20,749	1,007	10,595	32,351
Additions – works to existing properties	7,831	–	–	–	7,831
Schemes completed	7,417	(7,417)	1,969	(1,969)	–
Transfer to current assets	–	–	(93)	–	(93)
Disposals	(665)	(184)	(2,294)	(2,131)	(5,274)
At 31 March 2019	**702,690**	**24,885**	**53,775**	**14,618**	**795,968**
Accumulated depreciation and impairment					
At 1 April 2018	59,744	–	1,278	–	61,022
Depreciation charge	5,642	–	–	–	5,642
Transfer to investment properties	(477)	–	–	–	(477)
Transfer from fixed asset to under construction	(358)	–	–	–	(358)
Disposals	(118)	–	(61)	–	(179)
At 31 March 2019	**64,433**	**–**	**1,217**	**–**	**65,650**
Net book value					
At 1 April 2018	633,771	10,350	51,641	8,123	703,885
At 31 March 2019	**638,257**	**24,885**	**52,558**	**14,618**	**730,318**

Association	Social housing held for letting £'000	Social housing to let under construction £'000 Restated	Shared ownership completed £'000	Shared ownership under construction £'000 Restated	Total £'000
Cost					
At 1 April 2018	628,919	9,992	50,105	8,240	697,256
Transfer to investment properties	(3,645)	–	–	–	(3,645)
Transfer to shared ownership	(267)	–	267	–	–
Transfer from fixed asset to under construction	(1,745)	1,387	–	–	(358)
Additions – new properties/construction	–	20,116	1,007	10,246	31,369
Additions – works to existing properties	6,645	–	–	–	6,645
Schemes completed	7,417	(7,417)	1,969	(1,969)	–
Transfer to current assets	–	–	(93)	–	(93)
Disposals	(665)	(184)	(2,183)	(2,418)	(5,450)
At 31 March 2019	**636,659**	**23,894**	**51,072**	**14,099**	**725,724**
Accumulated depreciation and impairment					
At 1 April 2018	56,364	–	1,331	–	57,695
Depreciation charge	5,072	–	–	–	5,072
Transfer to investment properties	(477)	–	–	–	(477)
Reclassification to shared ownership	(358)	–	–	–	(358)
Disposals	(118)	–	(61)	–	(179)
At 31 March 2019	**60,483**	**–**	**1,270**	**–**	**61,753**
Net book value					
At 1 April 2018	572,555	9,992	48,774	8,240	639,561
At 31 March 2019	**576,176**	**23,894**	**49,802**	**14,099**	**663,971**

11. Housing properties (continued)

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

	2019 £'000	2018 £'000
Freehold	487,260	459,209
Long leasehold	243,058	244,676
At 31 March	**730,318**	**703,885**

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

	2019 £'000	2018 £'000
Historic cost	692,867	661,906
Accumulated depreciation	(32,446)	(37,368)
At 31 March	**660,421**	**624,538**

Interest capitalisation by the Group on properties under construction

	2019 £'000	2018 £'000
Interest capitalised in the year	2,067	2,072
Cumulative interest capitalised	5,649	12,434
At 31 March	**7,716**	**14,506**

Expenditure on works to existing properties by the Group:

	2019 £'000	2018 £'000
Amounts capitalised	7,831	15,673
Amounts charged to income statement	4,342	4,826
At 31 March	**12,173**	**20,499**

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

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 2019 of letting properties under the cost model would be £660.4m compared with £730.3m 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 2019.

12. Investment properties

Group	Commercial 2019 £'000	Market Rent 2019 £'000	Total 2019 £'000
Valuation			
At 1 April 2018	51,283	27,269	78,552
Additions	239	697	936
Transfer to/from housing properties	–	2,919	2,919
Disposals	(980)	(248)	(1,228)
Revaluation	466	6,749	7,215
At 31 March 2019	**51,008**	**37,386**	**88,394**

Association	Commercial 2019 £'000	Market Rent 2019 £'000	Total 2019 £'000
Valuation			
At 1 April 2018	42,993	23,543	66,536
Additions	239	448	687
Transfer from/to housing properties	–	3,168	3,168
Disposals	(980)	–	(980)
Revaluation	241	6,526	6,767
At 31 March 2019	**42,493**	**33,685**	**76,178**

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. 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 surplus on revaluation of investment property arising of £7,215k (Association £6,767k) has been credited to the Statement of Comprehensive Income for the year. The historic cost of market rent properties is £20,664k for the Group and £19,886k for the Association (2018: £17,149k Group and £16,270k Association).

13. Other tangible fixed assets

Group and Association	Furniture, fixtures & fittings £'000	Computers & office equipment £'000	Total £'000
Cost			
At 1 April 2018	57	12,138	12,195
Additions	–	1,161	1,161
Disposals	–	(556)	(556)
At 31 March 2019	**57**	**12,743**	**12,800**
Accumulated depreciation			
At 1 April 2018	57	9,319	9,376
Charged in year	–	854	854
Disposals	–	(556)	(556)
At 31 March 2019	**57**	**9,617**	**9,674**
Net book value			
At 1 April 2018	–	2,819	2,819
At 31 March 2019	**–**	**3,126**	**3,126**

Notes to the Financial Statements

14. Investment in subsidiaries & joint ventures

Group	**2019 £'000**	**2018 £'000**
Investment in South Harrow LLP	5,005	3,635
Investment in Central Harrow LLP	3,135	2,927
Sector lending vehicle	30	6
	8,170	**6,568**

Association	**2019 £'000**	**2018 £'000**
Investment in Origin Properties Limited	12,501	7,252
Investment in other subsidiaries	2,757	2,760
Sector lending vehicle	30	6
	15,288	**10,018**

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 £12,501k (2018: £7,252k).

15. Properties held for sale

	Group		**Association**	
	2019 £'000	**2018 £'000**	**2019 £'000**	**2018 £'000**
Properties under construction	25,463	13,041	5,983	945
Capitalised interest (properties under construction)	1,165	3,152	195	29
Completed properties	117	1,989	117	–
	26,745	**18,182**	**6,295**	**974**

Notes to the Financial Statements

16. Debtors

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Rent and service charges receivable	1,887	1,728	1,888	1,712
Provision for bad and doubtful debts	(1,077)	(843)	(1,053)	(828)
	810	**885**	**835**	**884**
Commercial rent and service charge arrears	345	1,289	295	1,095
Amounts due from Group companies	–	–	7,824	4,705
Amounts due from joint ventures	11,324	17,978	11,324	20,186
Prepayments and accrued income	4,483	2,035	1,881	2,034
Other debtors	3,696	3,623	3,456	3,312
	20,658	**25,810**	**25,615**	**32,216**

17. Creditors: amounts falling due within one year

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Loans (note 19)	28,052	11,637	28,052	11,637
Deferred financing costs (note 19)	(466)	(295)	(382)	(259)
Trade creditors	729	3,180	258	2,522
Grants received in advance	145	158	145	158
Amounts owed to Group companies	–	–	4,740	3,667
Recycled capital grant fund (note 21)	1,939	1,124	1,939	1,124
Other taxation and social security	233	753	233	256
Leaseholder sinking funds	1,362	1,236	1,362	1,236
Accrued interest	5,575	2,961	2,812	2,381
Capital accrual	3,720	6,726	2,841	5,691
Deferred income	–	18	–	18
Other creditors and accruals	8,614	7,485	8,372	7,187
	49,903	**34,983**	**50,372**	**35,618**

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

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Loans (note 19)	328,528	315,444	288,528	275,440
Deferred financing costs (note 19)	(1,905)	(1,707)	(1,177)	(842)
Recycled capital grant fund (note 21)	2,856	3,554	2,856	3,554
Total Loans	**329,479**	**317,291**	**290,207**	**278,152**

19. Debt

	Group 2019 £'000	Group 2018 £'000	Association 2019 £'000	Association 2018 £'000
Due within one year				
Bank loans	28,052	11,637	18,052	11,637
Loans from subsidiaries	–	–	10,000	–
	28,052	11,637	28,052	11,637
Deferred financing costs	(466)	(295)	(382)	(259)
	27,586	**11,342**	**27,670**	**11,378**
Due after more than one year				
Bank loans	248,509	235,425	128,509	115,421
Other loans	19	19	19	19
Bond Issue	80,000	80,000	–	–
Loans from subsidiaries	–	–	160,000	160,000
	328,528	315,444	288,528	275,440
Deferred financing costs	(1,905)	(1,707)	(1,177)	(842)
	326,623	**313,737**	**287,351**	**274,598**
Between one and two years	36,586	23,550	36,586	23,550
Between two and five years	47,489	29,572	43,489	29,572
In five or more years	244,453	262,322	208,453	222,318
	328,528	315,444	288,528	275,440
Deferred financing costs	(1,905)	(1,707)	(1,177)	(842)
	326,623	313,737	287,351	274,598
Total debt				
Loans	356,580	327,081	316,580	287,077
Deferred financing costs	(2,371)	(2,002)	(1,559)	(1,101)
	354,209	**325,079**	**315,021**	**285,976**

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 1.96% to 12.46% (2018: 1.96% to 12.46%).

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

Notes to the Financial Statements

20. Deferred government grant

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
At 1 April	155,164	155,570	150,935	151,824
Grant received in the year	1,345	2,157	1,345	2,157
Transfer from RCGF	1,520	–	1,520	328
Homebuy grant adjustment	–	328	–	36
Homebuy redemption	(25)	36	(25)	(36)
Disposals	(1,029)	(36)	(1,029)	(1,033)
Transferred to subsidiary	–	(1,033)	–	(520)
Amortisation	(1,978)	(1,858)	(1,928)	(1,821)
At 31 March	**154,997**	**155,164**	**150,818**	**150,935**

21. Recycled capital grant fund & disposal fund

Group and Association

	2019 £'000	2018 £'000
At 1 April	4,678	3,958
Grants recycled/net sale proceeds recycled	1,605	1,033
Interest accrued	32	15
Purchase/development of properties	(1,520)	(328)
At 31 March	**4,795**	**4,678**
Disclosed as:		
Amounts falling due within one year (note 17)	1,939	1,124
Amounts falling due after more than one year (note 18)	2,856	3,554
	4,795	**4,678**
Amount due for repayment to the Homes and Communities Agency and Greater London Authority	–	–

There are no amounts outstanding for 3 or more years.

22. Pension fund liability

Group and Association	2019 £'000	2018 £'000
Social Housing Pension Scheme defined benefit obligation/funding liability for 2018	8,466	3,919
Growth Plan funding liability	195	252
	8,661	**4,171**

Group and Association	Social Housing Pension Scheme 2019 £'000	2018 £'000
Fair value of plan assets	24,796	–
Present value of defined benefit obligation	(33,262)	–
Net present value of deficit contributions (2018)	–	(3,919)
Net defined benefit liability recognised	**(8,466)**	**(3,919)**

The Association participates in the Social Housing Pension Scheme (SHPS), a defined benefit scheme in the UK. For the year ending 31 March 2019 the Association has recognise the present values of its defined benefit obligation and the fair value of it's share of the plan assets. This is the first year of a full valuation split by employer has been made available. As a result the following opening balance adjustment has been made through other comprehensive income.

Net present value of deficit contributions 31 March 2018	(3,919)
SHPS net defined liability opening balance 1 April 2018	(7,141)
SHPS opening balance adjustment on initial recognition	**(3,222)**

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from the 30 September 2018 valuation are rolled forward to 31 March 2019, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit at the accounting period start and end dates. As this is the first year of defined benefit accounting prior year figures have been restated to reflect the net deficit at 31 March 2018.

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

	2019 £'000	2018 £'000
Fair value of plan assets	24,796	23,822
Present value of defined benefit obligation	(33,262)	(30,963)
Defined benefit liability to be recognised	**(8,466)**	**(7,141)**

SHPS reconciliation between opening and closing balances

Fair value of plan assets	£'000
At 1 April 2018	23,822
Interest income	605
Gain on plan assets (excluding interest)	514
Employer contributions	782
Benefits paid and expenses	(927)
At 31 March 2019	**24,796**

Defined benefit obligation	£'000
At 1 April 2018	(30,963)
Current service cost	(191)
Expenses	(19)
Interest Expense	(780)
Actuarial losses	(2,236)
Benefits paid and expenses	927
At 31 March 2019	**(33,262)**

The actual return on plan assets including any changes in share of assets over the period ended 31 March 2019 was £1,119k.

Notes to the Financial Statements

22. Pension fund liability (continued)

SHPS defined benefit costs recognised in Income Statement

Statement of Comprehensive Income	2019 £'000
Current service cost	191
Expenses	19
Net interest expense	175
Defined benefit costs recognised in statement of comprehensive income	**385**

Other Comprehensive income	2019 £'000
Gain on plan assets (excluding interest)	514
Losses arising on plan liabilities	(2,236)
Loss recognised in other comprehensive income	**(1,722)**

SHPS Plan Assets	2019 £'000	2018 £'000
Global Equity	4,172	4,705
Absolute Return	2,145	2,910
Distressed Opportunities	451	230
Credit Relative Value	454	–
Alternative Risk Premia	1,430	903
Fund of Hedge Funds	112	785
Emerging Markets Debt	855	961
Risk Sharing	749	220
Insurance – Linked Securities	711	626
Property	558	1,097
Infrastructure	1,300	611
Private Debt	333	212
Corporate Bond Fund	1,157	978
Long Lease Property	365	–
Secured Income	888	883
Over 15 Year Gilts	–	–
Liability Driven Investment	9,068	8,679
Net Current Assets	48	22
Total assets	**24,796**	**23,822**

Key assumptions	2019	2018
Discount Rate	2.30%	2.55%
Inflation (RPI)	3.30%	3.20%
Inflation (CPI)	2.30%	2.20%
Salary Growth	3.30%	3.20%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

Notes to the Financial Statements

22. Pension fund liability (continued)

Group and Association	Growth Plan 2019 £'000	Growth Plan 2018 £'000
Provision 1 April 2018	252	283
Interest expense (unwinding of discount factor)	4	4
Deficit contribution paid	(32)	(31)
Remeasurements recognised in other comprehensive income	(29)	(4)
Provision 31 March 2019	**195**	**252**

Interest expense and remeasurements 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 2019: 1.39% per annum
31 March 2018: 1.71% per annum

23. Provisions for liabilities and charges

Other provisions for liabilities and charges	Restructure £'000	Litigation £'000	Total £'000
Provision at 1 April 2018	72	434	506
Insurance claim	–	(231)	(231)
Restructures	(72)	–	(72)
At 31 March 2019	**–**	**203**	**203**

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	2019 £	2018 £
Shares of £1 each issued and fully paid		
At 1 April 2018	28	33
Shares issued during the year	1	–
Shares surrendered during the year	(1)	(5)
At 31 March 2019	**28**	**28**

Notes to the Financial Statements

25. Financial commitments

Capital expenditure commitments were as follows:

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Expenditure contracted for but not provided in the accounts	29,500	17,042	8,559	8,462
Expenditure authorised by the Board, but not contracted	13,365	10,234	13,365	6,476
	42,865	**27,276**	**21,924**	**14,938**

The above commitments will be financed primarily through borrowings.

Commitments under operating leases were as follows:

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Operating lease payments receivable:				
- Within one year	259	300	259	271
- One to five years	363	556	363	556
- More than five years	35	24	35	24
	657	**880**	**657**	**851**
Operating lease payments due:				
- Within one year	8	14	8	14
- One to five years	11	9	11	9
- More than five years	–	–	–	–
	19	**23**	**19**	**23**

26. Financial Instruments

	2019 £'000	2018 £'000
Financial assets		
Financial assets measured at historical cost		
- Trade receivables	20,645	25,810
- Cash and cash equivalents	15,002	18,091
Total financial assets	**35,647**	**43,901**
Financial liabilities		
Financial liabilities measured at historical cost		
- Trade creditors	22,520	24,147
Financial liabilities measured at amortised cost		
- Loans payable	354,209	325,079
Total financial liabilities	**376,729**	**349,226**

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	
	2019 **£'000**	**2018** **£'000**	**2019** **£'000**	**2018** **£'000**
Floating rate	86,267	54,750	46,267	24,750
Fixed rate	270,313	272,331	270,313	262,397
Total	**356,580**	**327,081**	**316,580**	**287,147**

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 4.50% (2017: 4.90%) and the average period for which it is fixed is 15 years (2017: 18 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:

	2019 **£'000**	**2018** **£'000**
Expiring between two to five years	98,000	50,000

29. 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 £1,172 and the balance outstanding at year end amounted to £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	2018 £'000 Restated	Movement £'000	2019 £'000
Origin Housing Ltd	Origin Properties Ltd	7,252	5,249	12,501
Origin Housing 2 Ltd	Origin Properties Ltd	7,356	–	7,356
Origin Housing 2 Ltd	Origin Housing Development Ltd	6,884	296	7,180
Origin Housing Ltd	Origin Housing Development Ltd	2,708	–	2,708
Origin Properties Ltd	Origin Housing Development Ltd	5,686	5,833	11,519
Origin Finance Ltd	Origin Housing Ltd	120,000	10,000	130,000
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	3,635	1,370	5,005
Origin Housing Development Ltd	Central Harrow LLP	2,927	208	3,135
South Harrow LLP	Origin Housing Ltd	6,607	(6,570)	37
Central Harrow LLP	Origin Housing Ltd	9,873	1,414	11,287
		252,928	**17,800**	**270,728**

Payable to Origin Housing Ltd by subsidiaries:	Management charges		Interest charges	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Origin Properties Ltd	–	434	940	943
Origin Housing Development	15	15	–	–
Origin Finance Ltd	2	2	–	–
Origin Finance 2	2	2	–	–
Origin Housing 2	699	694	–	–
	718	**1,147**	**940**	**943**

Payable by Origin Housing Ltd to subsidiaries:	Management charges		Interest charges	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Origin Properties Ltd	–	–	–	–
Origin Housing Development	–	–	–	–
Origin Finance Ltd	15	15	5,511	5,781
Origin Finance 2	2	2	759	254
Origin Housing 2	–	–	–	–
	17	**17**	**6,270**	**6,035**

Notes to the Financial Statements

30. Post balance sheet events

There are no post balance sheet events.

31. 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.

32. Acquisition of subsidiary

There were no acquisitions of subsidiaries during the year.