

Orbit Housing Association Limited

Financial statements

For the year ended 31 March 2021

Orbit Housing Association Limited

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Orbit Housing Association Limited

The Board, Executives and Advisors

Board Members

Name	Role	Appointed	Resigned / retired
Stephen Howlett	Chair I	1 November 2018 Chair 1 April 2019	
Kerry Bolister	I	1 March 2015	28 February 2021
Grant Richardson	I	1 February 2013	
David Butler	I	1 August 2018	
John Brennan	R	28 August 2018	
Helen Gillett	I	1 February 2019	
David Glover	R	25 September 2019	
Symon Tandooran-Sentain	I	9 September 2015	
Jake Boomhauer	R	26 July 2016	
Tonia Mihill	R	1 November 2017	
Eileen Stent	R	25 September 2019	

R = Resident member

I = Independent member

Senior Management Team

Director	Role
Paul Richards	Group Customer Services Director (Executive Director)
Simon Cosson	Finance Director Customer and Communities
David Boden	Director of Property Services
Anthony Clark	Director of Independent Living
Louise Palese	Director of Customer Services
Martin Chuter	Director of Property Management
Ted Pearce	Director Strategic Asset Management

Advisors

Independent Auditors	Registered office
KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH	Garden Court Binley Business Park Harry Weston Road Binley Coventry CV3 2SU

Co-operative and Community Benefit Society Number

27802R Regulator of Social Housing Number L4060

Orbit Housing Association Limited

Report of the Board

Orbit Housing Association Limited was created from the merger of Heart of England Housing Association Limited and Orbit South Housing Association Limited on 31 March 2021. The newly merged entity was renamed Orbit Housing Association. It is part of the Orbit Group ("Orbit"); founded in 1967, we have been investing in the provision of quality homes and services for over fifty years. This report gives some highlights about our work. More detail about the activities of the Group, including our value for money statement, is included in the Orbit Group Annual Report and Financial Statements at www.orbit.org.uk.

Financial Performance

The financial performance of Orbit Housing Association Limited needs to be assessed in the light of operating during a pandemic. COVID-19 has resulted in 3 national lockdowns as well as a number of local lockdowns, which have significantly impacted the ability to operate. Despite this Orbit Housing Association has remained financially robust, generating operating profits before property sales of £68.4 million (2020: £69.2 million). Operating margin excluding property sales has reduced to 31.5% (2020: 32.8%), largely due to higher operating costs.

Turnover has increased by £6.2 million to £217.1 million (2020: £210.9 million). Rental income increased by £3.7 million primarily as a result of the CPI +1% rental increase but also due to the increased number of units from newbuild properties and stock transferred in. The remainder of the increase in turnover arose from increases in service charge income, which is more than offset by an increase in service charge costs. Rental income has also been impacted by a higher level of voids throughout the year, driven by the difficulty to let properties during national lockdowns.

Overall operating costs are £147.6 million an increase of £6 million on the prior year (2020: £141.6 million) arising from higher levels of management costs, increased depreciation charges and, as noted above, higher service charge costs, partially offset by lower levels of maintenance costs. Maintenance costs are lower due to restrictions on access to properties with much of the planned maintenance restricted to exterior work.

Interest payable on loans used to fund the property portfolio has remained broadly static at £43.4 million (2020: £43.7 million). The increase in other financing costs relates to finance restructure costs of £11.9 million.

Total comprehensive income was £21.6 million, down from £65.8 million during 2020. The decrease was primarily driven by a lower surplus on sale of housing properties which dropped to £8.5 million (2020: £40.2 million). During 2020 higher levels of disposals of houses were driven by the Voluntary Right To Buy scheme that was piloted in the Midlands. The properties sold during 2021 were mainly due to the disposal of older, energy inefficient and uneconomical properties.

Tangible fixed assets rose by £104 million (2020: £80 million) with an increase of 793 properties to 38,521 properties owned and managed. Total net assets rose by £21.6 million to £380.8 million (2020: £359.2 million).

During the year 128 properties were acquired from Bromford Housing Association for £13.4 million as part of Orbit's property management strategy.

We will continue to invest profits earned this year into improving our existing properties through our investment programmes, in providing better services to customers, investing in our communities and in the development of new homes.

Strategy

We lead in building thriving communities. We believe everyone is entitled to a good quality home that they can afford in a place that they are proud to live.

Our strategy is to combine a focused commercial outlook with a clear social purpose, so we can re-invest the profit that we make to deliver our vision. In doing so we will:

Orbit Housing Association Limited

Report of the Board

- Deliver excellent customer experience
- Provide high-quality, affordable homes
- Reinvest profits into our services and communities
- Continue to create a diverse and inclusive workplace where all our colleagues feel safe, respected, and valued
- Maintain an outstanding approach to compliance and risk, and reduce our impact on the environment

Our Environmental Social Governance Strategy

Fundamentally, Orbit is founded to deliver social value, with our impact on our customers, our communities and our partners interwoven in all we do. As an early adopter of housing sector's Environmental, Social and Governance (ESG) approach, the Sustainability Reporting Standard, we are fully committed to support society and to reduce our impact on the environment, setting targets for delivery and to report annually on our progress.

Customer Satisfaction

We aim to work together with our customers to shape our services and involve them in the decisions that affect their communities, and this is underpinned by our equal commitment to providing our customers with the best possible service and support.

We are proud to report that we have delivered a customer satisfaction rating of 4.2 out of 5 despite the challenges of the COVID-19 pandemic.

Our investment in a single location Customer Hub has been pivotal in enabling us to maintain the critical services we provide to our customers and communities. Throughout the year the performance levels of the Customer Hub were maintained and despite the restrictions imposed to control the pandemic, we handled over 230,000 calls. Additionally, our teams conducted over 100,000 wellbeing calls to our most vulnerable customers, ensuring they had access to local services or support through our Better Days service.

In Partnership with Customers

Listening to our customers and getting their feedback has always been of primary importance to us. As an early adopter of the National Housing Federation's Together with Tenants, we were already making changes to how we engage and communicate with our customers, but this year, against the backdrop of the pandemic, we have accelerated our plans and implemented a number of new initiatives to improve our support and services for our customers.

We launched our digital engagement platform, Your Voice, to ensure that our customers have a truly representative influence in the running of their neighbourhoods. Since the launch, we've increased customer engagement opportunities by over 150% and increased the number of customers who regularly engage by 84%.

Relaunched in March 2021, our Customer Promise has been developed in collaboration with both our customers and our Customer and Communities Board. It aims to put the voice of the customer at the heart of what we do, providing a framework of very clear commitments to our customers and acting as the catalyst to ensure that all teams across the business work together to help our customers and their communities to thrive, whilst also ensuring we deliver on the aims and objectives of the Social Housing White Paper.

As part of our Customer Promise, we have also launched our new Customer website to bring all our services and the support we offer our customers into one place. The new website uses the latest technologies, including web reader, new online chat function, translation support and intuitive technology, to improve access to information and the digital experience, and we've seen a 40% increase in usage since its launch.

Orbit Housing Association Limited

Report of the Board

Property Maintenance

The Property Management team provides a physical presence in all our communities to make each neighbourhood look and feel better. They engage with customers on a daily basis and in doing so have had a positive impact on our customers' lives through improving many of our estates.

Despite the current limitations on face-to-face contact, our Property Maintenance teams have undertaken over 130,000 home repairs with a 100% Health and Safety compliance record throughout. While always responding to government guidelines, repair work continued as normal when and where possible. We have continued to support customers with emergency or urgent repairs and have completed 87% of our planned capital programme, despite pandemic restrictions, and introduced a fibre optic partnership with Openreach Ltd to provide fibre broadband to customers.

Densification strategy

The Orbit Densification strategy is driven by our commitment to continually improve the quality of our customer service. By adding properties to areas where we already have a sizeable presence, we can maximise the resources we have available and, through economies of scale, operate in the most efficient way possible whilst also reducing our environmental impact.

As part of this agenda, we purchased housing stock in Oxford, totaling 128 new homes in October 2020. This investment ties in perfectly with the great homes Orbit already owns in Oxfordshire, Warwickshire, Northamptonshire, Milton Keynes and Buckinghamshire and allows us to maximise operational efficiencies. We also successfully sold 171 shared ownership homes spread across 18 counties in March 2021, securing £14.6 million to support the delivery of more affordable new homes in our key geographical areas.

Tenancy Sustainment

From the start of the first lockdown, we transitioned our customer service functions to digital delivery and by 19 April 2020 all Tenancy Sustainment interactions had moved to being telephone or digitally-led. As a result, the Tenancy Sustainment team was able to maintain its service with over 4,555 customers referred to our service, a 35% increase from last year.

Better Days

Orbit's Better Days Programme has risen to the unprecedented challenge of the last year by supporting more customers than ever before without compromising outcomes and by exceeding our targets for sustained impact.

We were able to respond quickly to regular changes in the Government's guidelines and support schemes, ensuring our customers were able to stay on top of a fast changing situation, and our teams excelled at providing our customers with the right information at the right time and did everything possible to alleviate our customers' financial burdens throughout this challenging period.

Progressing towards decarbonisation

Work has continued to improve the energy efficiency of our housing stock as we progress towards the UK's 2050 net-zero carbon target, and we are pleased to be one of 17 Social Housing Decarbonisation Fund (SHDF) Demonstrator projects. The SHDF Demonstrator is a UK-wide scheme which will upgrade around 2,000 social homes currently EPC rating D or below, using a whole house retrofit approach, with energy efficiency products such as floor and wall insulation and low carbon heating.

Orbit Housing Association Limited

Report of the Board

In conjunction with Stratford-upon-Avon District Council, we have been awarded £1.45 million by the Government to install sustainable technologies in a number of our homes in Stratford-upon-Avon. Alongside the SHDF, we are investing a further £2.2 million into the project to help us explore the impact of selected sustainable technologies in a retrofit application.

In pushing towards decarbonisation, we have initiated a phased 'fabric first' investment approach for installing carbon reduction measures in our existing homes, with one of our core objectives being to achieve a minimum of EPC Band C for all our properties by 2030. We have delivered excellent progress towards that goal with over 80% of Orbit's homes now rated at Band C or above.

Placemaking

In the year we invested £6.4 million into communities, equating to over £8.2 million of social value using the Housing Association Charitable Trust (HACT) social value calculator. This consisted of £2.6 million through our Community Investment Fund and £1.6 million of inward investment, £1.6 million through wider activities within the organisation which support our customers and communities, with the remainder being made up of in-kind investment and resourcing costs.

Compliance and Risk

Everything we do is underpinned by our rigorous approach to governance, financial management and compliance. We are justifiably proud of the high standards we set in these areas and we continue to maintain a strong health and safety culture for the benefit of all our stakeholders.

Having a strong culture of health, safety and compliance across the whole business ensures that all employees understand the importance of taking ownership and responsibility in these areas.

Value for Money

Ensuring Value for Money for our customers and our business is at the heart of our culture and enables us to meet our key strategic targets as set by the Group Board and create operating profits to build thriving communities. Our value for money statement is published within our Group Annual Report and Financial Statements.

Our People

We place people at the heart of everything we do and are proud to have been placed as a Sunday Times 100 Best Companies to Work For, for two consecutive years, and one of the Best 25 Housing Associations to work for in the Best Companies Index.

We continue to focus on creating a culture that is supportive for all our employees. The last twelve months have seen a great change and this year more than ever it has been vital to ensure everything we do is safe and fair and that our people have an enjoyable and rewarding working environment.

Equality, Diversity and Inclusion

Our commitment to Equality, Diversity and Inclusion (EDI) means we must work with all our employees, partners and customers to ensure that we always provide all our employees with equal opportunity to fulfil their potential and achieve their career ambitions.

Orbit Housing Association Limited

Report of the Board

It is our people who best exemplify our values and fulfil our purpose to improve the lives of our customers and their communities. To deliver on our promise of better homes, thriving communities and excellent customer service we always strive to be the best employer we can be.

Code of Governance

We have adopted the National Housing Federation's (NHF) 2015 Code of Governance as the Code of Governance for our Registered Providers. We comply with the Code of Governance in all material aspects and with the Regulator of Social Housing's Governance and Financial Viability Standard. We have developed our own probity and severance policy, which picks up the key principles of the NHF's Code of Conduct. In addition to this policy, we have our own code of conduct for board members.

Governance and Viability Standard

Orbit complies with the Governance and Viability Standard of the Regulator of Social Housing (RSH). Our governance rating is G1 and our financial viability rating is V2. Our V2 rating reflects our commitment to leverage our asset base to build new homes. Our G1 rating reflects our strong governance framework.

Subsequent events

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a global pandemic. Management recognise that this represents a current-period event that has required ongoing evaluation to determine the extent to which developments after the reporting date should be recognised in these financial statements.

Management have not identified any subsequent events to report.

Going concern

After making enquiries, the Board has a reasonable expectation the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in the financial statements.

Risk management

Our overall approach to risk management is based on good practice and our internal control environment is continually reviewed and monitored by the Orbit Audit and Risk Assurance Committee on behalf of the Board. Risk Management is a fundamental element of our Internal Control Environment and Assurance strategy, which feeds into our annual statement of internal controls.

On behalf of the Orbit Housing Association Limited Board



Stephen Howlett

Chair

15 July 2021

Orbit Housing Association Limited

Report of the Board

Internal control

The members of the Orbit Group have in place an internal control environment (ICE) framework, which pulls together assurance from a number of sources on a quarterly basis, which feed into the annual statement of internal controls. Orbit's standard assurance providers include the following:

- ✓ Internal audit including externally commissioned reviews
- ✓ Health and safety management system
- ✓ Insurance performance
- ✓ Management of personal data
- ✓ Business Continuity Planning and Incident Management System
- ✓ Corporate risk management and stress testing
- ✓ Policy / Procedure Management
- ✓ Governance / legal / regulatory compliance
- ✓ People Management

The outcome of the assurance review is as follows:

'Based on the risk and assurance work undertaken 2020/21, the overall opinion is that Orbit's internal control (financial and non-financial) environment supported by risk management and governance arrangements is operating with **sufficient effectiveness** to provide reasonable assurance to Executive Management, the Audit and Risk Assurance Committee and the board of Orbit Housing Association Limited.'

Orbit Housing Association Limited

Report 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 have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

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

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

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

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

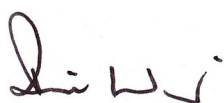
Annual general meeting

The annual general meeting will be held on 9 September 2021.

Independent auditors

KPMG LLP was appointed as the external auditors for the year ended 31 March 2021. This is the final year of the current contract for external audit services and this service will be retendered later this year. A resolution to re-appoint the Group's auditors will be proposed at the Annual General Meeting.

The report of the Board was approved on 15 July 2021 and signed on its behalf by:



Richard Wright
Secretary

Orbit Housing Association Limited

Independent Auditor's report to Orbit Housing Association Limited

For the year ended 31 March 2021

Opinion

We have audited the financial statements of Orbit Housing Association Limited ("the association") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement 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 association as at 31 March 2021 and of the income and expenditure of the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

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

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

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

Orbit Housing Association Limited

Independent Auditor's report to Orbit Housing Association Limited

For the year ended 31 March 2021

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the nature of the Association's main revenue stream, being rental income.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the association's fraud risk management controls

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual and seldom used accounts.

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

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

As the association is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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

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

Firstly, the association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), distributable profits legislation, taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: GDPR, Health and Safety Legislation recognising the regulated nature of the association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Other information

The Association's Board is responsible for the other information, which comprises The board, Executives and Advisors and Report of the Board (Including strategy and internal control). 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.

Orbit Housing Association Limited

Independent Auditor's report to Orbit Housing Association Limited

For the year ended 31 March 2021

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 8, the association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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



Sarah Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

28 July 2021

Orbit Housing Association Limited
Statement of Comprehensive Income
For the year ended 31 March 2021

	Note	2021 £m	As restated 2020 £m
Turnover	2	217.1	210.9
Cost of sales	2	(1.1)	(0.1)
Operating costs	2	(147.6)	(141.6)
Surplus on sale of housing properties	7	8.5	40.2
Gains on disposal of other fixed assets	2	-	0.2
Operating surplus	5	76.9	109.6
Interest receivable	8	-	-
Interest payable	9	(43.4)	(43.7)
Other financing costs	9	(12.1)	-
Surplus before taxation		21.4	65.9
Taxation	10	-	-
Surplus for the year		21.4	65.9
Actuarial gain/(loss) in respect of pension schemes	30	0.2	(0.1)
Total comprehensive income		21.6	65.8

All amounts derive from continuing operations.

The accompanying notes form part of these financial statements.

The financial statements on pages 12 to 40 were approved by the Board and signed on its behalf by:

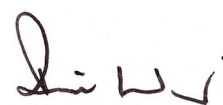


Stephen Howlett
Chair

15 July 2021



Helen Gillett
Board Member



Richard Wright
Secretary

Orbit Housing Association Limited

Statement of Changes in Reserves

For the year ended 31 March 2021

	Income and expenditure reserve £m	Total reserves £m
Balance as at 1 April 2019 (as restated)	293.4	293.4
Surplus for the year	65.9	65.9
Actuarial loss on pension liability	(0.1)	(0.1)
Balance as at 31 March 2020	359.2	359.2
	Income and expenditure reserve £m	Total reserves £m
Balance as at 1 April 2020 (as restated)	359.2	359.2
Surplus for the year	21.4	21.4
Actuarial gain on pension liability	0.2	0.2
Balance as at 31 March 2021	380.8	380.8

The Income and expenditure reserve includes £25.3 million (2020: £23.8 million) in respect of the net proceeds from the Voluntary Right to Buy pilot that took place in 2020. These proceeds will be reinvested in new properties.

Orbit Housing Association Limited

Statement of Financial Position

For the year ended 31 March 2021

	Note	2021 £m	As restated 2020 £m
Fixed assets			
Tangible fixed assets	11 & 12	2,307.5	2,203.5
Fixed asset investments	13	2.6	6.3
Investment properties	14	37.9	15.0
		<u>2,348.0</u>	<u>2,224.8</u>
Debtors: amounts falling due after more than one year	15	3.0	3.3
Current assets			
Trade and other debtors	15	99.4	85.9
Cash at bank and in hand		1.6	4.1
		<u>101.0</u>	<u>90.0</u>
Less: creditors: amounts falling due within one year	16	(157.3)	(136.4)
Provisions: falling due within one year		-	-
		<u>(56.3)</u>	<u>(46.4)</u>
Net current liabilities		<u>(56.3)</u>	<u>(46.4)</u>
Total assets less current liabilities		<u>2,294.7</u>	<u>2,181.7</u>
Creditors: amounts falling due after more than one year	17	(1,911.4)	(1,819.5)
Provisions for liabilities			
Other provisions	19	(0.4)	(0.7)
Pensions liabilities	30	(2.1)	(2.3)
		<u>(2.5)</u>	<u>(3.0)</u>
Total net assets		<u>380.8</u>	<u>359.2</u>
Reserves			
Income & expenditure reserve		<u>380.8</u>	<u>359.2</u>
Total reserves		<u>380.8</u>	<u>359.2</u>

The financial statements on pages 12 to 40 were approved by the Board and signed on its behalf by:

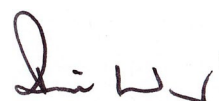


Stephen Howlett
Chair

15 July 2021



Helen Gillett
Board Member



Richard Wright
Secretary

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

1. Principal accounting policies

Legal status

Orbit Housing Association Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a not for profit Registered Provider of social housing as defined by the Housing and Regeneration Act 2008. The parent body from the beginning of the year was Orbit Group Limited.

On 31 March 2021 Heart of England Housing Association Limited, an Orbit Group subsidiary, transferred its engagements to Orbit South Housing Association Limited. Orbit South Housing Association Limited then changed its name to Orbit Housing Association Limited.

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost basis of accounting in accordance with the Housing SORP 2018, Statement of Recommended Practice for Registered Social Housing Providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. As a public benefit entity Orbit Housing Association Limited has applied all paragraphs of FRS 102 which relate to public benefit entities in preparing the financial statements. The principal accounting policies, which have been consistently applied unless otherwise stated throughout the year, are set out below.

Merger accounting

The transfer of engagements of Heart of England Housing Association Limited to Orbit South Housing Association Limited on 31 March 2021 (renamed Orbit Housing Association Limited) has been accounted for as a merger in accordance with the FRS 102. The current financial year discloses the combined results and statement of financial position of the two entities for the full year. Similarly, the prior year results and statement of financial position have been restated to include Heart of England Housing Association Limited balances. More detail is provided in note 32 to these financial statements. There have been no accounting policy adjustments required since both entities follow Orbit Group policies.

Going concern

The Board, after reviewing the Association budgets for 2021/22 and the group's medium term financial position as detailed in the 30-year business plan including changes arising from the coronavirus pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue in business for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing the annual financial statements.

Judgements and key sources of estimation uncertainty

In the process of applying the Association's accounting policies, management has made certain judgements that have a significant impact on the financial statements. These are detailed below:

Pension liabilities

In determining the valuation of the pension schemes assets and liabilities a number of assumptions are made around factors that are uncertain. These include life expectancy, inflation rate, discount rates and salary and pension inflation rates. The Association is exposed to risk if the actuarial assumptions differ from actual experience and through volatility in the plan assets. More detail is disclosed in note 30.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

1. Principal accounting policies (continued)

Judgements and key sources of estimation uncertainty (continued)

Impairment

Reviews for impairment of housing properties are carried out on a twice-yearly basis and any impairment in an income generating unit is recognised by a change to the statement of comprehensive income. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surplus.

Impairment reviews are carried out in accordance with Section 14.6 of the statement of recommended practice (SORP), with consideration of the following indicators of impairment:

- Development issues
- Change in legislation
- Average void time
- Proportion of properties vacant
- Loss made on property of sales
- Schemes being re-developed/demolished

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of asset, liabilities, income and expenditure is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciated assets at each reporting date based on its expected utility of assets including any components. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment, and changes to Decent Homes Standards which may require more frequent replacement of key components.

Grant amortisation

Grant received for the development of social housing, predominantly Social Housing Grant which is receivable from Homes England, is recognised in the statement of comprehensive income through amortisation over the weighted average estimated useful life of the property's structure and components.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (when active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instruments or assets. Management bases its assumption on observational data as far as possible, but this is not always available, in this case management uses the best information available. Estimated fair values may vary from actual prices.

Valuation of investment properties

Our market rented properties, Fordham House in Stratford-Upon-Avon and properties at St Anne's Quarter in Norwich are disclosed as investment properties and valued annually by external valuers. More detail is provided in note 14.

Arrears

Judgement is made around the recoverability of debt and a provision is made based on the age and type of debt. Former arrears are provided in full. Current arrears are provided for based on age.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

1. Principal accounting policies (continued)

Group services

The Association has taken advantage of the exemptions available in FRS 102 and has not disclosed transactions with the parent undertaking, Orbit Group Limited as consolidated financial statements are available from the Registered Office.

A range of services are provided to the Association by the parent body Orbit Group Limited, as set out in the intra-group agreement between the two Associations. The Association also has service agreements with other Associations within Orbit particularly in respect of receipt and delivery of housing management services.

With the exception of costs capitalised as development costs, all costs incurred through this agreement are written off to the statement of comprehensive income account in the year in which they are incurred.

Turnover

Turnover represents rental and service charge income receivable, grants from local authorities and Homes England, income from shared ownership first tranche sales, income from properties developed for sale, grant amortisation and other income, all of which arise in the UK.

Properties for sale

Properties developed for outright sale are included in turnover, cost of sales and operating costs. Properties developed for shared ownership sale are divided into first tranche sales and other sales. First tranche sales are included in turnover, cost of sales and operating costs. Subsequent tranches are not included in turnover and cost of sales, but are shown as a separate item after the operating surplus in the statement of comprehensive income. All other sales of fixed asset properties are dealt with in this latter way.

Properties developed for outright sale and shared ownership first tranche proportions are included in current assets as they are intended to be sold. Shared ownership subsequent tranche proportions are included in fixed assets.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of Value Added Tax and customer discounts and incentives.

Operating costs

Direct employee, administration and operating costs are apportioned to either the statement of comprehensive income or capital schemes on the basis of costs of staff and the extent to which they are directly engaged in the operations concerned.

Housing properties

Housing properties are stated at cost, less accumulated depreciation and impairment provision. Depreciation is charged by component on a straight line basis over the following expected economic useful lives:

Housing property components	Depreciation life
Kitchens	20 years
Bathrooms	30 years
Windows and doors	30 years
Boilers	15 years
PV panels	25 years
Roof	60 years
External wall insulation	36 years
Rewiring	30 years
Structure (rehabilitated)	60 years
Structure (new stock)	100 years

Freehold land is not depreciated. Attributable overheads and profit are included in cost of components.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

1. Principal accounting policies (continued)

The useful economic lives of all tangible fixed assets are reviewed annually.

Housing properties in the course of construction are stated at cost and not depreciated and are transferred to completed properties when they are ready for letting. When housing properties are to be transferred to another association, the net costs, after Social Housing Grant are dealt with in current assets.

Shared ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset, and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Completed properties for outright sale and work in progress are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and attributable overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Works to existing housing properties

Expenditure on housing properties which increases the net rental stream over the life of the property is capitalised. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property. All other costs are classified as maintenance and are charged to the statement of comprehensive income in the year in which the work is undertaken. No depreciation charge is made during the year in which a property comes into management, nor in the year of sale.

Social housing and other grants

Social Housing Grant is receivable from Homes England. This is recognised within income through the amortisation of the grant over the useful economic life of the asset as are any other grants received for the development of social housing. Grant is amortised even if there are no related depreciation charges.

Social Housing Grant due from Homes England or received in advance is included as a current asset or liability within the statement of financial position.

Social Housing Grant can be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes and Communities Agency. However, Social Housing Grant may have to be repaid if certain conditions are not met and, in that event, is a subordinated unsecured repayable debt. The net Social Housing Grant received and not spent is included in current liabilities, taking into account all properties under construction.

Financial assistance and other government grant receivable under section 19 of the Act or section 333 ZE of the Greater London Authority Act 1999

The total accumulated amount of financial assistance and other government grant received or receivable at the date of the statement of financial position, based upon properties owned at that date. These are disclosed in note 18 of the accounts which shows the extent to which amounts have been recognised in the statement of comprehensive income or are held as deferred income.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised at the group weighted average cost of capital. Administration costs relating to development activities are capitalised only to the extent they are incremental to the development process and directly attributable to bringing the property into its intended use.

Freehold offices and commercial premises	2% - 4%
Leasehold offices	Over the life of the lease
Motor vehicles	25%
Computer equipment	17% - 33%
Fixtures, fittings and other equipment	15% - 25%

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

1. Principal accounting policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the statement of comprehensive income account using the annuity method. Rentals paid under operating leases are charged to the statement of comprehensive income account as and when incurred.

Pension costs

Orbit Group Limited exited from the Social Housing Pensions Scheme on 30 September 2019. It now participates in two defined contribution schemes, the Flexible Retirement Plan administered by The Pensions Trust Retirement Solutions and the Orbit Group Retirement Plan administered by Aviva. It also participates in a defined benefit scheme, the Orbit Group Defined Benefit Pension Scheme, administered by The Pensions Trust Retirement Solutions. Further details can be found in the Orbit Group Limited financial statements.

Orbit South Housing Association Limited (now Orbit Housing Association Limited) participated in two defined benefit local government pension schemes operated by the London Borough of Bexley and Kent County Council. On 31 March 2019 Orbit South Housing Association exited the Bexley scheme and settled all outstanding liabilities. The assets of the Kent scheme are held separately from those of the Association in an independently administered fund. The requirements of FRS 102 are fully reflected in the financial statements and associated notes. Note 29 provides a summary of the pension valuation report, together with prior year statements which state last year's revenue and reserves. For funding purposes, surpluses or deficiencies are dealt with as advised by the actuary.

For defined benefit schemes the amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of comprehensive income account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Operating Association's statement of financial position as a pension scheme liability. Changes in the defined benefit pension scheme liability arising from factors other than cash contribution by the Association are charged to the statement of comprehensive income account in accordance with applicable accounting standards.

For funding purposes, the actuary has accepted an undertaking from the Operating Association that contributions to clear the deficit will be made over a period beyond the expected service lives of the remaining participating employees in line with other participating employees in the scheme.

Impairment

Reviews for impairment of housing properties are carried out on a twice-yearly basis and any impairment in an income generating unit is recognised by a charge to the statement of comprehensive income. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use.

Impairment reviews are carried out in accordance with section 14.6 of SORP 2018, with consideration of the following potential indicators of impairment:

- a. Development issues
- b. Change in legislation or equivalent
- c. Average void time
- d. Proportion of properties vacant
- e. Loss made on property sales
- f. Schemes being redeveloped/demolished

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

1. Principal accounting policies (continued)

Disposals of housing properties

Proceeds from sales are shown net of discounts given under the provisions of the Right to Buy and the Right to Acquire. The cost of properties sold is written off to the statement of comprehensive income and an adjustment is made to write back depreciation charged in prior years.

Disposal proceeds fund

Voluntary purchase grant net of disposal proceeds is with effect from April 2017 no longer credited to this fund. The existing fund balance will appear as a creditor until such time as it is repaid or recycled.

Recycling of capital grant

Where Social Housing Grant (SHG) is recycled the SHG is credited to a fund that appears as a creditor and can be used to fund projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met and, in that event, is a subordinated unsecured repayable debt.

Value added tax

Orbit South Housing Association Limited is party to a Group registration for VAT. All amounts disclosed in the financial statements are inclusive of VAT as appropriate where it is not recoverable.

Taxation

The Association has adopted charitable rules and it is therefore believed there will be no liability to taxation.

Property managed by agents

Where the Association carries the majority of the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the statement of comprehensive income. Where the agency carries the majority of the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the risk carried by the Association. In both cases, where revenue grants are claimed by the Association, these are included in the statement of comprehensive income.

Loan finance issue costs

These are written off over the life of the related loan. Loans are stated in the statement of financial position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts written off.

Loan interest costs

The full costs of deferred interest rate and indexation loans are shown in the statement of comprehensive income.

Property managed by agents

Where an Association carries the majority of the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the statement of comprehensive income. Where the agency carries the majority of the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the risk carried by the Association. In both cases, where revenue grants are claimed by the Association, these are included in the statement of comprehensive income.

Investments

These are carried at the lower of cost and net realisable value.

Supporting people income and costs

Supporting people charges are levied as a separate charge and not as part of rent. The income and related costs are therefore shown within other social housing activities.

Service charge sinking funds

Service charge sinking funds are dealt with as creditors.

Liquid resources

Liquid resources comprise bank deposits that are readily convertible into cash and loans to fund the purchase of housing properties.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

1. Principal accounting policies (continued)

Disposals of housing properties

Proceeds from sales are shown net of discounts given under the provisions of the Right to Buy and the Right to Acquire. The cost of properties sold is written off to the statement of comprehensive income and an adjustment is made to write back depreciation charged in prior years.

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes land, build costs, applicable overheads and interest. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate. Interest on borrowings incurred during the development period is capitalised.

Deferred income

Revenue received for a specific activity which is to be delivered in the following financial year and rent income receivable for the following year is deferred and shown as deferred income.

Accrued Income

Where goods or services are provided but not yet invoiced, that income is accrued for and shown as accrued income.

Provisions

Provisions are made for liabilities where the timing and amount is uncertain. The amounts and timing of cash flows relating to these liabilities are based on management estimates.

Statement of Cash Flows

The Association has taken advantage of the exemptions available in FRS102 in preparing these financial statements, and has not prepared, per the requirements of Section 7, a Statement of Cash Flows. This information is included in the consolidated financial statements of Orbit Group Limited as at 31 March 2020 as published on the Orbit website www.orbit.org.uk.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

2. Turnover, cost of sales, operating costs and operating surplus by class of business

2021	Turnover £m	Cost of sales £m	Operating costs £m	Surplus £m	Operating surplus/ (deficit) £m
Social housing lettings (Note 3)	206.5	-	(132.4)	-	74.1
Other social housing activities					
Services to Group members	2.8	-	(2.8)	-	-
Home ownership services	2.0	-	(3.1)	-	(1.1)
Charges for support services	0.1	-	(0.1)	-	-
Other	2.2	-	(7.0)	-	(4.8)
Total	7.1	-	(13.0)	-	(5.9)
Surplus on sale of housing properties (note 7)	-	-	-	8.5	8.5
Total social housing activities	213.6	-	(145.4)	8.5	76.7
Developments for sale	1.3	(1.1)	-	-	0.2
Non-social housing activities	2.2	-	(2.2)	-	-
Total social and non-social housing	217.1	(1.1)	(147.6)	8.5	76.9

2020 (As restated)	Turnover £m	Cost of sales £m	Operating costs £m	Surplus £m	Operating surplus/ (deficit) £m
Social housing lettings (Note 3)	201.1	-	(126.1)	-	75.0
Other social housing activities					
Services to Group members	2.4	-	(2.4)	-	-
Home ownership services	2.8	-	(3.0)	-	(0.2)
Charges for support services	0.1	-	(0.1)	-	-
Other	2.0	-	(7.8)	-	(5.8)
First Tranche sales	0.1	(0.1)	-	-	-
Total	7.4	(0.1)	(13.3)	-	(6.0)
Surplus on sale of housing properties (note 7)	-	-	-	40.2	40.2
Gain on disposal of other fixed assets	-	-	-	0.2	0.2
Total social housing activities	208.5	(0.1)	(139.4)	40.4	109.4
Non-social housing activities	2.4	-	(2.2)	-	0.2
Total social and non-social housing	210.9	(0.1)	(141.6)	40.4	109.6

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

3. Income and expenditure from social housing lettings

	General needs housing £m	Supported housing and housing for older people £m	2021 £m	As restated 2020 £m
Income				
Rent receivable net of service charges	160.6	14.4	175.0	171.3
Service charge income	11.2	8.9	20.1	18.3
Amortisation of social housing and other capital grants	9.8	1.6	11.4	11.5
	181.6	24.9	206.5	201.1
Expenditure				
Management	(22.0)	(4.4)	(26.4)	(21.5)
Service charge costs	(11.7)	(10.1)	(21.8)	(18.4)
Routine maintenance	(26.7)	(1.1)	(27.8)	(34.1)
Planned maintenance	(17.1)	(3.7)	(20.8)	(18.3)
Bad debts	(0.6)	(0.3)	(0.9)	(1.2)
Depreciation and impairment of housing properties	(30.8)	(3.8)	(34.6)	(32.4)
Other costs	-	(0.1)	(0.1)	(0.2)
Operating costs on social housing lettings	(108.9)	(23.5)	(132.4)	(126.1)
Surplus on social housing lettings	72.7	1.4	74.1	75.0
Void losses	(3.5)	(1.9)	(5.4)	(3.7)

4. Staff costs

Members of staff and directors that work for Orbit Housing Association Limited are contractually employed by the parent undertaking Orbit Group Limited. Their emoluments are disclosed in the financial statements of that undertaking.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

5. Operating surplus

	As restated	
	2021 £m	2020 £m
Operating surplus is arrived at after charging/(crediting)		
Housing properties:		
- Depreciation charge	34.6	32.4
- Amortisation of social housing grant	(11.4)	(11.5)
Other fixed assets:		
- Depreciation of other tangible fixed assets	0.2	0.2
- Impairment release	-	(0.1)
Operating lease rentals		
- Land and buildings	0.3	0.5
- Office equipment and vehicles	0.1	0.2
- White goods	0.1	-
Auditor's remuneration (excluding VAT)		
Fees payable to the Association's auditor for the audit of the financial statements	0.1	0.1
Fees payable to the Association's auditor for other services	-	-
Total audit services	0.1	0.1
Total non-audit services	-	-

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

6. Board member emoluments

The Directors of the Association are its board members. Certain board members are tenants/leaseholders of the Association. Their tenancies/leases are on normal commercial terms and the members cannot use their position to their advantage. Payments made to board members are shown below. Payments made to the chair of Orbit Housing Association Limited in his role as an Orbit board member are disclosed in the financial statements of Orbit Group Limited. No compensation was paid to directors for loss of office (2020: £nil).

Aggregate emoluments paid to or received by directors who are not executive staff members including salaries, honoraria and other benefits:

	2021 £000	2020 £000
G Richardson (Retired 28 February 2021)	4	5
K Bolister	5	4
D Butler	5	4
S Tandooran-Sentain	5	5
J Boomhauer	5	5
T Mihil	5	5
E Stent (Resigned 03 September 2020)	2	2
J Brennan	6	5
D Glover	4	2
Total	41	37

Expenses paid during the year to and on behalf of board members amounted to £3,000 (2020: £7,000).

7. Surplus on sale of fixed assets - housing properties

	Letting £m	Shared Equity £m	VRTB £m	2021 Total £m	As restated 2020 Total £m
Disposal proceeds	17.6	-	1.7	19.3	61.4
Carrying value of fixed assets	(10.9)	-	(1.2)	(12.1)	(24.6)
	6.7	-	0.5	7.2	36.8
Capital grant recycled	2.3	-	0.2	2.5	5.8
RTB clawbacks	(1.2)	-	-	(1.2)	(2.4)
Surplus on disposal	7.8	-	0.7	8.5	40.2

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

8. Interest receivable and other income

	2021	2020
	£m	£m
Interest receivable and similar income	-	-

9. Interest payable

	2021	As restated 2020
	£m	£m
Loans and bank overdrafts	48.7	50.9
Interest payable capitalised on housing properties under construction	(4.9)	(6.8)
Loan premium write off	(0.4)	(0.4)
	43.4	43.7
Other financing costs		
Defined benefit pension charge	0.1	-
Loan arrangement fees	0.1	-
Finance restructuring costs	11.9	-
	12.1	-

Interest is capitalised at the weighted average cost of capital.

10. Tax on surplus on ordinary activities

The Association was accepted as a charity for tax purposes by HMRC with effect from 1 April 2008. No taxation is anticipated in the year of £nil (2020: £nil). The Board is not aware of any circumstances which will affect the future taxation status of the Association.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

11. Housing properties

Cost	Housing properties for letting		Supported housing	Low cost home ownership	Non-social housing	Total £m
	Complete £m	In Development £m	Complete £m	Complete £m	Complete £m	
At 1 April 2020 (as restated)	2,222.3	206.6	78.9	5.7	2.3	2,515.8
Additions	19.7	124.0	8.1	-	-	151.8
Additions (Bromford)	13.4	-	-	-	-	13.4
Transfer to investment properties	-	(22.9)	-	-	-	(22.9)
Transfer on completion	108.7	(108.7)	-	-	-	-
Transfer from other group members	-	1.6	-	-	-	1.6
Reclassification from other fixed assets	0.5	-	-	-	-	0.5
Disposals	(7.1)	-	(0.6)	(0.3)	-	(8.0)
At 31 March 2021	2,357.5	200.6	86.4	5.4	2.3	2,652.2
Less: accumulated depreciation						
At 1 April 2020 (as restated)	(294.3)	-	(17.3)	(0.2)	(0.3)	(312.1)
Eliminated on disposal	2.0	-	0.3	-	-	2.3
Charge for year	(32.0)	-	(2.0)	-	-	(34.0)
At 31 March 2021	(324.3)	-	(19.0)	(0.2)	(0.3)	(343.8)
Less: provisions for impairment						
At 1 April 2020 (as restated)	(1.8)	-	-	-	-	(1.8)
At 31 March 2021	(1.8)	-	-	-	-	(1.8)
Net book amount						
At 31 March 2021	2,031.4	200.6	67.4	5.2	2.0	2,306.6
At 31 March 2020	1,926.2	206.6	61.6	5.5	2.0	2,201.9

Additions to properties during the year include capitalised interest and finance costs of £5.0 million (2020: £6.8 million) and development administration costs / project management fees of £4.3 million (2020: £3.6 million).

Net book value of housing and other properties comprises:

	As restated	
	2021 £m	2020 £m
Freehold and long leasehold land and buildings	2,306.6	2,201.9
Other freehold/leasehold/commercial properties	0.9	1.6
	2,307.5	2,203.5

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

12. Other fixed assets

	Freehold offices £m	Leasehold offices £m	Commercial premises £m	Furniture, fixtures & equipment £m	Total £m
Cost					
At 1 April 2020 (as restated)	0.5	3.2	0.6	3.7	8.0
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Reclassification to housing properties	-	-	-	(0.5)	(0.5)
At 31 March 2021	0.5	3.2	0.6	3.2	7.5
Less:					
Accumulated depreciation					
At 1 April 2020 (as restated)	(0.3)	(1.8)	(0.3)	(3.0)	(5.4)
Charge for year	-	(0.1)	-	(0.1)	(0.2)
Eliminated on disposal	-	-	-	-	-
At 31 March 2021	(0.3)	(1.9)	(0.3)	(3.1)	(5.6)
Less:					
Provisions for impairment					
At 1 April 2020 (as restated)	-	(1.0)	-	-	(1.0)
Charge for the year	-	-	-	-	-
At 31 March 2021	-	(1.0)	-	-	(1.0)
Net book amount					
At 31 March 2021	0.2	0.3	0.3	0.1	0.9
At 31 March 2020 (as restated)	0.2	0.4	0.3	0.7	1.6

13. Fixed asset investments

	As restated	
	2021 £m	2020 £m
Monies deposited for Affordable Housing Finance Plc	2.6	6.3

In July 2016, Orbit South Housing Association Limited and Heart of England Housing Association both raised £25 million fixed rate bonds and in December 2016 a further two £25 million fixed rate EIB loans with Affordable Housing Finance Plc via The Housing Finance Corporation, a total of £100m.

Following the transfer of engagements that occurred on 31 March 2021 of Heart of England Housing Association to Orbit South Housing Association Ltd, the newly merged entity changed its name to Orbit Housing Association Ltd. It is a condition of the funding that the borrower (now Orbit Housing Association Ltd) shall enter into a Liquidity Reserve Fund Trust deed with the Liquidity fund Trustee (AHF). An amount equal to twelve months interest be held with AHF in a Liquidity Reserve Fund, which in this case amounts to £2,341,250. The AHF Bond is secured by a first fixed charge on properties however following a property sale in the year £240,000 is held in a cash security deposit account to cover the amount below the required security threshold.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

14. Investment properties non-social housing properties held for letting

	As restated	
	2021 £m	2020 £m
At 1 April 2020 (as restated)	15.0	15.0
Transfer from housing properties additions during the year	22.9	-
Gain in valuation	-	-
At 31 March 2021	37.9	15.0

15. Debtors

	As restated	
	2021 £m	2020 £m
Due within one year:		
Rental debtors	6.0	6.9
Less: provision for doubtful debts	(2.3)	(3.0)
	3.7	3.9
Service charges due from Leaseholders	0.3	0.2
Amounts due from group undertakings	88.1	76.4
Prepayments and accrued income	3.7	1.7
Other debtors	4.2	4.0
Provision for bad debts	(0.6)	(0.3)
	99.4	85.9
Due after more than one year:		
Other debtors	3.0	3.3

16. Creditors: amounts falling due within one year

	As restated	
	2021 £m	2020 £m
Housing loans inter-company (note 21)	11.3	14.6
Amounts due to group undertakings	96.8	75.9
Other creditors including taxation and social security	4.3	3.5
Accruals and deferred income	20.2	17.7
Rents received in advance	6.8	5.6
Grants received in advance	1.1	1.9
Recycled capital grant fund (note 20)	5.3	5.7
Deferred capital grant (note 18)	11.5	11.5
Total	157.3	136.4

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

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

	As restated	
	2021 £m	2020 £m
Housing loans (note 21)	99.2	99.1
Housing loans inter-company (note 21)	1,162.3	1,078.2
Deferred capital grant (note 18)	622.9	614.4
Deferred income for renewals and maintenance contributions	9.5	8.9
Other creditors	1.1	1.9
Recycled capital grant fund (note 20)	8.6	8.9
Loan premium Affordable Housing Finance Plc	7.8	8.1
Total	1,911.4	1,819.5

Housing loans shown above are net of £0.8m (2020: £0.9m) loan arrangement fees carried forward.

18. Deferred capital grant

	As restated	
	2021 £m	2020 £m
At 1 April 2020	625.9	615.9
Grant received in the year	18.0	24.9
Released to income in the year	(11.4)	(11.4)
Elimination on disposal	0.6	1.4
Transfer from RCGF	1.3	(4.9)
Transfer from other group members	-	-
At 31 March 2021	634.4	625.9

Analysed as:

	2021 £m	2020 £m
Amounts to be released within 1 year	11.5	11.5
Amounts to be released in more than 1 year	622.9	614.4
	634.4	625.9

19. Provisions for liabilities

	As restated at beginning the Year £m	Release of provision during the Year £m	At end of year £m
Water Rates	0.7	(0.3)	0.4

The Water Rates provision relates to costs arising from a historic contractual arrangement and will be utilised as required.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

20. Recycled capital grant funds

	Total RCGF £m
At 1 April 2020 (as restated)	14.6
Grants recycled	2.5
Utilised in the year	(3.8)
Other	0.6
At 31 March 2021	13.9

Amount due for repayment to Homes England

	As restated	
	2021 £m	2020 £m
Within one year	5.3	5.7
After more than one year	8.6	8.9
At 31 March 2021	13.9	14.6

The amount utilised in the year related to new developments and purchase of housing assets.

21. Housing loans and finance lease obligations Note (a)

	As restated	
	2021 £m	2020 £m
Due within one year		
Orbit Treasury Limited	11.3	14.6
Due after more than one year		
Orbit Treasury Limited	328.6	422.0
Orbit Capital plc	833.7	656.2
Affordable Housing Finance Plc	100.0	100.0
	1,262.3	1,178.2
Total	1,273.6	1,192.8

All loans are in sterling. From 28 September 2007 non bond finance in the Group is routed through a separate treasury vehicle and fellow subsidiary of Orbit Group, Orbit Treasury Limited (OTL). All registered providers in the Group have entered into a fully cross-collateralised structure. Orbit Treasury Limited borrows money on behalf of the Group and on-lends these to the individual operating Associations as required. The Associations, as part of this arrangement, also agree to cover all costs associated with the funding including any associated hedging arrangements such as interest rate swaps. The benefits of setting up the treasury vehicle include streamlined and efficient treasury procedures and strategy. The loan from OTL is secured by fixed charges on individual properties

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

21. Housing loans and finance lease obligations (continued)

Orbit Capital plc (OC) is a public limited company incorporated on 22 January 2015. OC is a wholly owned subsidiary of Orbit Group and was established for the purpose of issuing publicly listed bonds. OC issued its first bond on 24 March 2015 raising a £250 million 30 year sterling bond (maturity date 24 March 2045) priced at 3.50%. The company arranged its second public bond issue on 7 June 2018 raising £450 million 30 year sterling bond (maturity date 14 June 2048) priced at 3.375% which was used to restructure the groups existing debt portfolio and provide long term funding to support the group strategy. The company issued its third sterling bond on 24 November 2020 for £300 million priced at 2.00% (maturity date 2038) to provide long term funding to support the group strategy.

The operating Associations entered into guarantees requiring sufficient property assets to be held as security for the bond and guaranteeing future interest payments due on the bond. The proceeds of the bond were loaned by OC to the Associations and were used by the Associations to repay in part loans previously received from Orbit Treasury Limited. Interest on the loan from OC is due half yearly. The loan is repayable on 24 March 2045 (£250m) and 14 June 2048 (£450m) and 24 November 2038.

On the 28 July 2016 the company raised two £25 million fixed rate bonds with Affordable Housing Finance Plc (AHF) via The Housing Finance Corporation. The fixed rate bond issued is repayable on 30 July 2043, with interest payable at a fixed rate of 2.893%. The fixed rate bond issued was paid at a premium resulting in an effective interest rate of 1.989%. In December 2016 two further £25 million fixed rate EIB loan were raised with Affordable Housing Finance Plc via The Housing Finance Corporation. The EIB loans are repayable by instalments starting in July 2027 and mature in July 2046 with interest payable at a fixed rate of 1.702% and 1.877%.

Housing loans are secured by specific and floating charges on the Association's housing properties and are repayable at varying rates of interest in instalments due as follows:

	As restated	
	2021	2020
	£m	£m
In one year or less, on demand	11.3	14.6
Repayable by instalments:		
- more than one year but not more than two years	11.3	14.5
- In more than two years but not more than five years	34.0	43.5
- In more than 5 years	1,167.0	1,070.2
	1,212.3	1,128.2
Repayable by other than instalments:		
- In more than 5 years	50.0	50.0
Total	1,273.6	1,192.8

Note (b)

The interest rate profile at 31 March 2021 was:

	Total	Variable	Fixed	Weighted	Weighted
	£m	rate	rate	average	average
		£m	£m	rate	term until
				%	maturity
					years
Instalment loans	1,223.6	339.9	883.7	3.60%	22
Non instalment loans	50.0	0.0	50.0	2.89%	23

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

22. Called up share capital

	2021	As restated 2020
	£	£
Issued and fully paid shares of £1 each		
At 1 April 2020	15	16
Issued	-	1
Surrendered	(6)	(2)
At 31 March 2021	9	15

The share capital of Orbit Housing Association is raised by the issue of shares with a nominal value of £1 each. The Association's Co-operative and Community Benefit Society status means the maximum shareholding permitted per member is 1 share. There is no authorised share capital and the Orbit Board may issue as many £1 shares as it wishes. However, the Board operates a restricted shareholding policy with all shares currently held by serving, and the parent body. The Association's shares carry no right to interest, dividend or bonus. Shares are not capable of being withdrawn or transferred and cannot be held jointly. Shareholders have the right to attend (or to vote by proxy) at any general, special general or extraordinary general meeting of the Association.

23. Capital commitments

	2021	As restated 2020
	£m	£m
Capital expenditure which has been contracted for but has not been provided for in the financial statements	153.2	133.1
Capital expenditure which has been authorised under authority from the Orbit board but has yet to be contracted for	135.8	125.5
	289.0	258.6

The Association expects these commitments to be financed with:

	2021	As restated 2020
	£m	£m
Social housing & other grants	36.3	74.0
Surpluses and borrowings	252.7	184.6
	289.0	258.6

24. Contingent liabilities

As at 31 March 2021, there were £34.4 million contingent liabilities within the Association (2020: £30.1 million).

Stock acquisitions previously undertaken include original government grant funding of £35 million which has an obligation to be recycled in accordance with the original grant funding terms and conditions. This includes a stock acquisition during the year from Bromford Housing Association with grant liabilities of £4.1 million.

Orbit Housing Association Limited is responsible for the recycling of the grant in the event of the housing properties being disposed.

Orbit Housing Association Limited

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For the year ended 31 March 2021

25. Financial commitments

Operating leases

At 31 March 2021 the Association was committed to making the following minimum future payments in respect of operating leases other than land and buildings:

	2021 £m	As restated 2020 £m
Leases which expire		
Within 1 year	0.3	0.5
Within 2 - 5 years	0.6	0.5
After 5 years	0.1	0.1
Total	1.0	1.1

26. Ultimate parent entity

The immediate parent undertaking and ultimate parent entity and controlling entity of Orbit Housing Association Limited is Orbit Group Limited, a Co-operative and Community Benefit Society incorporated in the United Kingdom.

Orbit Group Limited is the parent undertaking of the only group of undertakings to consolidate these financial statements at 31 March 2021.

A list of the members of Orbit Group ("Orbit") is contained within the consolidated financial statements of Orbit Group Limited.

The results of Orbit Housing Association Limited are included in the Group financial statements. The consolidated financial statements of Orbit Group Limited are published on the Orbit website www.orbit.org.uk

27. Related party transactions

A number of the board members are tenants/leaseholders of the Association or Group. Their tenancies/leases are on normal commercial terms and the members cannot use their position to their advantage. In the current year aggregate payments to Orbit totalled £22,000 (2020: £20,000). The outstanding amount owed at 31 March 2021 was £1,000 (2020: £1,000).

Orbit Housing Association Limited is a subsidiary of Orbit Group Limited (the parent). Shares are held by serving board members and the parent. Under the Associations rules the parent has the right at any time to appoint or remove any or all of the Members of the Board. On this basis the Association considers itself to be wholly owned and has chosen to take advantage of the exemption not to disclose transactions with group entities as defined by Section 33.1A FRS 102.

Further detail of non-consolidated management arrangements and transactions with non- Regulator of Social Housing regulated group entities are shown at note 31.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

28. Property portfolio

	2021	As restated 2020
	Units	Units
<u>Social</u>		
Social Rent General needs	24,332	24,248
Affordable rent	5,805	5,486
Supported Housing		
- Social Rent Supported Housing	3,514	3,403
- Affordable Rent Supported Housing	116	116
- Care Homes	18	12
Low cost home ownership (LCHO)	241	257
Total Social Housing Units (excluding Leasehold)	34,026	33,522
Leasehold	1,607	1,532
Total Social Housing Units	35,633	35,054
<u>Non-Social</u>		
Market rent	191	113
Private retirement schemes	1,110	1,111
Non-social Leasehold	52	69
Retained Freehold	1,524	1,351
Commercial units	11	30
Total Non-Social housing units	2,888	2,674
Total Social and Non-Social Housing Units	38,521	37,728

29. Number of units under development at end of year

	2021	As restated 2020
	Number	Number
General needs	1,766	1,039
Private Market Rent	27	24
Total social housing units	1,793	1,063

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

30. Pension costs

Pension schemes operated by Orbit Housing Association Limited

Movement in pension cost liabilities during the year

	2021 £m	2020 £m
Net deficit at 1 April 2020	(2.3)	(2.5)
Service costs	-	-
Contributions	-	0.1
Net return on assets less interest on pension scheme liabilities	2.2	(0.1)
Actuarial (loss)/gain	(2.0)	(0.1)
Settlements	-	0.3
Other finance costs	-	-
Deficit in pension scheme at 31 March 2021	(2.1)	(2.3)

(a) Local Government Pension Scheme – Kent County Council

The Association participates in The Local Government Pension Scheme (LGPS defined benefit statutory scheme) which is administered by Kent County Council (KCC). These figures have been prepared in accordance with Financial Reporting Standard 102 (FRS102).

Total employer contributions paid to the scheme for the year were £22,000 (2020: £17,000).

The estimated impact of the recent McCloud judgement has been recognised as a past service cost. The impact on the total liabilities as at 31 March 2021 from this judgement is estimated to be £18,000 (or 0.2% as a percent of total liabilities).

Triennial actuarial valuation

Triennial actuarial valuations of the LGPS are performed by an independent, professionally qualified actuary. The most recent valuation of KCC's scheme was completed as at 31 March 2019. This actuarial valuation was certified on 18 December 2019 and used financial assumptions that comply with FRS102. The Association has a funding surplus of £1,136k at 31 March 2019 compared to a funding surplus of £400k at 31 March 2016.

The major financial assumptions used by the actuary in the FRS 102 valuation are:

	2021	2020
Rate of increase in salaries	3.85%	3.00%
Rate of increase in pensions in payment and deferred pensions	2.85%	2.00%
Discount rate applied to scheme liabilities	2.00%	2.35%
Inflation assumption – CPI	2.85%	2.00%
Inflation assumption – RPI	3.25%	2.80%

The estimate of the duration of the employer liabilities is 18 years.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

30. Pension costs (continued)

Life expectancy from age 65 (years)

		2021 Number	2020 Number
Retiring today	Males	21.6	21.8
	Females	23.6	23.7
Retiring in 20 years	Males	22.9	23.2
	Females	25.1	25.2

(b) Local Government Pension Scheme - Bexley London Borough

The Association also participated in the Local Government Pension Scheme (LGPS defined benefit statutory scheme) administered by the London Borough of Bexley. The Association withdrew from this scheme during the year 2019/20 following the settlement of all current and future liabilities.

Scheme assets

	2021 £m	2020 £m
Equities	6.5	4.9
Government bonds	-	-
Other bonds	1.3	1.1
Property	1.1	1.1
Other – cash	0.5	0.2
Absolute Return fund	0.7	0.7
Other	-	-
Total fair value of assets	10.1	8.0
Present value of scheme liabilities	(12.2)	(10.2)
Net pension liability	(2.1)	(2.2)

Statement of financial position at 31 March 2021

	2021 £m	2020 £m
Present value of the defined benefit obligation	12.2	10.2
Fair value if fund assets (bid value)	(10.1)	(8.0)
Deficit	2.1	2.2
Present value of unfunded obligation	-	-
Net defined benefit liability	2.1	2.2

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

30. Pension costs (continued)

Scheme liabilities

	2021 £m	2020 £m
Opening defined benefit obligation	10.2	15.0
Settlement of Bexley London Borough LGPS	-	(4.0)
Service cost	-	-
Interest cost	0.2	0.3
Change in financial assumptions	2.3	(0.7)
Change in demographic assumptions	(0.1)	-
Experience loss/(gain) on defined benefit obligation	(0.2)	-
Estimated benefits paid net of transfers in	(0.2)	(0.4)
Past service costs, including curtailments	-	-
Contributions by scheme participants	-	-
Unfunded pension payments	-	-
Closing defined benefit obligation	12.2	10.2

Reconciliation of opening and closing balances of fair value scheme assets

	2021 £m	2020 £m
Opening fair value of scheme assets	8.0	12.6
Settlement of Bexley London Borough LGPS	-	(3.7)
Interest on assets	0.2	0.3
Return on assets less interest	2.2	(0.9)
Other actuarial gains	-	-
Administration expenses	-	-
Contribution by employer including unfunded	-	-
Contributions by scheme participants	-	-
Estimated benefits paid net of transfers in and including unfunded	(0.3)	(0.3)
Fair value of scheme assets at the end of the year	10.1	8.0

Analysis of amounts charged to income and expenditure account

	2021 £m	2020 £m
Amounts charged to operating costs		
Service costs	-	-
Administration expenses	-	-
	-	-

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

31. Non-consolidated management arrangements

Orbit Housing Association Limited has entered into arrangements with a number of other organisations in connection with the management of some of the properties. The financial transactions affecting those managing agents are not consolidated where the risk rests with these agents.

During the year the Association has transacted with three fellow group subsidiaries not regulated by the Regulator of Social Housing, Orbit Homes (2020) Ltd, Orbit Treasury Ltd and Orbit Capital plc.

Orbit Homes (2020) Ltd provides design and build services to the Group. During the year the Association made payments totalling £59.7 million (2020: £85.8 million) to Orbit Homes (2020) Ltd for the purchase of housing property assets, £4.3 million (2020: £3.7 million) in project management fees and has an outstanding creditor balance with Orbit Homes (2020) Ltd of £nil million (2020: £2.6 million) and outstanding debtor balance of £0.2 million (2020: £nil)

Orbit Treasury Limited and Orbit Capital plc provide a funding on-lending service to Group members. During the year the Association paid interest costs to Orbit Treasury Limited totalling £21.5 million (2020: £22.7 million) and fees of £3 million (2020: £2.6 million) and has an outstanding debtor balance of £nil (2020: £nil) and creditor balance of £22.1m (2020: £23.5 million). The allocation of these costs is based upon the level of debt required and secured by the housing property held in the Association.

The Association also paid interest costs of £23 million (2020: £22.7 million) and fees of £0.6 million (2020: £0.4 million) to Orbit Capital plc and had an outstanding debtor balance of £1.3 million (2020: £1.1 million) and creditor balance of £5.9 million (2020: £4.7 million) with Orbit Capital plc. The allocation of these costs is based upon the level of debt required and secured by the housing properties held by the Association.

32. Legal entity merger

On 31 March 2021 Heart of England Housing Association transferred its engagements to Orbit South Housing Association Limited. The newly merged entity was renamed Orbit Housing Association Limited. This transfer of engagements has been accounted for as a merger. The prior and current year balances have of Orbit South Housing Association financial statements have been restated to include the Heart of England. The note below sets out this restatement in more detail. There were no consolidation adjustments required.

Orbit Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2021

Statement of Comprehensive Income

	South 2021 £m	Heart 2021 £m	Total 2021 £m	South 2020 £m	Heart 2020 £m	Total 2020 £m
Turnover	115.0	102.1	217.1	112.5	98.4	210.9
Cost of sales	(0.3)	(0.8)	(1.1)	(0.1)	-	(0.1)
Operating costs	(66.6)	(81.0)	(147.6)	(75.3)	(66.3)	(141.6)
Surplus on sale of housing property	3.9	4.6	8.5	7.7	32.5	40.2
Surplus on sale of other fixed assets	-	-	-	0.2	-	0.2
Operating surplus	52.0	24.9	76.9	45.0	64.6	109.6
Interest payable	(22.4)	(21.0)	(43.4)	(21.8)	(21.9)	(43.7)
Other financing costs	(6.0)	(6.1)	(12.1)	-	-	-
Actuarial gain/(loss)	0.2	-	0.2	(0.1)	-	(0.1)
Total comprehensive income	23.8	(2.2)	21.6	23.1	42.7	65.8

Statement of Financial Position

	South 2021 £m	Heart 2021 £m	Total 2021 £m	South 2020 £m	Heart 2020 £m	Total 2020 £m
Tangible fixed assets	1,279.7	1,027.8	2,307.5	1,228.9	974.6	2,203.5
Fixed asset investments	1.4	1.2	2.6	1.4	4.9	6.3
Investment properties	22.9	15.0	37.9		15.0	15.0
Total fixed assets	1,304.0	1,044.0	2,348.0	1,230.3	994.5	2,224.8
Debtors falling due after more than one year	1.4	1.6	3.0	1.9	1.3	3.2
Current assets:						
Debtors	63.8	35.6	99.4	37.8	48.1	85.9
Cash	0.5	1.1	1.6	1.2	2.9	4.1
Total current assets	64.3	36.7	101.0	39.0	51.0	90.0
Creditors falling due within one year	(81.4)	(75.9)	(157.3)	(75.6)	(60.8)	(136.4)
Net current liabilities	(17.1)	(39.2)	(56.3)	(36.6)	(9.8)	(46.4)
Creditors falling due after more than one year	(1,064.5)	(846.9)	(1,911.4)	(995.0)	(824.5)	(1,819.5)
Provisions (pensions and 'other')	(2.5)	-	(2.5)	(2.9)	-	(2.9)
Net assets	221.3	159.5	380.8	197.7	161.5	359.2
Reserves	221.3	159.5	380.8	197.7	161.5	359.2