Financial Statements

for the year ended

31 March 2025

PA Housing

Paragon Asra Housing Limited

Community Benefit Society Registration Number 7536

Homes and Communities Agency Registration Number 4849

2024/25 *Highlights*

Overall customer satisfaction (renters)

65%

Liquidity

£373m

£87.2m

Spent on improving and maintaining homes

Properties with EPC rating A-C

81%

Operating margin from social housing lettings

19%

Income gains for residents

£10m+

Turnover

£224m

New homes sold

175

Housing assets

£2.34bn

Borrowing

£1.30bn

Rent arrears

3.28%

New homes built

407

Social housing cost per unit

£7,393

Homes owned and/or managed

24,655

Contents

Board members, Executive and Advisors

Group Board

Suki Kalirai – Group Chair

Jo Banfield

Andrew Carrington

Kim Francis

Susan Goldsmith

Kathleen Harris-Leighton

Tim Hill

Rahul Jaitly

Tim Jennings

Emma McLachlan (appointed 1 September 2024)

Tom Vaughan

Executive Team

Michael McDonagh – Chief Executive

Charles Ellis – Executive Director of Asset Management

Jessica Friend – Chief Financial Officer (from 1 March 2025)

Simon Hatchman – Executive Director of Transformation (from 1 March 2025, Executive Director – Resources to 28 February 2025)

Suzannah Taylor – Executive Director of Development

Ben Thomas – Executive Director of Core Services and Transformation (to 22 May 2024)

Company Secretary and Registered Office

Richard Hood
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Surrey
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Auditor

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Chandler’s Ford
Eastleigh
SO53 3LG

Solicitor

Devonshires Solicitors LLP
30 Finsbury Circus
London
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Chair and Chief Executive Statements

Chair's statement

Welcome to our 2025 annual report and financial statements. We look back on a year of positive achievement and progression, but with recognition that there is still much more to do.

As always, our residents are at the heart of our work and throughout the year myself and the Board have taken the views and feedback expressed by residents as our guiding star, as we work with the executive team to drive our services forward. We have achieved this in a number of ways – visits to PA Housing estates, reviewing the work of our involved residents, video interviews conducted by our staff, and feedback from a range of surveys including our main annual Tenant Satisfaction Measures (TSM) survey which captured the views of over 5,000 residents on the doorstep.

This captures the good and bad of life as a PA Housing resident and it's so important that we use this balance of views to shape our direction and priorities. Here, the work of our involved residents through Service Improvement Panels is particularly noteworthy. This involves detailed examination of a particular service area to identify where and how we need to improve, culminating in a range of recommendations for us to implement. During the last financial year the Panels delivered work on complaints and service charges, and they are currently progressing a big piece of work on our repairs service.

The key question is then: is it working? Here, we use the TSM data as the acid test – this is around a quarter of all our residents telling us every year what they really think about our services and performance. In 2024, the TSM results taken in September for residents in rented homes (around 85% of all our homes) moved positively across the board – a good sign that the work being done to implement our five year corporate plan launched in early 2024 is starting to have an impact. Residents tell us they are seeing more visibility and connection within neighbourhoods, relations are getting stronger, and we are owning issues better than we did before. There is a sense that we have a clear plan and we are starting to deliver against it.

Of course this is not universal, a number of residents remain dissatisfied with the services they receive and this is also valuable feedback to sense-check where we are at and what more we need to do. Key aspects here are the most regular touchpoints – the responsive repairs service, contacts with our teams through various channels, and estate services with related service charges. We are building plans to move these things forward in a more meaningful way, looking at how we can develop new models which lean more heavily on technology and data alongside the human touch to drive a significant uptick in the resident experience.

We also recognise that the TSM feedback from our home owners has been less positive so far, with mixed year-on-year results across the individual metrics. Having reflected on this we have committed to the introduction of a dedicated home ownership directorate to bring together the end-to-end journey as a PA home owner into a single team. This will improve accountability and strengthen our ability to make improvements faster.

On the financial front, a central plank of our improvement strategy is to ramp up investment into our homes and estates. We set an ambitious target to increase investment in home improvements – things like new kitchens, bathrooms and heating systems – by at least £10m in 2024/25, which we comfortably achieved, with such expenditure in the year totalling £29m compared to £16m in the previous year. This investment delivers more modern and comfortable homes for residents, in turn over time having an influence on responsive repair volumes, incoming contacts and complaints. We remain fully committed to this increased investment plan over the next few years and we are thankful as always to our lenders who are with us on this journey and have worked to accommodate this elevated spending plan within the financial metrics they use to monitor our performance.

These long-term partnerships are crucial to help us deliver and prosper, as are others – with local authorities, funding agencies for new development, suppliers and contractors. We cannot do it alone and it is through joint working that we pursue and meet our objectives.

Everything we do is fuelled by our financial capacity and the Board at PA Housing must strike a balance between investment and financial resilience, recognising that we operate in changing and uncertain times which could give rise to unexpected financial shocks and challenges. These financial statements tell the story of our financial journey through 2024/25, a year in which we did experience some additional cost pressures in certain areas as we dealt with some key operational challenges around delivery of the repairs service, temporary moves for residents while we carry out major repairs, and re-letting our homes as efficiently as possible. These higher costs were offset to an extent by savings elsewhere and we made sensible decisions about resource allocation as we navigated through the year.

Overall, our key financial metrics are broadly 'in the pack' of the wider sector but we have deliberately increased our investment into property improvements as one of our key strategic drivers. This is represented by a higher cost per property than most, a position we understand and are comfortable with.

On the new homes front, 2025/26 was a record year for PA Housing with 407 properties completed for residents to move into. We also enjoyed another successful year with shared ownership sales, with 175 new residents buying a stake in their first home to get onto the housing ladder. We will continue to play our part in delivering new supply of social housing but this will again be subject to capacity and we are very clear that investment into our existing homes and estates must come first.

We have worked at pace over the past 12 months to progress the initiatives and improvements our residents demand and deserve. We are an organisation which listens and accepts that it is not perfect, with more still to be done. But we feel strongly that we are heading in the right direction and this is supported by some of the information in these financial statements. As usual my sincere thanks go to colleagues around the business, and to the residents who give us valuable feedback, for their efforts and input over the year.

Suki

Chief Executive's statement

PA continues to focus on people and the homes they live their lives in. We are not the finished article and may never be, as we will constantly challenge ourselves to improve outcomes for our residents. The aim to continually improve now runs through the DNA of PA. This does not mean we are perfect, we will still have service shortcomings as our colleagues and contractors are not infallible. We will continue to learn from these and aim to improve processes and controls to reduce their occurrence driving better use of our resident's rent and service charges.

The resetting of PA was long overdue and has involved a change in our relationship with residents. We have placed residents at the centre of our organisation, listening and acting on feedback. This does not mean that we will not say no. Part of the reset has been to set our role as a Social Housing Landlord and what our responsibly is. Whilst we will work with other public sector bodies such as the NHS, Police, Local Authorities and Charities, we will not step into areas that they are responsible for.

We believe we are one of the most visible organisations in the sector, we have colleagues in every PA neighbourhood every day. This visibility is led by our Neighbourhood teams. It is supplemented by senior leaders who will spend time weekly in our neighbourhoods talking to residents and seeing service provision first hand.

We will continue to invest in people's homes, safe and warm will continue to be our north star. This does place financial pressure on us, but we are prepared to do the right thing in parallel with maintaining financial stability. In many ways PA was ahead of the sector when in January 2023 we reset our organisation, something now which many other providers have done.

We are open in respect of how we perform, again I believe we have set the bar on transparency and accountability with our residents. Our all-resident calls were a sector first and we continue to evolve our communication with our residents ensuring we talk about what matters to them. Our relationships with Local Authorities are strong. This is particularly the case where we have significant homes in areas such as Elmbridge, Richmond, Kingston, Leicester, Northampton, Nottingham and Mansfield. We are grateful for the approach key partners take in resolving housing issues.

I am proud of the teams at PA, I am proud to call them colleagues. Every day we make a difference to people and that is what makes us different. The TSM results in September 2024 showed significant improvement across 80% of all metrics. We will continue to ask our residents how we are doing and act upon this feedback.

In many areas performance is the highest it has been in PA's history. Compliance in respect of landlord health and safety is excellent, but we can still get better, we have helped residents gain in excess of £10m in cash benefits, we have allocated direct support of £600,000 to residents in the form of heating or food vouchers, white goods or children's items such as prams. Rent arrears are at a record low and investment in homes a record high. Our ASB and Safeguarding teams are reset to be resident focussed. We built the most new homes in PA's history in 2024 /25 and helped rehouse many hundreds of people providing them with somewhere to call home. Our blocks have never been as clean and grounds maintenance has also improved. Our front-line colleagues are the heartbeat of PA and residents speak highly of them.

The next 12 months will continue to be challenging, and we will face these challenges head on. We will do our part in building new homes, but our priority will continue to be existing homes.

Together with our residents, stakeholders, funders and regulators we will make a real difference and continue to put people first.

Mike

Strategic Report

Strategic Report: Our Strategy

About Us

PA Housing ('PA') is a registered provider of social housing offering more than 24,600 homes across the Midlands, London and the South East. We aim to put our residents at the heart of everything we do and offer good services to all.

Our purpose is to provide warm, safe, and affordable homes and related services to those who need them.

Our vision is that the people who live in our homes will be proud of where they live, and the people who work for our organisation will be proud of the differences they make:

- Residents' voices will shape what we do and help us be the best that we can be.
- People trust we'll do what we say we're going to do.
- Our homes will be warm, safe, and well maintained.
- To look back at what we have done in 5 years' time and be proud of what we've achieved.

Our Operating Model

We are a not-for-profit community benefit society and our surplus is held in reserve for continual reinvestment in new and existing homes, over time enhancing the scale and quality of our safe and affordable housing.

Our core activity is that of a landlord of social and affordable rented homes and the provision of low-cost affordable housing through shared ownership. We also provide management services to over 1,600 leaseholders, we offer a range of independent living services for older residents, and we own and manage a small number of non-social rented homes and commercial properties.

While our primary role is to provide and manage affordable homes, we are more than just a landlord. We are committed to being a proactive and responsible partner in the communities we serve to support residents not only with secure, well-maintained homes but also with the tools and opportunities to lead fulfilling lives. Through targeted investment, tailored support services, and collaborative local partnerships, we aim to help in developing thriving and inclusive neighbourhoods.

Delivering future improvement

In a time of economic uncertainty, increasing housing need, and evolving stakeholder expectations, PA Housing continues to take bold steps to modernise our services and future-proof our organisation. We are focussed on the delivery of:

- Putting residents first.
- Improving the quality and safety of homes.
- Enhancing financial resilience and transparency.
- Empowering our people.
- Embedding digital and environmental transformation.

Our Values

We're defined by our actions, and our values help to define how we treat people, our behaviours, and our level of services.

Deliver

- We do the right thing.
- We keep our promises.
- We see things through to the end.
- If we get something wrong, we will say sorry and we will resolve it.

One Team

- We make a positive difference to our residents' lives.
- We are one team; we play our part and support each other for the benefit of our residents.
- Our colleagues will be supported to be the best they can be.

Respect

- We listen and learn.
- We treat people fairly, with respect and integrity.
- We listen to understand, not just listen to respond.

Strategic Report: Our Strategy

Continuing to put people first

We updated our Corporate Plan 2024 -2029 in March 2025. It remains our guiding light for the future. We're proud of the achievements we've made over the last 12 months but recognise we still need to go further to make PA the organisation we all want it to be.

We remain focused on people and the homes our residents live in, so putting people first will continue to be at the centre of what we do. Investment in our homes will remain a priority, and we will continue improving, repairing, and keeping homes safe.

In the summer of 2025, we published our annual resident impact report, this highlights how our Corporate Plan has made a direct impact on residents in 2024/25.

Our updated Corporate Plan focusses on over 20 specific areas for delivery in 2025/26. The broad themes are:

- Working in partnership with residents
- Asset management
- Compliance
- Service charges
- Value for money
- Growth
- People

Board oversight

The Board, supported by its Committees, is continuously reviewing and monitoring progress against the measurable actions stated in the Corporate Plan and Enabling Strategies. Our plans have genuine ambition and we recognise that not everything will be easily deliverable, particularly when taking into account future environmental challenges which will inevitably place further demands on our resources.

The Board will give strategic direction on where, how and when our plans and targets need to be refined, including allocation of resources to meet changing priorities.

Delivery against these plans and targets will form the bedrock of our broader service delivery narrative, working alongside our operational and financial performance metrics to provide a joined-up view of how we are using available resources to achieve the best possible outcomes.

This work will continue to be framed by our honesty about what's working well and what isn't, with feedback from our residents at the heart of the evidence we gather to assess the success or otherwise of our actions. We are determined to get this right – that will include overcoming future challenges and setbacks, and we are building resilience into our business model to enable this.

Strategic Report: Safety and Quality of Homes

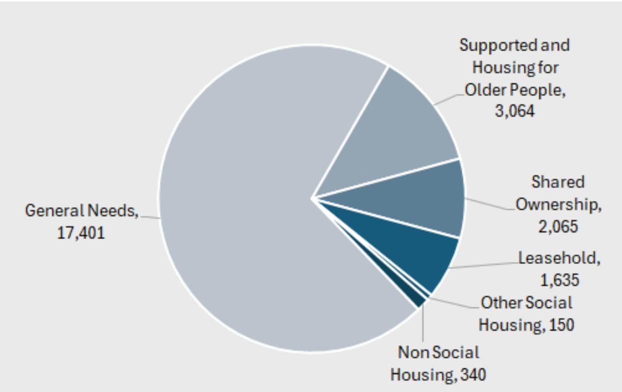
Our residents' homes

We own and / or manage over 24,600 homes in 62 local authorities, split roughly equally across our core operating areas of London, Surrey, and the East Midlands.

36% of our homes are in London, 23% in Elmbridge and 16% in Leicester. Over 98% of our homes are social housing, including homes which we manage on behalf of leaseholders who were previously social renters or shared owners.

Our small portfolio of non-social housing includes 117 market rented properties and 223 properties for healthcare workers at King's Mill hospital in Nottinghamshire.

Homes by tenure



Safety of residents in their homes

Resident safety is a high priority, and we allocate both financial and operational resource to ensure our residents' homes are safe. Our building safety team monitors the status of checks and assessments, and our Board has oversight of all performance. In a small number of cases, gaining access to homes for safety checks can be difficult and we will pursue legal avenues to enforce access rights to meet our statutory obligations.

Our building safety performance is measured as part of the Regulator of Social Housing Tenant Satisfaction Measures and our results from our 2024/25 survey are shown below:

Building Safety Performance	Overall 2024/25	2023/24 Median landlord
Gas safety checks	99.1%	99.9%
Fire risk assessment	99.3%	100.0%
Asbestos management surveys	99.9%	100.0%
Legionella risk assessment	100.0%	100.0%
Communal passenger lifts safety checks	99.1%	100.0%

Stock condition and Decent Homes

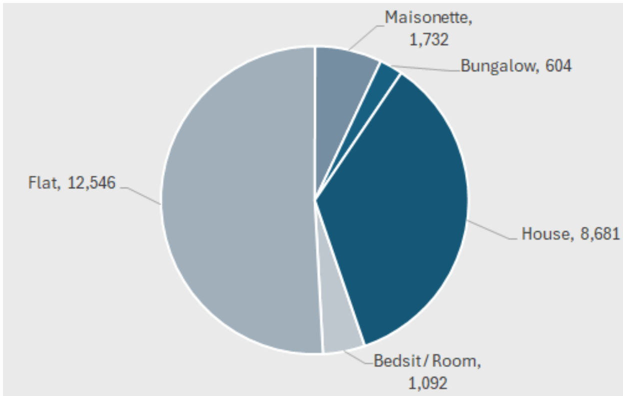
As at 31 March 2025, we had six (2024: one) homes that did not meet the Decent Homes Standard. For three of these homes work was underway at the year-end date. There were 130 homes (2024:101) where residents have not given access or have declined the planned improvements.

Stock condition surveys

5,527

In 2024/25 we completed 5,527 stock condition surveys which allowed us to identify where homes need improvement. At the end of the year 95.5% of homes had received a survey in the last five years. Where surveys have not yet been completed, we clearly explain the implications to residents. We are committed to replacing components in line with our planned maintenance programme, ensuring no resident is disadvantaged by survey timing.

Homes by property type



Strategic Report: Safety and Quality of Homes

Planned maintenance

We are committed to ensuring our homes meet high standards of safety, comfort and sustainability. As part of our Corporate Plan, we have significantly increased investment in our planned maintenance programme to ensure every resident is proud of where they live.

Capital investment in exisiting homes

£29m (2024: £16m)

In 2024/25 we targeted a £10m increase in annual spend and we invested £28.6m in replacement of components in our homes (2024: £15.5m).

Increased investment is expected to drive higher resident satisfaction whilst also reducing the need for responsive repairs and reducing the volume of related resident enquires. Our ambition was also to complete 70% of the programme by November 2024 and we achieved 73%.

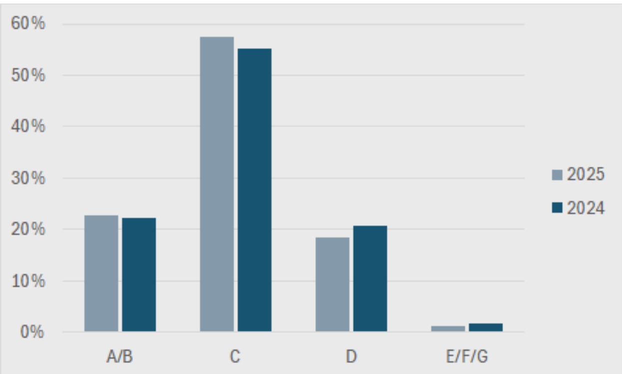
Works completed (no. of homes)	2025	2024
Roofs	44	13
Kitchens	401	362
Bathrooms	356	206
Windows and doors	241	186
New heating systems	1,588	1,038
Lifts	12	5

Energy efficiency and sustainability

At the end of March 2025 81% (2024: 78%) of our residents' homes had an EPC rating at band C or above. Our target is for 86% of homes to achieve EPC band C by March 2026.

In October 2024 we completed work to improve the energy efficiency of 100 terraced homes in Leicester, helping to reduce carbon emissions and making homes warmer and more affordable to heat. The project marks a £3.4m investment in PA homes, with £1.2m of this allocated through Wave 2:1 of the Government's Social Housing Decarbonisation Fund.

Property EPC ratings



Looking forward PA applied for funding under the Wave 3 – Warm Homes – Social Housing Fund and were successful in securing £12.2m of grant subject to a final project plan and eligibility checks.

Damp, mould and condensation

Our dedicated Damp and Mould Team was established in 2023/24 and in response to Awaab's law we developed a plan which we launched in the summer of 2025. This covers:

- A process for undertaking property surveys
- Appropriate treatment within properties, as well as addressing the underlying causes
- Developing the supply chain for property inspections and treatment
- Aligning our processes to the timescales being introduced under the legislation
- Equipping PA's contact centre to deal with enquiries and provide advice.

Progress is regularly reported to our Customer Committee and Board and is included on our Corporate Risk Register.

Fire safety remediation

We are continuing to progress the fire remediation projects where more significant works are required.

Of the 20 blocks requiring external wall works two are completed and three are on site and in progress. Others are either waiting approval from the Building Safety Regulator, in the final design stage, awaiting contractor appointment, or where legal claims are being pursued.

We continue to engage with residents and keep them informed of progress and are holding regular meetings across all sites affected.

All future costs for fire remediation have been included in our financial plan. The total cost of remediation works is currently estimated at £84m. Of this, a high proportion is expected to be recoverable from contractors.

Strategic Report: Safety and Quality of Homes

Responsive repairs

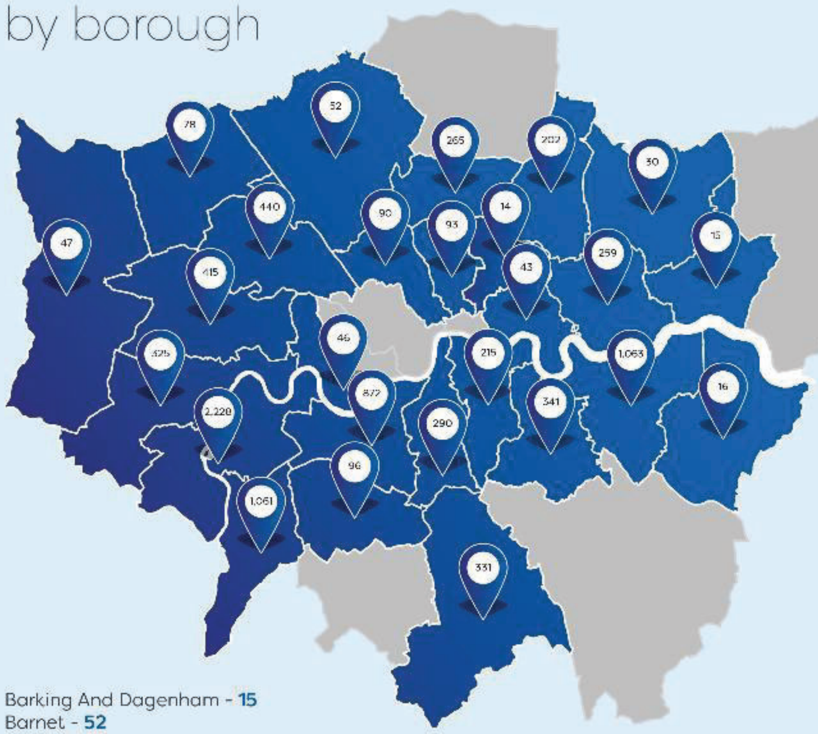
The day-to-day repairs service is important to residents and is a key driver of satisfaction levels. Repairs completed within timescales for both non-emergency and emergency responsive repairs are measured as part of the Regulator's Tenant Satisfaction Measures. Our results from the survey we conducted in September 2024 are positive compared to the median landlord results from 2023/24. Overall satisfaction with repairs and satisfaction with the timeliness of repairs increased from our previous survey in 2023.

TSM performance measures

Repairs completed within the landlord's timescales	Overall 2024/25	2023/24 Median landlord
Non-emergency responsive	84%	81%
Emergency responsive	97%	95%

We are taking action to improve our responsive repairs service and as part of our transformation agenda we are looking at new and innovative ways to increase the first-time fix for repairs, improve how we keep residents informed of the progress of their repairs and use new technologies to improve how repairs are carried out.

Our London homes by borough



Barking And Dagenham - **15**
Barnet - **52**
Bexley - **16**
Brent - **440**
Camden - **90**
Croydon - **331**
Ealing - **415**
Greenwich - **1,063**
Hackney - **14**
Hammersmith And Fulham - **46**
Haringey - **265**
Harrow - **78**
Hillingdon - **47**
Hounslow - **325**
Islington - **93**
Kingston upon Thames - **1,061**
Lambeth - **290**
Lewisham - **341**
Merton - **96**
Newham - **259**
Redbridge - **30**
Richmond upon Thames - **2,228**
Southwark - **215**
Tower Hamlets - **43**
Waltham Forest - **202**
Wandsworth - **872**

Total:
8,927

Our homes by county

Berkshire - **128**
Buckinghamshire - **24**
Coventry - **84**
Hertfordshire - **56**
Leicestershire - **4,996**
London - **8,927**
Northamptonshire - **1,491**
Nottinghamshire - **2,354**
Surrey - **6,352**
Sussex - **18**
Warwickshire - **224**
Other - **1**

Total:
24,655

Strategic Report: Residents and their Neighbourhoods

Our neighbourhoods and communities

Our neighbourhood model is a cornerstone of our Resident Enabling Strategy, aimed at creating vibrant, thriving communities where residents feel heard, valued, and supported. The model has evolved to prioritise resident-first, locally accountable services, with structural changes enhancing visibility and engagement.

Our ambition is to transform our neighbourhoods into places where residents feel safe, supported, and proud to call home. This involves a comprehensive strategy that integrates communication, services, and engagement to deliver better outcomes for our residents. The neighbourhood model is built on the principles of visibility, accountability, and resident empowerment, ensuring that our services are tailored to meet the unique needs of each community.

We focus on sustainable, multi-generational communities with strong community spirit, collaborating with various agencies to provide comprehensive support services. Key initiatives include managing low-harm antisocial behaviour (ASB), improving neighbourhood inspections and enhancing the complaint resolution process. Specialist teams such as ASB, Safeguarding, and Home Moves provide targeted support to address specific community needs, enhancing the overall effectiveness of our initiatives.

Our key achievements

- **Enhanced visibility and engagement** – Our Neighbourhood Coordinators are now more visible and accessible to residents following the reduction in patch sizes in 2023/24.
- **Know who is behind our doors** – We are using technology to update and maintain accurate resident information to support our door-knocking activities.
- **Resident Assembly –** Refreshed in April 2024, the Resident Assembly met 11 times in the year to review key resident facing polices and ensure resident voices are heard in our decision making.
- **Service Improvement Panels –** Launched in June 2024, these panels focus on specific areas including service charges, complaints and contract management driving improvement across our services.
- **Community engagement –** Our all-residents calls engaged over 500 residents. We have expanded the size of our resident involvement team and carried out events in our neighbourhoods to strengthen local connection.
- **Cleaning and grounds maintenance -** We have received positive feedback on the improved standards of cleaning and grounds maintenance across our estates.
- **Collaborative Partnerships -** We have strengthened our partnerships with local authorities, charities, and other stakeholders to provide comprehensive support to our residents.
- **Investing in our people –** To improve staff development, our contact centre closes for half a day every month for training. This supports our colleagues' growth, engagement and ultimately improved service for residents.

Complaints

In 2024/25 we worked to strengthen and improve our complaints function, recognising that this comprises a combination of a central specialist team and end-to-end complaints ownership within the lead service areas of the business. Our focus has been on the following themes:

- The governance and control framework.
- Support and training to the wider business.
- Reporting and insights to drive performance and reflection.
- Embedding a culture of ownership and learning.
- Interactions with the Housing Ombudsman Service.

The work has been informed by two key pieces of external assurance and scrutiny undertaken during the year. The first was an audit of the complaints function, looking mainly at processes and controls. The second was a review carried out by our residents via a Service Improvement Panel, which concentrated on outcomes for residents and how these could be developed and improved. Both activities gave us a range of valuable insights and recommendations to augment our own view of how the complaints function needed to develop.

In activity terms it was a busy year with a significant increase in complaint volumes. The table below shows headline numbers for the year.

Strategic Report: Residents and their Neighbourhoods

	2025	2024
Total complaints	3,343	2,037
Proportion of residents raising complaints	9.0%	8.4%
Stage 1 upheld rate	69%	76%
Stage 2 upheld rate	70%	90%
Compensation payments	£381,000	£395,000
Complaints responded to on time	52%	62%
Ombudsman determinations	53	48
Ombudsman maladministration rate (excluding service failure determinations)	49%	58%
TSM complaints process satisfaction	30%	26%

The majority of the above metrics evidence some improvement through the year, with upheld rates and compensation amounts per complaint reducing, and the Ombudsman maladministration rate on a downward trajectory. The overall volume of complaints significantly increased and this, coupled with a focus on improving the quality of complaint responses, impacted on our ability to complete responses in a timely manner. We recognize the need to improve in this area and we have measures in place to do so.

Our review of complaints received highlights three key areas of focus:

- Communication failures.
- Failure to deliver responsive repairs efficiently.
- Unclear ownership of issues.

We have developed mechanisms to dig deeply into these areas and other themes arising from the complaints we receive, and from there to develop solutions to permanently improve how we operate. We are working to continuously strengthen our learning culture, both directly with the lead service areas which receive most complaints and more broadly around the business. We are also developing data-led insights to drive and direct our work, focusing on where we see hot-spots of activity so that we can target responses. There are very clear concentrations within the overall complaints workload, illustrated by the example that around 25% of all complaints received in the last financial year were raised by just 200 of our residents (less than 1% of the total resident population).

Our Board retains strong governance oversight of the complaints function and recognises the importance of it in relation to our organisational learning. The Customer Committee receives half-yearly progress update reports, and the Board receives learning case studies to demonstrate how experiences are converted into embedded learning and improvement. Complaints insights also permeate across our wider Board and Committee reporting.

Lettings and home moves

In 2024/25 our team let 900 homes. This includes both re-lets and the letting of newly developed homes. We continue to support managed moves and mutual exchanges, many of which are driven by medical and welfare needs such as overcrowding and cases of domestic abuse. To ensure fairness and transparency we have introduced new processes and access to information, helping residents better understand their options.

We are continuing to look at how we improve re-let times. Our performance in 2024/25 is still not where we would like it to be and we are focusing on improving both the time it takes for us to bring the home to a lettable standard and streamlining the process for identifying and moving in new residents.

Our key achievements

- **Strengthened collaboration with local authorities** – We have strengthened relationships with local authorities through regular meetings to improve the nominations process and reducing turnaround times.
- **Dedicated resource for new build allocations –** A dedicated team has supported the allocation of our highest number of new build homes to date in 2024/25.
- **Policy and process review** – We have undertaken a full review of our letting polices and processes to improve efficiencies and deliver better outcomes for residents.

Strategic Report: Residents and their Neighbourhoods

Anti-social behaviour (ASB)

We have made improvements to our ASB service in 2024/25 with progress being made on resident outcomes.

Our key achievements

- **Person centred service delivery –** We have strengthened our team to ensure residents receive consistent, transparent and timely updates through the case journey, supporting a more empathetic and effective service.
- **Service improvement and case management –** We actively monitor emerging hot spots to respond quickly and effectively. In 2024/25 our Service Improvement Panel led a comprehensive review of our approach to ASB with recommendations set to be implemented in 2025/26.
- **Prevention focussed policy review –** We have updated our policies to place greater emphasis on early intervention and prevention.

TSM performance measures	Overall 2024/25	2023/24 Median landlord
No. of anti-social behaviour cases opened per 1,000 homes	49.1	35.5
No. of anti-social behaviour cases that involve hate incidents per 1,000 homes	1.0	0.6

Supporting our residents

In 2024/25 we supported residents to claim over £10m in benefits they were entitled to, this was more than our £9m target for the year. This support was provided through our Tenancy Sustainment Team, who work closely with other colleagues across PA to deliver a personal approach to each resident's needs.

By helping residents, we have also achieved an overall reduction in rent arrears to 3.28% of our overall rent charge. The impact of this means we can direct financial resources to other areas such as planned maintenance and other improvements that directly benefit our residents.

Each year, we allocate a budget to our internal Support Fund, which provides assistance to residents facing financial hardship or crisis. This fund plays a vital role in helping residents manage day-to-day challenges and maintain stability in their homes.

In 2024/25, the Support Fund enabled us to provide:

- Food and energy vouchers to help with essential living costs.
- Providing cookers and white goods to ensure residents have the basic appliances for a functional home.
- Ring doorbells to enhance security and provide reassurance to residents experiencing domestic abuse.
- School uniforms to support children so they can focus on their education.

Data

Through 2024/25 we invested in our central data, insights and reporting team to start implementing a meaningful step-change to our data governance arrangements. We recognise that the quality of our data fuels our service delivery, and we see the potential in rapid advancement of our data capabilities to help us modernise how we operate.

Our emerging new data strategy will set out our vision and planned activities. All of our work around data will be driven by our targeted Corporate Plan and Enabling Strategies outcomes, which in turn are informed by our service development priorities for residents. We will ensure that residents are actively engaged on the journey and their feedback will shape the direction of travel. We have made good early progress through 2024/25.

Strategic Report: People

Our Corporate Plan – Our People

We can only deliver an excellent service to residents if we have exceptional colleagues, and we remain committed to being the best employer we can be. Our ambition is for every colleague to feel proud to work at PA and to strive each day to make a difference in residents' lives.

We continue to empower colleagues to resolve issues and encourage them to take ownership of solutions. This does not mean saying "yes" to everything, but it does mean working creatively and collaboratively to get things done. To attract and retain the very best talent, we remain committed to paying our people fairly, with a reward strategy that is market leading.

In 2024/25, we completed our planned Investor in People (IIP) assessment. The results recognised the significant progress we have made on our people agenda, while also highlighting the need for more time to embed these changes fully. We will continue to build on this momentum, investing in our teams and capabilities.

While we will always do our best to help residents, there are limits to what we can deliver, particularly where responsibilities sit with other public services. We rely on organisations such as the police and local authorities to play their part, and we remain committed to working in partnership to achieve the best outcomes for the communities we serve.

Employee relations and recruitment

During the year we focused on improvements to productivity, ensuring that colleagues are as well placed as possible to fulfil their duties. Total working days lost due to sickness remained steady as a proportion of total available days (at 3%) but the number of days lost increased given that we have a growing workforce:

Colleague absence	2025	2024
Days lost	5,320	4,977
Percentage lost	3.0%	3.0%

The reasons for sickness absence are varied and can be complex. Where necessary the People team worked proactively with colleagues and their managers to address underlying issues and offer additional support if needed.

We regularly survey our colleagues and implement changes according to their feedback. During 24/25 our people survey results demonstrated significant improvement in colleagues feeling their opinions were sought by managers, encouragement to take ownership, learning from mistakes and a sense of pride that colleagues contribute positively to the lives of residents and communities. There were some areas that have been identified as areas of future focus, for example recognition and career progression.

We have strengthened our approach to recruitment to ensure we attract and retain the right talent with the right skills for every role. We want to give new colleagues the best possible start and by raising the standard of recruitment and onboarding we aim to reduce early attrition and ensure we have the people to deliver excellent services.

Pay Gap

Pay gap reporting gives an indication of the extent to which good intentions translate into real action in respect of developing a diverse workforce. It measures the average pay across all roles for people with different attributes and backgrounds, not the pay to people in the same role from those different backgrounds. All PA Housing employees in the same role are paid equally regardless of their background.

Our pay gap movement through the year has been mixed, with some modest positive change on the gender pay gap but a small step backwards on ethnicity (figures are based on the median position):

Pay gap	March 2025	March 2024
Gender pay gap	7.6%	10.9%
Ethnicity pay gap	8.5%	8.0%

Our People Strategy includes initiatives such as mentorship and development programmes to support the career progression of women and ethnic minorities. We conduct regular pay audits to identify and address disparities and have introduced unconscious bias training to foster a more inclusive workplace culture.

Strategic Report: People

Learning and development

Our learning and development team have delivered a wide range of training, development pathways and professional qualifications for colleagues to strengthen skills across the organisation. We have made progress in supporting leadership behaviours and improving management capabilities.

Beyond this we have created opportunities through work experience placements including engaging with our residents to help support their career aspirations and give them insight into how things work at PA. Our learning resources are also made available to our Resident Assembly members.

PA colleagues undertook a significant amount of training during the year, including:

- 709 colleagues undertook training
- CIH Certificate in Housing Qualifications undertaken by senior managers
- 20 work experience placements for residents and relatives of colleagues

Looking forward

We have created the foundations on which we can build and listened to feedback from residents, colleagues and other stakeholders. Our refreshed People Strategy includes the following strands of activity:

- Culture and employee experience - We will drive culture change by tailoring initiatives to each department, increasing leadership involvement at all levels, and embedding desired behaviours in our day-to-day activities.
- Attracting new talent and retention – We will continue to provide in house trainee programmes and apprenticeships, enhance our on boarding experience and deliver our organisational development and succession plans.
- Pay and support – We will listen to our colleagues on our approach to pay and benchmark against peers to ensure we are competitive. Our initiatives will ensure we promote respectful and supportive behaviours.
- Flexibility – We will work with colleagues to be flexible in supporting extended opening hours for residents.
- Equity, equality, diversity and inclusion – following the launch of our new policy we will roll out training to embed its principles and enhance our data to improve how we measure progress and success.

Strategic Report: New Homes

Our growth strategy

We want to build homes that both we and our residents are proud of, and for the experience of moving into a new home to be a joyful one. As part of our continued commitment to building safe, warm, affordable homes and sustainable communities, our Growth Enabling Strategy for 2024-29 includes:

- A tenure mix which sees at least 70% of our new homes being built for rent.
- Increased emphasis on larger strategic sites, working in partnership with house builders who operate at scale and have a strong financial track record.
- Focusing on areas where we have positive, enabling relationships with key local authority partners, and where we can build on existing concentrations of homes that we own and manage.
- Creating communities fit for the future where residents can thrive into the long-term, incorporating safety focussed design, modern technology and energy-efficiency measures.
- Being prepared to invest in the right components, including potentially higher initial costs where this improves reliability and reduces long term costs, delivering better value for money over the life cycle of the development.
- Taking an ultra-assertive stance with contractors, insisting on new homes which are defect free and enforcing commercial contract terms to protect PA's position on behalf of residents moving into their new homes.
- Exploring strategic partnership opportunities with house builders, local authorities, other providers and investors to help unlock capacity for investment.
- Delivering larger family homes wherever possible to help alleviate the issues with overcrowding within small homes across the UK's social housing stock.
- Ensuring that at least 10% of our new homes are wheelchair adapted.
- Exploring design innovations that allow the home to be adapted to suit changes in household composition and life-stage.
- Leveraging social value through our contracts to benefit the communities we serve and provide community infrastructure where it's needed.

New homes (social)

407 (2024: 365)

In 2024/25 we developed 407 new homes (2024: 365). 168 were affordable / social homes to rent and 239 were for shared ownership. New homes were delivered in the following areas, enhancing the neighbourhoods in which we already operate:

New homes completed by region	No.
London:	
Croydon	79
Ealing	43
Lewisham	22
Wandsworth	159
Other areas:	
Elmbridge	77
Northamptonshire	9
Nottingham	18
Total	**407**

The supply chain issues in the construction sector persist and this has inevitably led to delays in completing our new homes. During 2024/25, we took a deliberate pause from commencing new development projects in response to operating conditions. As is the case for many of our peers, difficulties in the construction market have led to a number of our contractors becoming insolvent and ceasing work on site. In total, this has affected 9 of our projects. We have chosen to focus our attention and resources on seeing existing projects through to completion and re-tendering and recommencing work on these challenged sites rather than seeking new opportunities. We have implemented robust financial and practical mitigation measures to manage our risks, learning from the experience of contractors becoming insolvent.

At the end of March 2025, we had 12 (2024: 31) active sites with new homes under construction.

Strategic Report: New Homes

Where possible we maximise the number of social rent or London Affordable Rent homes (an equivalent tenure within London), as opposed to Affordable Rent where rent levels will be higher. We are committed to working with Homes England and the Greater London Authority to deliver the homes most needed across our geographies including optimising the delivery of homes for social rent.

New homes completed	2025	2024	2023	2022	2021
Affordable Rent	-	197	97	108	73
Social Rent / London Affordable Rent	168	44	83	24	103
Shared Ownership	239	124	104	185	116
Temporary Housing	-	-	-	-	6
Total social housing	**407**	**365**	**284**	**317**	**298**
Market Rent	-	-	-	-	2
Total	**407**	**365**	**284**	**317**	**300**

Regeneration

Our development programme includes regeneration schemes in London and Surrey. Laurelwood Place in Elmbridge replaces an outdated and failing block of flats built in 1972 with 97 high quality homes and it will help to transform the lives of local residents. The regeneration scheme is due to hand over during 2025/26 and it aligns with our strategic objectives providing wholly affordable homes, social rents, and community infrastructure.

This project is an early adopter of the Building Safety Act, making it subject to the Gateway reviews under the Building Safety Regulator (BSR). We are working closely with the BSR and our professional team in progressing the work needed to obtain the required approvals under the Building Safety Act.

In Woolwich, PA has a long-term partnership to deliver new homes through the regeneration of three existing local authority owned housing estates. Phases 1-3 have completed, comprising 238 homes. Phases 4 and 5 started on site in 2023 and will deliver a further 253 homes during 2025/26. The final phase will deliver 79 homes in 2027/28.

We are also delivering a 516 home, multi-phase regeneration scheme in Southall in partnership with the London Borough of Ealing. We have received grant funding from the GLA as part of this partnership project to support the delivery of much needed affordable homes.

This scheme is built to the Future Homes Standard 2025, delivering sustainability and minimising the impact on the local environment. The development will be all-electric, with no gas infrastructure on-site, and heat provided through renewable energy generated by on-site Air Source Heat Pumps. It will also include three Photovoltaic panel arrays, one on each block roof. Collectively, these measures significantly exceed the policy requirement for at least 35% carbon dioxide emissions reduction to be achieved on site. The first 94 affordable homes for rent will be completed in early 2026/27.

Pipeline development

To maintain our financial resilience, we need to continually review our capacity for the delivery of new homes in the context of other priorities and changing economic conditions. In keeping with many of our peers, this has meant we have revised our base case plan to deliver new homes from c. 5,000 in the decade to 2032, to a little over 3,700. We only build affordable homes for rent or shared ownership, and we do not pursue opportunities for other tenures. Our main focus for the next few years is to deliver homes on sites that are already in our ownership and identified regeneration opportunities.

Sales

Although our focus is on building affordable homes to rent, we will continue to build shared ownership homes in areas where we know there is strong demand and within the parameters of our Growth Strategy. As well as meeting a core housing need, shared ownership helps us to increase our overall growth capacity through reinvestment of the surpluses we earn from first tranche sales.

Sales	2025	2024
New homes sold	175	176
Sales proceeds	£23.0m	£25.6m
Surplus	£4.9m	£7.2m
Sales margin	21.5%	28.1%
Unsold homes	142	78

Sales revenue in 2024/25 was £23.0m (2024: £25.6m) from the sale of 175 new homes (2024: 176 homes). The average sales margin remained in line with our expectations and for the second year running we achieved a high volume of sales and exceeded our budget target for surplus generation, indicating healthy market conditions and strong demand in the localities we were active.

We had a higher number of unsold homes at the end of 2024/25 due to a number of schemes handing over later in the year. We continue to focus on effective sales progression and pre-reservations, and are confident that we will return this to a lower number during 2025/26. For example, our proactive approach to sales meant that 21 out of 23 homes for sale at our development at Lion House, Southall, were pre-reserved before the scheme handed over in March 2025.

Sales market risk remains and is susceptible to sudden changes in economic and political conditions. To safeguard against this our financial planning takes a deliberately pessimistic stance on sales income and we plan to outperform these targets operationally. Any additional income achieved is then available for

Strategic Report: New Homes

reinvestment into our maintenance programmes and other services, to augment the core approved budget.

Impairment

The construction sector continues to face challenges around the cost and availability of materials and labour in the wake of the sustained period of high inflation in the UK economy. This has caused financial viability issues for some of the contractors we work with, and on a small number of sites we have had to terminate contracts and seek alternative contractors to complete the build. Inevitably, this leads to increased costs and some of our development schemes have been impaired to recognise this.

We have also reviewed our land bank sites against our Growth Enabling Strategy, and we impaired sites where we now expect to dispose of sites at a value below the historic acquisition cost. Land values have also suffered over the past two years due to the higher build costs which impact on site viability.

Strategic Report: Environmental, Social and Governance

Our Environmental, Social and Governance (ESG) activities

PA exists to deliver social value to the communities we serve. Our core purpose is **to provide warm, safe and affordable homes and related services to those who need them**. Although we are a general needs housing provider, our work will include targeted support and opportunities to the people who live in our homes and their families, over and above our standard landlord responsibilities.

This objective is underpinned by our governance arrangements, which are designed to ensure ongoing effective service delivery within an appropriate controls assurance framework.

We are also highly conscious of our environmental impact, and the key role that housing associations must play in working towards national and global targets for a brighter environmental future.

Transparent reporting on our ESG activities is crucial, and PA was one of the founding adopters of the ESG-focused ‘Sustainability Reporting Standard for Social Housing (SRS)’ devised by the sector, working with the Good Economy. We have published an annual ESG report, incorporating the SRS metrics, since 2021. Our latest report is available on our website.

Some of our debt funding arrangements are supported by ESG activity reporting requirements. This includes use of proceeds obligations in respect of our public bond issued in 2021 and our private placement transaction in 2024, and key performance indicator tracking in respect of certain bank loan facilities.

Key ESG reporting data as at 31 March 2025

ESG KPIs	
Overall TSM customer satisfaction (rented residents)	65%
Number of homes rated EPC A or B	4,600
Number of residents supported by tenancy sustainment team	4,060
Number and percentage of line managers from a non-white ethnic background	45 29%

Since ESG is an integral component of PA’s core business operations, this Strategic Report contains a wealth of relevant information about our work, achievements and future ambitions. We recognise that it’s important for our partners to understand how the work we are doing influences the ESG agenda. The references below signpost readers to the key ESG information available elsewhere in this document.

Environmental

- Improving the energy efficiency of our homes Page 12

Social

- Our updated Corporate Plan and Enabling Strategies Page 10
- Being present and active in our neighbourhoods Page 15
- Engaging with residents and improving our services Page 15
- Tenancy sustainment work Page 17
- Using our data to improve customer services Page 17
- Learning and development support to employees Page 19
- Developing new affordable homes for people who cannot access the open market Page 21

Governance

- Keeping residents safe and ensuring building safety compliance Pages 11
- Taclking damp and mould in our resdients homes Page 12
- Employee relations activities Page 18
- Work to promote workforce diversity and reduce our gender and ethnicity pay gaps Page 18
- Our approach to risk management Pages 25-26
- Assessment of going concern and controls to preserve liquidity Page 36
- Our financial targets and golden rules and their alignment to corporate priorities Page 39
- Our governance arrangements including the internal controls assurance framework Pages 46-53

Risk Management

Strategic Report: Risk Management

Our approach to risk management

PA manages risks and opportunities associated with the delivery of its strategic objectives through a risk management framework. This outlines our approach to risk appetite, monitors existing and emerging risks, and supports decision making through delegated authorities. It ensures an effective balance between risk and reward.

Risk management is integrated with our budgeting and financial planning processes. This ensures the financial impact of key risks is stress tested, supporting PA's financial viability and resilience.

Governance and oversight of risk

Risk is managed through a clearly defined delegation of authority from the Board to Committees, executive directors and senior managers.

- The first line of defence is to ensure robust operational controls and processes are in place which are owned and managed by executives and senior managers responsible for business activities, together with our financial controls.
- The Finance, Risk and Audit Committee is responsible for oversight of risk and maintaining the Corporate Risk Register. This is supported by our Risk and Assurance function which provides assurance on the effectiveness of risk controls.
- The Committee also reviews the external audit management letter and recommendations.
- The Board retains ultimate responsibility for risk including the approval of the risk management framework, risk appetite, associated policies, and financial regulations.
- The Board reviews the corporate Risk Register at every meeting and conducts a deep dive twice a year.

Risk register and risk appetite

The PA Risk Register identifies existing and emerging risks and captures the assessment of each risk together with impact and controls in place to mitigate against the risk. The register is regularly reviewed and updated by the Finance, Risk and Audit Committee.

The approach to risk appetite balances the level of risk the Board is prepared to take, with the rewards in the delivery of our strategic objectives and potential rewards of achieving our strategic objectives. Risk appetite is not static, and it may vary in response to changing internal or external conditions.

- The Board may vary the amount of risk which it is prepared to take depending on the circumstances, and a particular risk may change over time.
- Risk appetite is considered across a range of areas to determine the specific nature and extent of risks that PA Housing is and is not prepared to take in the achievement of its strategic objectives. Risk appetite is considered in preparation of all reports to Board and Committees to ensure appropriate alignment with current position.
- Risk appetite is kept under continual review throughout the year.

An overview of our current top risks are provided in the Risk Register extract on the following page.

Early warning triggers

We maintain a set of indicators which highlight when a significant risk scenario may be starting to crystallise. These are reported to every Finance, Risk and Audit Committee meeting and assess:

- Whether a trigger point has been reached.
- Whether the future outlook suggests an increasingly risky environment.

The process supports early and proactive decision making by enabling the Executive and Board members to consider if any mitigating actions in response to an emerging risk scenario should be activated.

A mitigations matrix has been developed prioritising responses based on impact and ease of implementation. Examples include:

- Priority 1 - Scaling back on new development to preserve cash.
- Priority 2 - Small-scale disposal of high value assets to generate cash.
- Priority 3 - Reduction in scale of non-essential services (e.g. community investment programmes) to reduce operating expenditure.

Risk assurance

A dedicated risk assurance register is maintained which sets out the various sources of assurance the Board is able to place reliance upon and identifies any risks where the Board may require further assurance. The register is based upon the three lines of defence model.

Horizon scanning

Horizon scanning is used to identify sector or operational developments that may not yet constitute a risk, nor breach existing triggers, but could collectively indicate future vulnerabilities. This approach supports early insight helping the organisation stay ahead of potential challenges.

Strategic Report: Risk Management

Headline risk	Risk detail and impact	Monitoring and mitigation
Delivery of fire safety remediation projects	Delays in fire remediation projects affects residents and may lead to regulatory and credit downgrades.	▪ Completion of remediation projects ▪ Progress monitoring of all schemes ▪ Building control approvals ▪ Waking watch where required ▪ Legal claims pursued / underway
Financial pressures	Rising costs and reduced income impact operating surplus and covenant compliance.	▪ Regular financial monitoring and robust budgeting ▪ Business planning and stress testing ▪ Executive reviews of operating costs ▪ Selective disposals ▪ Active treasury management
Void turnaround times and void loss	Slow turnaround on empty homes increases costs, reduces income and increases reputational risk.	▪ Board approved void transformation plan ▪ New lettable standard ▪ Improved inspection processes ▪ Efficiency focussed transformation plan
Development - contractor solvency	Rising costs and contractor failures delays projects and increases risk.	▪ Financial checks on contractors ▪ Focus on completion of stalled sites ▪ Risk mitigation through structuring of contracts ▪ Supply chain viability reviews
Awaab's Law	Non-compliance risks resident harm and regulatory downgrade. Labour shortages may hinder progress.	▪ Dedicated team and processes ▪ External supply base and PA internal labour force ▪ Proactive case prevention ▪ Customer communication ▪ Learning from complaints
Customer Satisfaction	Low satisfaction, high complaints and Ombudsman cases damage reputation.	▪ Improved complaints handling ▪ Strengthened frontline teams ▪ Consumer standards self-assessment ▪ Tenant Satisfaction Measures (TSM) action plan ▪ Focussed support for homeowners
Health and safety compliance	Missed safety checks increase risk of unsafe homes, injury and non-compliance.	▪ Monitoring homes without safety certifications ▪ Board oversight ▪ Proactive resident engagement ▪ External audit
Stock condition	Underinvestment risks non-compliance, disrepair and higher repair costs.	▪ Stock condition surveys and decent homes monitoring ▪ Contractor and budget oversight ▪ Expanded damp and mould team ▪ Disrepair case tracking
Reputation	Poor services and negative media lead to scrutiny and loss of stakeholder trust.	▪ Improved approach to complaints management ▪ Staff training ▪ Stakeholder engagement ▪ Monitoring media coverage
Cyber security and data protection	Cyber-attacks risk service disruption and data loss.	▪ Cyber strategy and accreditation ▪ Incident response plans ▪ Disaster recovery plans ▪ Staff training
Sales	Weak housing market and mortgage access affects sales and business plan.	▪ Flexible tenure strategies ▪ Market tracking ▪ Targeted marketing ▪ Cautious budgeting ▪ Pre-sale focus

Value For Money

Strategic Report: Value for Money

Our Value for Money (VFM) Strategy is aligned with our Corporate Plan and sets the detail of how we will be working over the next few years to improve VFM outcomes for residents. We continue to recognise the importance of VFM especially at a time of significant cost pressures for both PA and our residents. Our updated Corporate Plan focusses on the following areas:

- Enhancing the resident experience whilst driving better value from every £1 of rent we spend.
- We'll continue to challenge our contractors when their performance falls below the standards residents deserve and will hold them to account in line with our contractual agreements
- We'll pilot the local delivery of services with a view to rolling this out more widely in the next 12 months.
- Our mindset will remain that we are spending residents' money and not our own and we should be able to explain our decisions to residents.

We're committed to keep listening to our residents and our Corporate Plan is based on the feedback we have received. At the headline level, our value for money philosophy is that we will invest to improve services and drive up satisfaction ratings, which in some areas should lead to longer-term operating efficiencies.

Alongside the regulatory VFM Metrics and Tenant Satisfaction Measures, our strategic approach to VFM is framed around nine priority areas:

- Economy: Minimising the cost of resources used while having regard to quality.
- Efficiency: The relationship between the output from goods or services and the resources used to produce them.
- Effectiveness: The extent to which objectives are achieved and the relationship between intended and actual impacts.
- Optimising financial return: Achieving the best return from our assets and activities insofar as that is consistent with achievement of our wider organizational purpose and strategic objectives.
- Management of resources and assets: Strategic, comprehensive and clearly linked to achieving strategic objectives.
- Operational VFM: Optimising VFM across all activities.
- Decision making: Rigorous appraisal of all potential options for improving performance.
- Delivery structures: Considering the opportunity costs of current structures compared to a range of alternatives.
- Transparency and accountability: Using our reporting to help drive improvement in VFM.

Our VFM enabling strategy underwent a year 1 review and refresh in late 2024. It focusses on the resident perspective whilst aligning to the Board's position on balancing cost versus quality. It acknowledges that our financial metrics will reflect increased investment aimed at improving services and performance but linking this through to the qualitative outcomes. Examples of how we have taken decisions to specifically improve service outcomes are:

- Establishing specialist Safeguarding and ASB. teams
- Creating a new Contracts and Partnerships team to manage external relationships more assertively on behalf of residents,
- Committing to a new dedicated Home Ownership directorate to improve end-to-end ownership and accountability

Monitoring VFM

Our organisational structure enables us to monitor VFM at all levels.

Ultimately our Board is responsible for the delivery of VFM and sets the strategic approach for the organisation. The Board is supported by our Committees, which collectively assess and oversee our risk and control framework, our investment approach, our service delivery objectives and outcomes, and our utilisation of human resources. The Finance, Risk and Audit Committee receives regular updates on progress against the objectives set out in our VFM Strategy.

Our Executive and Senior Management teams ensure Value for Money is a key factor in decision making with clear outcomes, and they monitor our performance against targets.

All areas of the business receive regular reporting on performance against our targets through a comprehensive suite of financial and operational key performance indicators, monthly face-to-face business briefing updates and news articles through our internal communication channels.

Strategic Report: Value for Money

Performance Highlights in 2024/25

In 2024/25 we have made strides to enhance service quality, operational efficiency, and resident satisfaction. Aligned with our corporate plan, we have taken steps to invest in our people, services, and homes. These efforts are already delivering measurable improvements, and residents are beginning to see the benefits.

The following key achievements demonstrate our commitment to continuous improvement:

Service and Operational Improvements

- Neighbourhood Coordinator Service Investment: Significant investment in localised neighbourhood teams for better resident engagement.
- Safeguarding and Anti-Social Behaviour Teams Reset: Teams restructured and strengthened to improve resident safety and respond to antisocial behaviour.
- Repairs Service Modernisation: Exploration of tech-based models to modernise repair services, aimed at improving responsiveness and reducing complaints.
- Service Charge Improvements: Strong first year of strategy implementation with better data accuracy, improved resident communication, and process enhancements.

Asset Management

- Selective sale of a small number of older, low quality homes in high value areas to reinvest funds in service improvements.
- Re- commencement of paused developments to accelerate future income streams.

Financial Efficiency

- Achieved close to £1 million in savings via improved procurement and banking operations.
- Invest to Save Strategy: Adoption of a value-driven approach where higher upfront costs (e.g., better-quality components) yield long-term savings and service reliability.

Resident Involvement and Satisfaction

- A dedicated group of residents review services and offers feedback on value for money and service design.
- TSM Results Show Positive Resident Feedback: Indication that increased investment is leading to better services and satisfaction among residents.

Strategic and Technological Transformation

- Focus on Technology and Data: Plans to leverage data and technology to improve service delivery, particularly in repairs and customer satisfaction.
- Corporate Partnerships for Social Value: Intention to better utilise partnerships with suppliers and banks to extract additional community and social benefits.

Key Performance Indicators

As part of our VFM monitoring we maintain a comprehensive suite of Key Performance Indicators to monitor our performance against our targets. The table below highlights those monitored as part of our VFM reporting:

KPI	Bench-mark	2025	2024
Lettings performance – Relet days	-	74	54
Void loss (social housing rented) (%)	1.3% [1]	2.4%	2.1%
Current tenant arrears (%)	3.2% [1]	3.3%	3.8%
Contact centre calls answered	-	81%	78%
Tenancy sustainment gains	-	£10m+	£6.9m

[1] Regulator of Social Housing Quarterly Survey (January to March 2025) Median results.

The increase in the number of days to relet homes is partly due the reporting of longer re-let times where we have brought homes back into management following an extended period of being empty due to asset management reasons.

Where do we need to improve?

We recognise there are some areas we still need to improve.

The experience of our shared owners and other leaseholders is not yet where we want it to be. We have begun taking steps to address this by ensuring they have a stronger voice. As part of this, we held our second virtual meeting for these residents in April 2025. However, overall satisfaction for low-cost home owners declined slightly in 2024/25, and we are now focused on reversing this.

We need to significantly improve the time it takes to relet our homes and to complete maintenance work on empty properties. This was identified as a priority in 2023/24, but we continue to experience longer relet times than we would like in part due to contractor availability and performance, as well as a commitment to delivering a better relet standard. These delays not only impact on our revenue, as reflected in increased void losses, but also mean longer wait times for new residents. To address this, our dedicated Home Moves Team has now taken full ownership of the end-to-end process including property repairs, and we expect to see measurable improvements in 2025/26.

Our approach to tackling anti-social behaviour has improved but the Regulatory performance data shows we have a higher number of cases compared to others in the sector. We have already begun targeted work in this area, and we anticipate seeing positive outcomes in 2025/26.

Outlook

We remain focused on people and the homes they live in and investment in our residents' homes will remain a priority. We'll continue to develop our VFM strategy and build on our achievements in 2024/25. Our Corporate Plan highlights the following for the year ahead:

- Increase overall satisfaction as measured by the TSMs.
- Re-energise and Recommit to the value our Resident Champions can provide.
- Continuation of our Service Improvement Panels.
- Extending our telephone opening times and reducing call wait times.
- Relaunch of our improved My PA app.

Strategic Report: Value for Money

Tenant Satisfaction Measures

The Regulator for Social Housing (RSH) asks all housing providers to collect information from their residents to check how they're feeling about their landlord. These are called the Tenant Satisfaction Measures (TSMs) and they were introduced in 2023.

Overall satisfaction – Rented

65% (2024: 62%)

There are 22 TSMs in total and they are split into Low Cost Rental Accommodation (LCRA) and Low Cost Home Ownership (LCHO):

- 12 resident perception survey measures that are collected by surveying residents directly
- 10 performance measures that are collected through management performance information.

In September 2024 we knocked on the doors of 21,045 homes to ask the survey questions to residents and used a specialist market, social and behavioural research, and insights consultancy company to provide assurance that our collection methods were compliant with the guidance issued by the RSH. We received 5,326 responses to our survey.

Our results are shown below:

Tenant Perception Measures

Measure	Low Cost Rental Accommodation			Low Cost Home Ownership Accommodation		
	LCRA 2024/25	Increase / (decrease) [1]	2023/24 Median landlord	LCHO 2024/25	Increase / (decrease) [1]	2023/24 Median landlord
Overall satisfaction	**65%**	5% ↑	71%	**36%**	(4%) ↓	49%
Repairs satisfaction	**60%**	8% ↑	72%	**n/a**	n/a	n/a
Timeliness of repairs	**56%**	8% ↑	67%	**n/a**	n/a	n/a
Home is well maintained	**67%**	7% ↑	71%	**n/a**	n/a	n/a
Home is Safe	**77%**	2% ↑	77%	**60%**	(2%) ↓	71%
Listens and acts	**57%**	10% ↑	60%	**28%**	(10%) ↓	37%
Keeps tenants informed	**70%**	3% ↑	70%	**51%**	(11%) ↓	53%
Treats fairly and with respect	**81%**	6% ↑	77%	**60%**	(4%) ↓	59%
Handling complaints	**30%**	16% ↑	34%	**14%**	(11%) ↓	19%
Communal areas clean and well maintained	**66%**	12% ↑	65%	**50%**	3% ↑	46%
Positive neighbourhood contribution	**60%**	8% ↑	63%	**40%**	4% ↑	39%
Handling anti-social behaviour	**51%**	2% ↑	58%	**35%**	17% ↑	37%

[1] The increase / (decrease) reflects the percentage change in perception from the 2023/24 result, rather than the percentage points increase / (decrease).

The TSMs enable us to understand how satisfied our residents are with the services we provide and where we need to make improvements. We have listened to the voice of our residents and will prioritise the following in 2025/26:

- Improve the accuracy of service charges.
- Improve communal services
- Improve the visibility of teams in our neighbourhoods
- Improve the first-time fixes for repairs
- Improve the time it takes for empty homes to be made ready for new residents
- Improve how we communicate with residents
- Improve how we respond to complaints

Strategic Report: Value for Money

Value for money metrics

2024/25 results

The Regulator has defined Value for Money metrics which enable us to compare our performance against others in the sector. We have used the Regulator's Value for Money Benchmarking tool (2024) to compare with a peer group with similar characteristics to PA.

The peer group includes 19 other providers and has been selected using the following criteria:

Criteria (based on 2024 information)	PA	Peer group average
Proportion of General Needs Stock	87%	86%
% of flats in a block less than seven storeys	51%	50%
% of flats in a block of at least seven storeys	7%	5%
Proportion of stock in London	36%	31%
Proportion of stock in the South East	26%	28%

The selection of this peer group has enabled us to understand our metrics and costs compared to those operating in a geographically similar area. This generally leads to higher unit costs in key service areas such as responsive maintenance when compared to equivalent costs in other parts of the country. Our stock type also leads to increased compliance demands, particularly for fire and building safety, and higher service costs due to the predominance of flats as opposed to houses.

Our performance over the last 12 months has shown progress against our Corporate Plan and balances investment in our homes and the provision of frontline services to deliver strong outcomes for residents with growth in providing additional homes for those that need them. Our financial VFM metrics are generally mid table when compared to the results of our peer group (2024 results), this meets our Board's position of being comfortable in not achieving best in class financial performance in order to invest more in our existing residents' homes.

Highlights in the year include:

- £29m invested in our existing stock.
- Further investment in our frontline services.
- Prioritising key areas of our reactive maintenance to deliver services where they are most needed.
- The delivery of 407 new affordable homes. This is the highest number of new homes delivered in any year since PA was established.
- Robust treasury management with sufficient liquidity to serve our future growth ambition.
- Balancing the ambition of our Corporate Plan whilst maintaining our financial viability.

In some areas we are still navigating certain issues that impact on our financial metrics:

Progress on fire safety remediation has been slower than anticipated which means we are exposed to ongoing costs for waking watch and are incurring fees ahead of works commencing on site. Remediation works are expected to accelerate in 2025/26 and will continue to impact on our financial metrics until completed. Fire safety remediation costs incurred in 2025/26 were £6.0m (net of costs recovered) (2024: £5.3m).

In recent years, we have encountered contractor insolvencies on a number of new build developments. Combined with broader market challenges, this has led to increased completion costs on certain schemes resulting in the recognition of an overall impairment charge of £5.2m (2024: £15.6m).

We do not report on the supply of new non-social housing as this is not a relevant consideration for PA with no non-social residential homes developed in the year (2024: none).

Our VFM approach is underpinned by robust financial planning, business modelling, and risk management. Our Board regularly monitors the VFM metrics alongside our own internal performance indicators. This enables us to assess efficiency, effectiveness, and economy across all areas of our business.

While some financial metrics have declined during the year, this reflects a period of high investment in new and existing homes, fire safety compliance, and a purposeful focus on resident safety and satisfaction. Despite these challenges, we remain financially resilient and have taken proactive steps to protect margins and future value. This includes strengthening our procurement activity, improving contractor oversight, and implementing cost containment measures where appropriate. Our business plan is subject to rigorous appraisal, with stress testing and scenario modelling in place to ensure continued viability under a range of conditions.

Strategic Report: Value for Money

Our Value for Money metrics

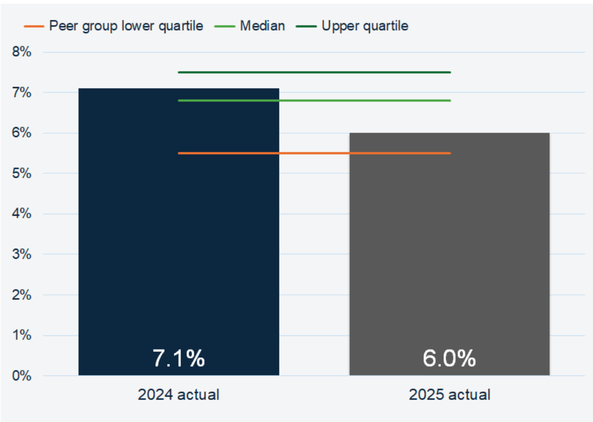
Group results	2025 Actual	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Reinvestment	**6.0%**	7.1%	7.0%	6.3%	6.6%
New supply – Social Housing	**1.7%**	1.5%	1.2%	1.4%	1.3%
Gearing	**54.5%**	52.7%	49.9%	48.6%	45.7%
EBITDA MRI interest cover	**57.8%**	78.8%	87.7%	103.0%	136.5%
Social housing cost per unit	**£7,393**	£6,490	£5,540	£5,412	£4,758
Operating margin – Social Housing Lettings	**19.2%**	23.4%	18.7%	22.2%	24.9%
Operating margin – Overall	**17.1%**	16.5%	18.7%	23.0%	23.2%
Return on capital employed	**1.8%**	1.6%	1.8%	2.3%	2.2%

How do we compare to our peers

Reinvestment and new supply

We continue to invest in the provision of new homes, maintaining our existing homes and fire remediation. In 2024/25 we invested £112m (2024: £143m) in the construction of affordable new homes and a further £29m (2024: £16m) was invested in our existing stock.

Reinvestment



Our reinvestment metric has fallen from last year as we re-assess our development programme and reprofile expenditure to ensure we are delivering new high-quality homes in our core operating areas and focus on fire safety remediation. Whilst our overall reinvestment fell our investment in existing homes increased from 0.7% to 1.2%.

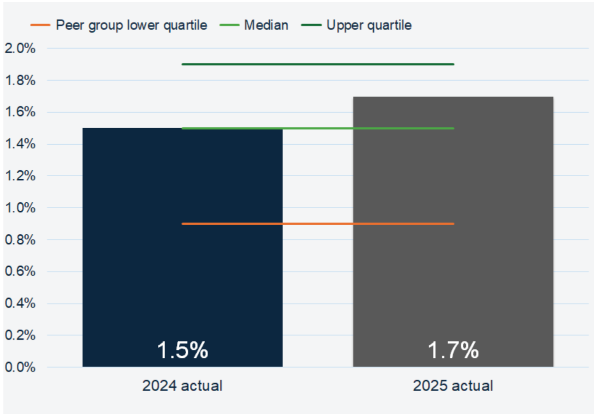
In the year we were successful in progressing paused sites due to contractor insolvency. This has unlocked the future delivery of new homes.

Investment in existing stock is a key strategic priority. The investment of £29m in the year was a significant increase on prior years' expenditure and we recognise this investment makes an immediate impact on the quality of our residents' homes. We are budgeting for a further increase in investment in 2025/26.

Our fire safety remediation work has commenced, and costs will continue into 2025/26.

Our result for 2025 is in line with the 2024 peer group results and we recognise a general downturn in the appetite for new development in the sector due to increased risks, rising remediation and compliance costs, and ongoing supply chain and contractor delays.

New Supply (Social)



In 2024/25 we developed 407 (2024: 365) new affordable homes. This is the highest number of new homes PA has delivered in its history.

Our VFM metric for new supply was 1.7% which is above the median peer group 2024 result of 1.5%. At the end of the year we had over 1,300 homes on site and our forecast delivery for 2025/26 remains positive.

We did not develop any non-social homes in the year.

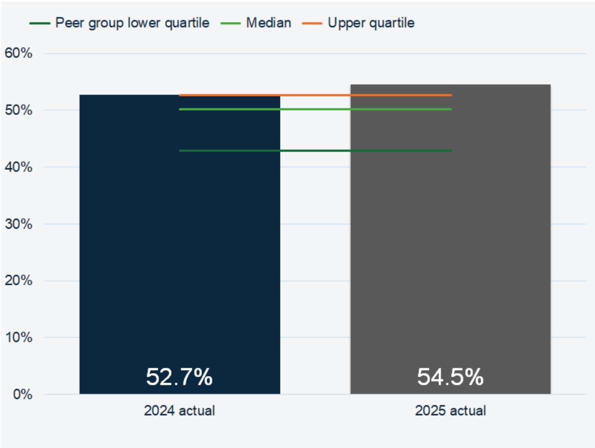
Debt

Our gearing ratio continues to increase at a steady rate, rising from 52.7% in 2024 to 54.5% in 2025. Total borrowing less cash held increased by £101m in 2024/25. The value of tangible fixed assets increased by £110m to £2,338m, net of a £5.2m write-down for impairment.

Our gearing is slightly above our peer group 2024 results, and we expect gearing to continue incrementally increasing through the next few years. Our financial forecasts indicate ongoing comfortable headroom against loan covenant limits and our Board balances and monitors our growth ambitions against our gearing levels.

Strategic Report: Value for Money

Gearing

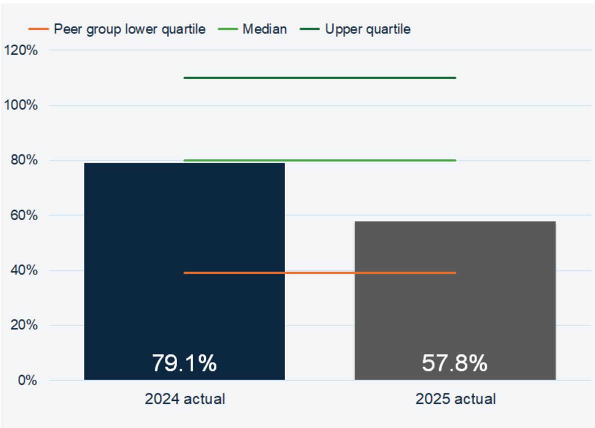


Interest and finance costs (before capitalisation) were £57.2m (2024: £49.5m). Our weighted average cost of capital remained relatively stable during 2025, and was 4.3% at the close of the year, reflecting a slight increase on last year (31 March 2024: 4.2%), due to new debt at higher rates than historical weighted averages.

Earnings before interest, tax, depreciation including major repairs fell from £39.0m in 2023/24 to £33.1m.

Our planned major repairs investment (MRI) increased significantly in the year to £28.6m (2024: £15.5m). Operating costs increased to £166.2m (2024: £154.5m) which included an increase in revenue repairs and maintenance costs to £58.6m (2024: £49.0m).

EBITDA (MRI)

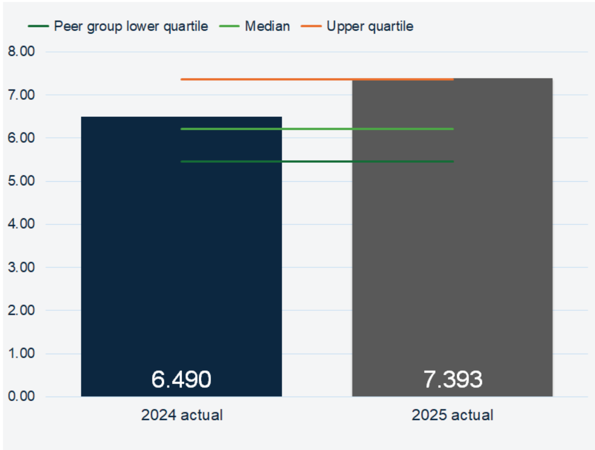


Our EBITDA (MRI) result is also impacted by impairment (£5.2m) and fire safety remediation costs (capital and revenue £9.4m). Our result for the year of 57.8% for 2024/25 is below the peer group (2024) median but we expect other organisations in the sector will also be facing the similar challenges of rising costs and significant investment in existing homes during 2024/25 so the 2024/25 results for our peer group once known may also show some reduction compared to 2023/24 results.

Unit costs

Our social housing cost per unit has increased to £7,393 (2024: £6,490). Our number of social homes managed increased by 1.6% during the year to 22,680.

Social Housing Cost per Unit (£,000)



The increase in our cost per unit reflects an increase in our management costs, an increase in repairs and maintenance revenue costs and the increase in our planned major capital works programme. These increases reflect purposeful decisions to improve resident safety and satisfaction.

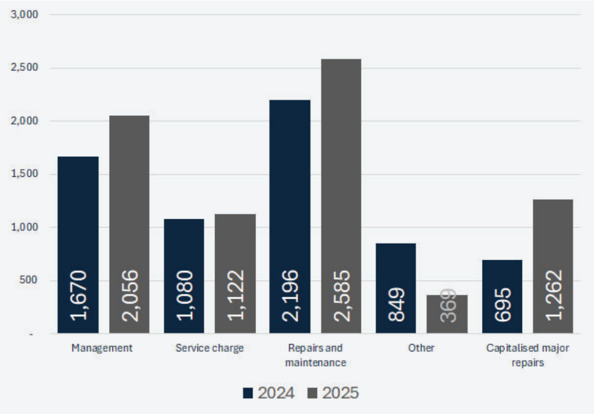
We have further invested in our frontline services increasing our management costs (+23%), this does enable us to deliver a local service and get to know the people behind our front doors.

Overall revenue maintenance costs have increased (+17%). In 2024/25 we have seen a sharp increase in higher value reactive works outside of our routine day to day service. This includes work to fix damp and mould, kitchen and bathroom repairs and re-plastering. Whilst this has increased our costs we have committed to this to improve the quality of our residents' homes. Expenditure on works to empty properties has also increased and we continue to provide waking watch services to a number of high- rise blocks requiring remediation work. Our cost per unit does not include the recovery of costs from contractors included as income in our results. Our cost per unit is £7,240 adjusting for this.

Our planned programme for major works has increased (+81%) and we have invested an average of £1,262 per home in 2024/25. This is the most we have invested in our planned programme and we delivered what we set out to achieve at the start of the year.

Strategic Report: Value for Money

Social Housing Cost per Unit by cost type (£,000)



Other costs decreased from last year. This includes the impairment of social housing assets of £5.1m (2024: £15.5m).

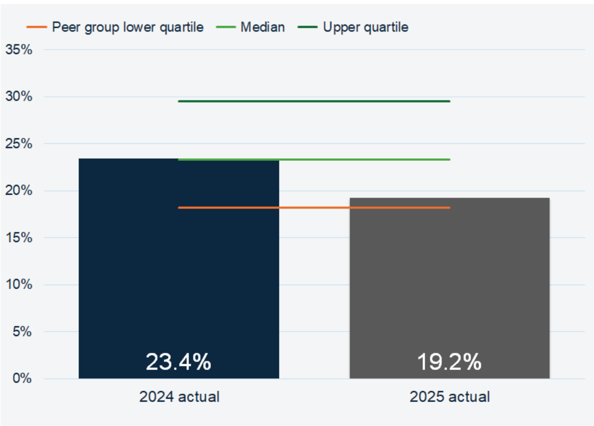
Our overall cost per unit is upper quartile compared to our peer group results (2024). We are committed to improving the delivery of our frontline services and investing in our residents' homes.

Efficiency

Our social housing lettings margin has decreased to 19.2% in 2024/25. This includes the impact of fire safety remediation costs. Our financial target is 25.0%. This year our result has been impacted by an increase in our operational costs over and above what we targeted at the start of the year. This additional expenditure was approved by our Board to meet the ambition of our Corporate Plan.

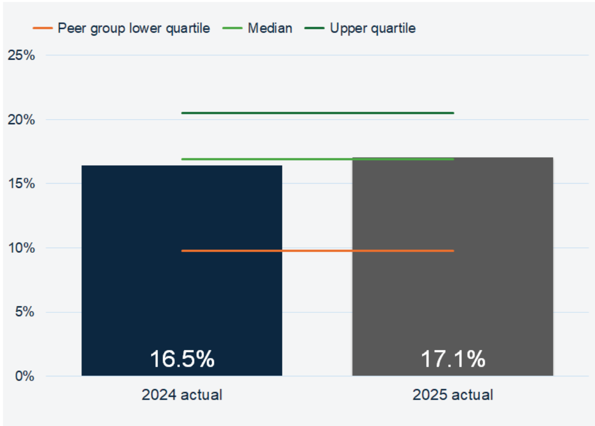
Our result in 2024/25 places us in the lower quartile of our peer group based on the 2024 results. We are budgeting to improve our margin in 2025/26 and to achieve our 25.0% financial target.

Operating Margin – Social Housing Lettings



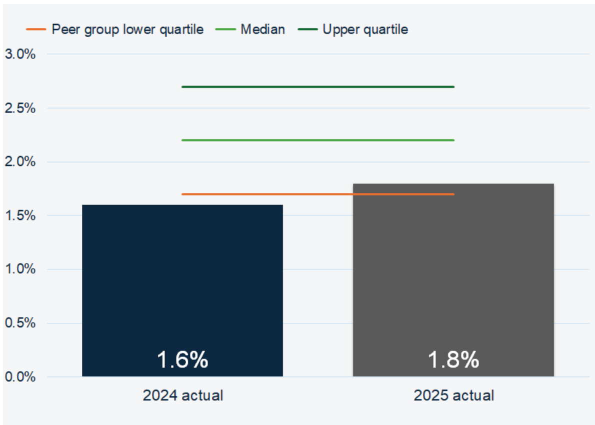
The overall operating margin metric looks at both social housing lettings and other activities – most notably new build property sales. This generated £4.9m of profit at a margin of 22% (2024: £7.2m). The results of 2024/25 and the previous year are dragged down by impairment charges and fire safety remediation costs. We are however achieving median results compared to our peer group.

Operating Margin – Overall



Return on Capital Employed ('ROCE') reflects our ongoing investment in new homes where capital has been committed but the schemes are not yet income generating. The operating surplus has also been impacted by additional costs and the fire safety remediation costs, as well as the legacy contractor insolvencies and resultant impairment charges.

Return on Capital Employed



Strategic Report: Going Concern

Going concern

The Group and Association's business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report, The Board's Report, and Financial Statements.

In preparing the financial statements on a going concern basis, the Board has considered the current economic climate and PA Housing's 30-year business plan which is updated and approved on at least an annual basis. The most recent business plan was approved by our Board and submitted to the Regulator of Social Housing in June 2025.

The 30-year business plan is stress tested across multiple scenarios explicitly linked to the Corporate Risk Register. Stress testing impacts are measured against loan covenants, peak borrowing levels and other headline financial metrics compared to base plan outputs, with potential mitigating actions identified to reduce exposure for all scenarios. This stress testing found that the business plan is robust, and PA would remain able to meet its obligations in all but the most extreme of scenarios.

The Board's assessment of going concern involves a number of subjective judgements and stress tests including, but not limited to:

- Unrecoverable Fire Safety Costs – assuming PA Housing is either partially or fully responsible for costs to remediate blocks where fire safety works are required.
- Operational cost increases – this test serves as a proxy for several risks in the Corporate Risk Register including maintenance costs, inflation, health and safety and cyber security.
- Reputational damage leading to cost increases – whilst similar to the above this assessment take a more prolonged approach to the impact.
- Increased stock condition costs – tests the potential increases in costs looking at the existing housing stock and scenarios for decanting residents, responsive repairs crisis and capital investment.
- Increased energy efficiency works – sustainability costs increasing from levels in the base plan including increased debt requirements.
- The property market – scenarios have taken account of potential delays in handovers through contractor insolvency with additional costs, lower numbers of property sales, reductions in sales values and potential conversion to rented homes as a risk mitigation measure.
- Increased borrowing costs – considers the impact of an increase in interest rates through macro-economic changes to market rates combined with borrowing spreads increasing.
- Rent and service charge receivable – within scenario planning, arrears and bad debts have been increased to allow for resident difficulties in making payments exacerbated by cost-of-living pressures. Additionally, the possibility of potential future reductions in rents and / or rent caps have been tested.
- Multivariate tests – in the case of severe headwinds these scenarios test for a number of risk impacts crystalising at once.

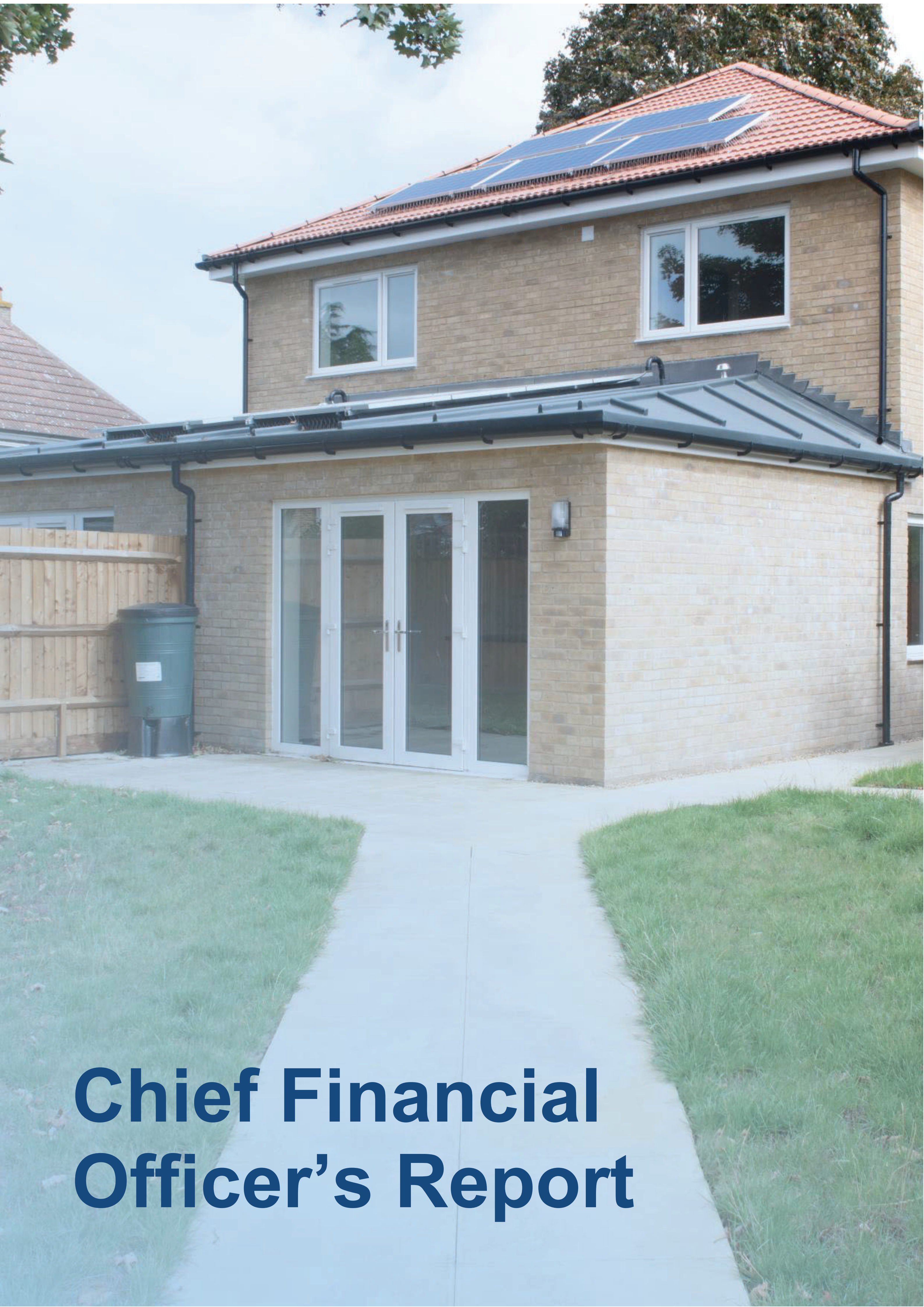
In making the assessment the Board has also considered the potential mitigations available to manage the potential impact on PA's cashflows and liquidity.

We have long-term debt facilities in place which provide adequate resources to finance committed asset investment and development programmes, alongside income generated from our day-to-day operations. The business plan shows that we can service these debt facilities whilst continuing to comply with lenders' covenants.

As at 31 March 2025 PA held liquidity (comprising cash balances and undrawn committed loan facilities available for immediate drawing and excluding cash balances held on behalf of others) of £373m.

The Board, after reviewing budgets for 2025/26 and the medium to long term financial position as detailed in the 30-year business plan, 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, being a period of at least twelve months after the date on which the report and financial statements are signed.

On this basis, the Board continues to adopt the going concern basis in the financial statements.



Chief Financial Officer’s Report

Chief Financial Officer's Report

The year to March 2025 was another year which focussed on delivering services and investments in existing residents' homes. This did create some pressure on some areas of expenditure, particularly responsive repairs. However, this was flagged early and managed through the year so that the year ended with stable performance.

I joined in March 2025 as Chief Financial Officer, freeing up Simon Hatchman to focus on our transformation journey and providing additional depth and strength to our Executive team. During the year PA embedded our new business model and made good progress in the first year of our new five year Corporate Plan through to 2029, supported by a range of aligned Enabling Strategies covering our key service areas.

We have invested in a significantly expanded neighbourhoods team with much smaller patch sizes, so that our people on the ground can truly get to know who lives behind all of our front doors and deliver a valued local service. Investing in our properties and estates is also critical, and in 2024/25 we increased our capital planned maintenance programmes to £29m compared to £16m in 2023/24. This investment has been a strategic priority and is expected to pay off in future as the quality of our residents' homes improves further. This faster rate of investment was made possible by the support of our funders in recognising the social and environmental benefits of restating covenants in 2023/24 to provide us with increased investment capacity in 2024/25 and beyond.

We have made considerable progress on negotiations with building contractors for the small number of blocks where significant fire remediation works are required. Works have started on a number of projects and we expect the remaining projects to get underway in 2025/26 and complete within two years. We will also continue to seek full recovery of waking watch costs from the responsible contractors, having made good progress on this during 2024/25 with £3.4m recovered.

It was a quieter year on the funding side compared to 2023/24, having completed a large capital raise and refinancing in March 2024 we drew down the remaining private placement debt as planned during the year and arranged some revolving credit funding extensions that left our liquidity very strong.

Our financial performance in 2024/25 was challenged by increased costs in some areas and this did mean that we missed our targets on some financial metrics, particularly operating margins. However, our investments in homes and services have facilitated an improvement in tenant satisfaction measures and overall financial results were robust. Risk has been mitigated through having a high proportion of fixed rate debt and relatively low exposure to property sales as a percentage of turnover (and only through shared ownership sales, not open market sales).

Operating conditions for construction companies remained tough and we did continue to face challenges on some development sites as a result of previous contractor insolvencies. This has led to some further impairment being recognised in 2024/25 due to our expectations of increased costs on some schemes and a continued rationalisation of our owned land sites.

We look at our financial results alongside our operational results and believe that when considered together they present a compelling story of improvement and commitment to our residents and generation of long term social value.

The broader macro-economic and political landscape has continued to require careful navigation but there have been some real positives for the sector. In particular the recent Spending Review announcements relating to the new Affordable Homes Programme, a longer term rent settlement and access to building safety grant funding. We will monitor detailed developments in these areas and will factor these into our plans for the future.

Prudent financial stewardship remains at the heart of protecting PA Housing's existing social homes and our Board continues to take this into consideration when taking decisions, such as on the size and shape of future development ambitions. This is a key part of our culture to adapt to new information, risks and opportunities.

Jessica

Chief Financial Officer’s Report

Financial targets and golden rules

The Board maintains regular oversight of the key financial metrics that underpin organisational performance. This ensures a balance between maintaining financial resilience and enabling investment that supports the delivery of our strategic objectives. Our financial planning framework is structured to ensure preparedness for adverse economic scenarios, including severe downturns. Where necessary, this may involve the activation of contingency measures identified through our business plan stress testing processes.

Our financial performance metrics were unchanged in the year and are structured into two categories:

Targets: These represent the expected performance levels and are fully embedded within our financial planning and forecasting processes. While some deviation from targets may occur due to unforeseen circumstances, such variances are subject to Board scrutiny, requiring clear explanation and, where appropriate, formal agreement on revised forecasts or outcomes.

Golden Rules: These are non-negotiable thresholds that must be adhered to under all circumstances. Any breach is considered a material performance issue and must be disclosed to the Board with a comprehensive explanation.

The table below presents our performance against these agreed targets and golden rules for the 2024/25 financial year.

We continue to incur fire safety remediation costs, which are outside of normal operating activities. While we have made progress in addressing these legacy issues, related expenditure is expected to continue for the next two financial years. To provide clarity, we report operating margin both including and excluding these remediation costs. Similarly, impairment charges to reflect the accounting adjustments of the reduced value of certain development sites are excluded from the core operating margin. This enables a more accurate view of underlying business performance.

Our interest cover and gearing ratios are measured against the most stringent lender covenant requirements to maintain sufficient financial headroom. We remain supported by our lenders, who continue to back our investment and improvement plans.

In 2024/25, we did not achieve the targeted operating margin of 25% on social housing lettings, primarily due to higher than anticipated repairs and maintenance expenditure.

Despite this, we remained compliant with the interest cover golden rule, maintaining a prudent level of headroom throughout the financial year to absorb potential financial shocks. The Board has approved a managed transition towards the long-term target interest cover position.

Gearing was slightly above our targeted position as we continued to invest in the delivery of new homes and borrowing to fund this. The position is though comfortably within the lender maximum of 65%.

We continued to have a high proportion of debt fixed rate to mitigate interest rate risk and were well above minimum target levels.

Liquidity remained strong and we commenced and completed work to replenish available funds within target timeframes.

Sales market exposure remains modest at 10% of turnover and well within target.

		Hurdle	Result
Operating margin from social housing lettings	Target	25%	19%
- excluding fire safety remediation and impairment	Target	25%	21%
Interest Cover (headroom to tightest loan covenant)	**Golden Rule**	+ 20%	**+ 35%**
Interest Cover (headroom to tightest loan covenant)	Target	+ 50%	+ 35%
Gearing (tightest loan covenant basis)	Target	55%	57%
Hedged debt	Target	> 60%	91%
Liquidity horizon: Commence work to replenish	**Golden Rule**	24 months	**Yes**
Liquidity horizon: Complete work to replenish	Target	18 months	Yes
Liquidity horizon: Complete work to replenish	**Golden Rule**	12 months	**Yes**
Property sales as % of turnover	Target	< 15%	10%

Chief Financial Officer’s Report

Summary results

Group results	2025	2024	2023	2022	2021
Group statement of comprehensive income	£m	£m	£m	£m	£m
Turnover	224.1	207.0	180.9	169.4	156.6
Operating surplus	43.9	37.7	40.4	47.4	41.3
Interest and financing costs	44.0	40.8	34.2	30.2	27.3
Net surplus / (deficit) after tax	3.4	(2.2)	8.5	20.2	16.4
Group statement of financial position	£m	£m	£m	£m	£m
Property fixed assets net of depreciation and impairment	2,338	2,228	2,108	1,953	1,829
Capital grants	504	499	444	432	428
Net current assets / (liabilities)	43	147	(3)	60	(7)
Long-term creditors	1,795	1,790	1,513	1,449	1,280
Reserves	625	618	620	588	551
Statistics					
Operating margin (all activities)	20%	18%	22%	28%	26%
Gearing (debt versus housing assets)	55%	53%	51%	49%	46%
Debt to turnover ratio	5.8	6.3	6.0	5.8	5.6
Debt per owned property £’000	£57.2	£58.3	£49.0	£46.3	£41.8
Accommodation owned and managed	No.	No.	No.	No.	No.
Rented	20,600	20,504	20,288	19,654	19,442
Shared ownership	2,065	1,871	1,770	1,687	1,538
Managed homes including leaseholders	1,990	1,942	1,935	1,951	2,040
Total stock	24,655	24,317	23,993	23,292	23,020

Chief Financial Officer's Report

Financial Review (Group results)

Turnover

Overall turnover increased to £224.1m in 2024/25 from £207.0m in 2023/24. Social housing lettings activities income increased by 10.6% to £193.1m (2024: £174.8m). Income from the first tranche sales of shared ownership homes was £23.0m (2024: £25.6m). The reduction was in line with our expectations and the usual fluctuations in sales from one year to the next. Other income generated from non-social housing activities and other (non-lettings) social housing activities was £8.0m (2024: £6.7m).

Turnover (Group)

£224m (2024: £207m)

Operating Costs

Operating costs in 2024/25 were £166.2m (2024: £154.5m). This includes an impairment charge of £5.2m (2024: £15.6m).

Expenditure on social housing lettings activities was £156.0m (2024: £133.8m). Excluding depreciation, costs were £132.0m (2024: £111.8m), a year-on-year increase of 18.1%. The year was however, one which focussed on a step change in our delivery model and additional investment in our residents' homes. As a result, our management costs increased as did our overall revenue expenditure on repairs and maintenance.

Operating costs (Group)

£166m (2024: £155m)

Operating Surplus

Our operating surplus from social housing lettings activities was £37.1m (2024: £40.8m) equating to an operating margin on social housing lettings of 19.2% (2024: 23.4%). This includes income of £3.4m (2024; nil) and expenditure of £6.4m (2024: £5.2m) relating to fire safety where we are addressing historic defects at a small number of high rise blocks.

Our broader operating surplus including the sale of new homes, other social and non social activities, and the surplus from the sale of existing homes was £43.9m (2024: £37.7m) equating to a margin of 19.6% (2024: 18.2%).

Operating Surplus (Group)

£44m (2024: £38m)

Financial highlights

Service charge income increased by 5.4% and costs increased by 5.5%. Service charges continue to be an area of focus, recognising our need to provide good value services to our residents.

Management costs (including salaries, overheads, and other operating expenses) were £46.6m (2024: £37.3m). Our full-time equivalent (FTE) headcount, excluding direct labour teams for repairs, maintenance, and development, increased to 612 colleagues. This increase reflects our continued investment in frontline services for residents. While we remain focused on identifying and delivering overhead efficiencies, we have incurred some additional management costs, particularly in relation to providing temporary accommodation for residents during intrusive repair works to their homes.

Routine and planned revenue repairs and maintenance costs were £58.6m in the year (2023: £49.0m), a 19.5% increase. The increase was driven by continued cost pressures, including construction cost inflation, increased volumes of work to address prior-year backlogs, a higher number of communal area jobs in response to resident demand, and short-term costs associated with mobilising our expanded in-house repairs team across the Midlands region. These changes have contributed to improvements in performance levels and resident satisfaction. However, we recognise there is more to do, and we remain focused on strengthening contract management to deliver more consistent and improved outcomes for residents.

Results include a net impairment charge of £5.2m (2024: £15.6m). £4.2m is in respect of shared ownership homes under construction (equity for sale), £0.1m on commercial properties under construction, a charge of £2.8m on homes under construction (including land held for development), a release of £1.6m on shared ownership homes under construction (equity retained) and a release of £0.3m on completed homes held for letting.

Investment in our residents' homes

Capital planned maintenance investment into our homes was £28.6m (2024: £15.5m). This supports our Corporate Plan objective of increasing our investment and includes the replacement of roofs, kitchens, bathrooms, windows and doors, and heating systems in our residents' homes.

A further £2.1m (2024: £3.1m) was invested in new equipment and furnishing at our schemes and estates, including a continuation of the replacement of alarm call systems in independent living estates and investment in fire safety equipment.

Chief Financial Officer's Report

Property Sales

The surplus of £4.9m (2024: £7.2m) on first tranche sales of new shared ownership homes was from 175 sales (2024: 176). The sales margin was 21.5% (2024: 28.1%), reflecting the overall sales mix rather than any general downward trend in sales prices.

At the end of March 2025, 142 homes were held for sale (2024: 78), of which 59 had been on the market for over six months (2024: 69). The increase in unsold homes is largely due to a rise in handovers with 43 occurring in March 2025.

Shared ownership sales

175 (2024: 176)

A surplus of £5.0m (2023: £3.9m) was made from the sale of other properties. Staircasing activity recovered to more typical levels in 2024/25 after experiencing a temporary downturn in 2023/24. Other sales included a small number of voluntary sales, Right to Acquire and Right to Buy sales. The sale of existing homes aligns with our asset management strategy.

Property sales (No.)	2025	2024
Shared ownership: First tranche	175	176
Shared ownership staircasing	57	36
Other	7	15

Financing

Interest and financing charges after capitalisation were £44.0m (2024: £40.8m). Gross interest and finance costs on our housing loans including bond issues was £57.2m (2024: £49.5m). Debt at the end of the financial year was £1.3bn (2024: £1.3bn). In 2024 £140m of private placement funding was received in the last week of the financial year and therefore average debt throughout the year was higher in 2024/25 than 2023/24.

Interest capitalised on new development under construction was £13.2m (2024: £8.7m).

Surplus after tax

The surplus after tax for the year was £3.4m (2024: deficit £2.2m). The results are impacted by impairment accounting entries of £5.2m (2024: £15.6m).

New homes

In 2024 our investment in new homes was £98m (2024: £134m). Grant subsidy was £7m in the year (2024: £56m).

We completed 407 (2023: 365) new homes during the year for rent and shared ownership.

Financial Position

The historic cost of our housing properties increased by 5 per cent to £2.34bn (2024: £2.23bn). The increase was through our new build development programme and reinvestment in our existing homes through our planned maintenance programme.

Stock held of £51.5m (2024: £70.8m) relates to our completed unsold and under construction shared ownership properties and land held for development in our subsidiary companies. Completed shared ownership homes held for sale increased in line with the unsold stock volume at the end of March 2025 whereas the value of homes under construction reduced from £50.6m to £26.6m as developments reached completion and the new development programme was scaled back.

Cash balances including ringfenced funds were £22m (2024: £133m). The balance at the end of March 2024 was artificially elevated by receipt in the final week of the year of £140m proceeds from our private placement funding transaction.

Debtors relating to both current and former tenant arrears after providing for bad debts was £3.7m. This is a reduction from the position at March 2024 as we improved our rent collection and reduced our arrears as a percentage of turnover. Other debtors including VAT repayments due, prepayments and other amounts due in the normal course of business increased from £6.3m in 2024 to £9.3m.

Creditors due within one year have reduced to £71.6m (2024: £98.9m). The key movement was on accruals and deferred income, which reduced by £10m year-on-year, and a reduction in loans and borrowings of £15.8m. Creditors due after more than one year increased to £1,795m (2024: £1,790m).

The net liability on our legacy defined benefit pension schemes is £9.2m (2024: £13.1m). This relates to the liability for the Social Housing Pension Scheme (SHPS). The funding position has improved. Deficit recovery contributions of £3.3m (2024: £3.1m) were paid during the year and the other movements in assets and liabilities are primarily due to the use of a higher discount rate.

Total net assets were £625m at 31 March 2025 (2024: £618m).

Chief Financial Officer's Report

Treasury and Liquidity

Treasury management

We operate a centralised treasury function which is responsible for managing our liquidity, interest rate risk and counterparty risk. These activities are governed by our Treasury Policy and Treasury Strategy which are approved by the Board.

The Treasury Policy is aligned with the Board's risk appetite and adopts a conservative risk-based approach to liquidity and interest rate management. The primary objective is to safeguard against financial exposure.

Surplus cash balances are invested with approved counterparties (banks and money market funds) in line with strict criteria governing acceptable credit quality and maximum exposure limits. In line with best practice investment decisions prioritise security and liquidity over yield.

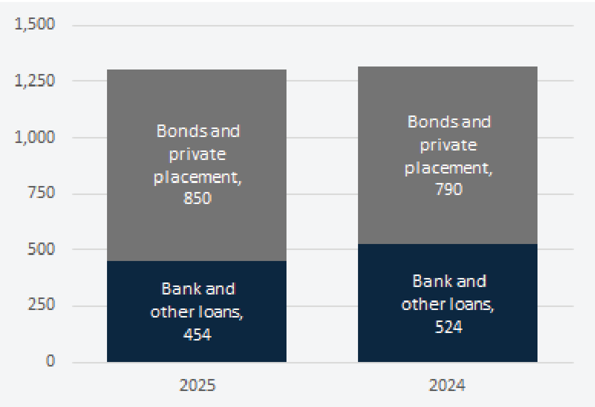
Funding Strategy

Overall Borrowing

£1,304m (2024: £1,314m)

Our business is funded through a combination of external borrowings (including capital markets and bank facilities), retained earnings, and government grant funding. The primary driver of external financing requirements is our new build development programme, which supports our strategic growth objectives. All external borrowings are denominated in pounds sterling.

Funding (£m)



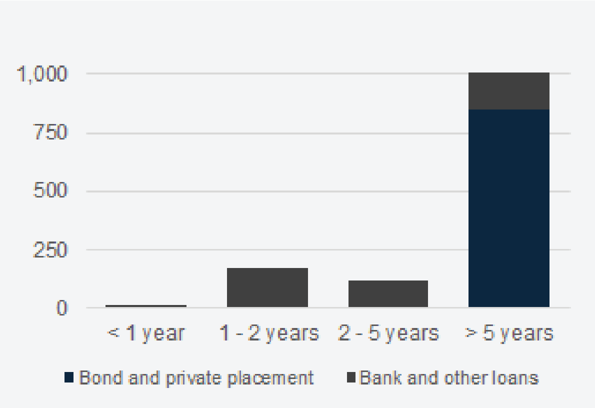
PA Housing is the main borrowing vehicle for bank loan borrowings, private placement activity and grant funding arrangements. In respect of capital markets borrowings, our wholly owned subsidiary Paragon Treasury PLC has issued two bonds; a £400m 2.0% sustainable bond maturing in 2036, and a £250m 3.625% bond maturing in 2047. Proceeds were on-lent to PA Housing.

PA Housing and Paragon Treasury PLC are rated A3 (Stable) by Moody's and BBB+ (Stable) by Standard and Poor's.

In 2024/25, operational and development activities were funded through private placements issued in late March 2024. To optimise funding efficiency certain revolving credit facilities were repaid to reduce carry cost, resulting in a £10m reduction in nominal debt compared to the prior year.

The weighted average life of borrowings remained stable at 11 years (2024: 11 years), with 77% (2024: 72%) of committed debt maturing after 5 years. We continue to invest in our new-build, asset management and fire remediation programme, with ample headroom to support our Corporate Strategy.

Maturity of debt (£m)



Liquidity

At the year-end date, liquidity (comprising treasury cash balances and undrawn committed bank facilities, excluding cash held on behalf of others) was £373m (2024: £477m). Cash balances of £22m (2024: £133m) where held.

Our primary use of liquidity in 2024/25 continues to be the ongoing investment in our new build development programme. To support this, we received grant income of £7m in the year.

Liquidity

£373m (2024: £477m)

Future investment priorities

Looking forward, we expect to continue our increased investment in existing homes, reflecting a conscious shift in strategic focus. This will include completion of outstanding fire safety remedial works alongside our ongoing asset management programme and improving energy efficiency performance which will deliver a minimum Band C EPC rating across all our homes by 2029, some of which will be funded by our recent successful Warm Homes grant award.

In line with our commitment to improving the quality and sustainability of our existing housing stock, we continue to adopt a measured approach to new development. As a result, we anticipate pursuing fewer new build development opportunities over the new financial year.

Chief Financial Officer’s Report

Interest rate management

Financial market volatility has continued in recent years following nearly a decade of low and stable interest rates. PA maintains a cautious approach to managing interest rate risk with a strategy to fix a high proportion of debt. This approach provides certainty and supports long term financial stability.

Fixed Rate Cover

91% (2024: 86%)

At the year-end date 91% of our debt (March 2024: 86%) was borrowed at fixed interest rates. The weighted average interest rate of outstanding borrowings as at close of the year was 4.3% (2024: 4.2%). Outright mark-to-market exposure on our portfolio of interest rate hedges was £0.1m negative (March 2024: £7.4m negative).

Covenant compliance

Our principal financial covenants relate to interest cover, gearing ratios and asset cover. Interest cover is measured on an adjusted EBITDA basis, gearing is assessed against net debt and historic property values, and asset cover on a combination of recognised social housing use values.

All covenant requirements were comfortably met as at the year-end date, and our latest business plan projections indicate sufficient headroom over all key metrics. In addition, regular stress testing is undertaken to assess the resilience of covenant headroom under a range of adverse economic and operational scenarios, providing assurance over the Group’s ongoing compliance and financial sustainability.

Value for Money and ESG

Efficient treasury management plays a critical role in supporting the provision of high quality, energy efficient, and affordable homes in the communities we serve.

In 2024/25 we proactively managed our liquidity and interest rate exposure to ensure the business remains on a stable financial footing and well positioned to deliver our corporate objectives.

We are committed to embedding environmental, social and governance (ESG) principles into our financing strategy and our bank facilities incorporate a suite of ESG linked targets. These include improvements in energy efficiency across our residents’ homes, resident support (such as skills development, employability initiatives, and tenancy sustainment assistance), and greater representation of colleagues from non-white backgrounds in line management positions.

Our capital markets funding is structured on a "use of proceeds" basis, with regular reporting obligations to demonstrate how funds have been allocated to eligible projects aligned with our sustainability goals.

Further detail on our ESG performance, including our alignment with the Sustainability Reporting Standard for Social Housing is set out in our Annual ESG Report, published alongside these financial statements.

The Board's Report and Governance

The Board's Report and Governance

Legal Status

Paragon Asra Housing Limited is incorporated in the United Kingdom and registered as an exempt charity with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and with the Regulator of Social Housing as a social housing provider.

Paragon Asra Housing Limited trades as and is known as PA Housing (UK trademark).

Paragon Asra Housing Limited is a Public Benefit Entity, as defined in Financial Reporting Standard 102, and applies the relevant paragraphs of FRS 102 for Public Benefit Entities.

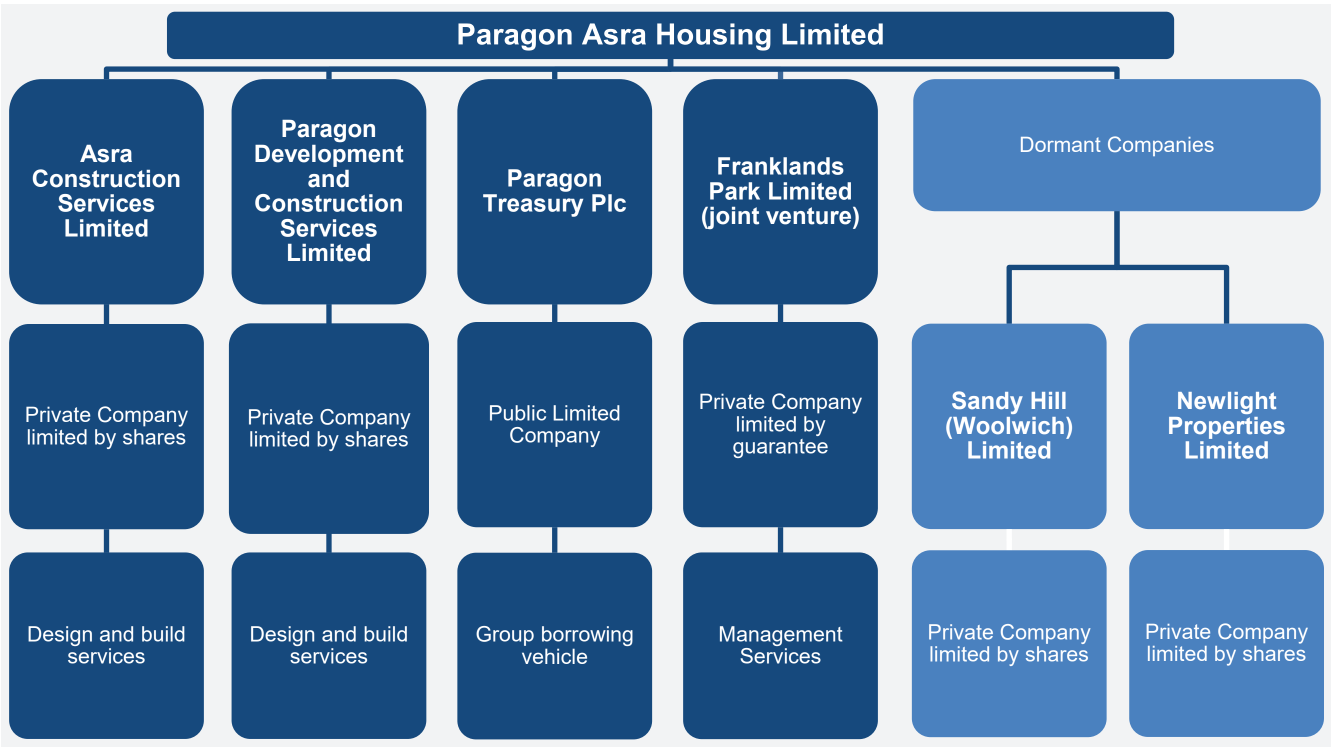
Principal activities

The principal activity of the Group is the management and development of social housing, operating in London, the South East, and the Midlands.

Group Structure

PA Housing's governance arrangements are built around a simple organisational structure. PA Housing is the main asset holding entity. Other active entities, apart from our small joint venture company, are two construction companies which deliver property construction services to the parent company, and Paragon Treasury Plc which has accessed bond finance from the capital markets and has on-lent the proceeds to PA Housing. The dormant companies are retained for possible future use.

Franklands Park Limited is a joint venture company in which PA Housing retains a 50 per cent interest. The principal activity of Franklands Park Limited is the management of an estate in Addlestone. A share of the company's results has not been included in the Group figures on the grounds of materiality. Franklands Park Limited's latest published results for the year ended 31 March 2025 show a profit for the year of £8k (2024: £9k) and net assets of £23k (2024: £25k).



The Board's Report and Governance

Our Board: Activities and Purpose

The Board maintains effective governance arrangements that deliver its aims and objectives in a transparent and accountable manner. The Board is responsible for setting the strategic direction and risk appetite of PA Housing and is the ultimate decision-making body for matters of PA Housing wide strategic, regulatory or reputational significance. Effective governance facilitates the delivery of PA Housing's purpose and strategy particularly in challenging times.

The Rules of the Association remain PA's principal constitutional document and regulate various matters including the Board, its powers and its role. The Rules were last amended in 2021/22. A further review was undertaken in 2022/23, but no further changes were made to the Rules at that time. The Board did, however, adopt and implement a new Corporate Governance Framework which contains a statement of governance principles that guides the activities of the Board. This Framework is formally reviewed by the Board each year, with any ad hoc updates approved as and when changes are made to PA Housing's governance arrangements or delegations. The Board is committed, through this framework, to appropriate decision making at the correct level within PA Housing making sure there is accountability, long-term value and delivery of our purpose to serving the needs of our residents and communities. The Corporate Governance Framework covers key responsibilities of the Board and matters reserved for the Board's decision in accordance with the National Housing Federation's Code of Governance 2020, adopted by PA Housing.

Board

Composition

PA Housing has a Board of eleven Non-Executive Board Members. Two current Board Members are residents of PA Housing.

Each Non-Executive Board Member holds one fully paid-up share of £1 in Paragon Asra Housing Limited which they will surrender when they cease as a Board Member. There are three legacy shareholders of Paragon Asra Housing Limited who are not Board Members.

The Non-Executive Board Members receive a fee for their services. The People and Governance Committee has sole responsibility for recommending to the Board the structure and level of fee and takes advice from independent advisors, as appropriate, when reviewing the fee structure. These reviews are benchmarked against levels for comparable organisations and are designed to ensure that PA Housing is able to recruit and retain high calibre Board Members whilst recognising its charitable objectives. An external review of Board Member remuneration was undertaken in 2023/24.

During the year, the Associate Member (Emma McLachlan), appointed in September 2023, was appointed a Non-Executive Board Member as of 1 September 2024. All Board Members have served less than the six years in office envisaged by the Code of Governance. An independent review of PA Housing's governance arrangements took place during 2024 with the findings reported to the Board in November 2024. The Board agreed a 12-point action plan which it has monitored through its regular meetings.

The current Board and its Committees comprise Members from a diverse range of backgrounds and with the range of skills, knowledge and experiences appropriate for their needs. PA Housing has an agreed Board skills matrix to ensure the Board has the necessary skills to discharge its functions. Further recruitment of Board Members will commence over the next year, to replace Board Members who have served their full terms.

PA Housing is committed to developing a culture in which equality, diversity and inclusion is embedded within its activities, including the recruitment and development of Board and Committee members. PA Housing aims to achieve a culture that respects and values differences and eliminates discrimination in all areas.

At the date of signing, of the eleven Board Members, four members are female and seven male and three come from an ethnic minority background.

The Board's Report and Governance

Board Roles

The Chair

The Chair of the Board is responsible for chairing and providing leadership to the Board. Other responsibilities include:

- leading the Board in formulating PA Housing's strategy for discharging our statutory duties
- encouraging high standards of propriety
- providing an assessment of the performance of individual Board Members
- ensuring PA Housing meets regularly throughout the year and minutes of meetings accurately record decisions taken
- representing the views of PA Housing externally

Non-Executive Board Members

Board Members all bring a range of skills and experience to the Board. This ensures a good balance of skills is available to PA Housing in discharging our duties and responsibilities, in addition to establishing the policy and strategic direction including the resourcing framework for the operation of PA Housing.

The Chief Executive

The Board has delegated responsibility for the day to day running of PA Housing to the Chief Executive and the Executive, namely the Executive Management Team ("EMT") which consists of PA Housing's Chief Executive and Executive Directors. The EMT ensures that the strategy, policies and behaviours set at Board level are effectively communicated and implemented across PA Housing.

Keeping the Board Informed

PA Housing is committed to the ongoing development of its Board Members and recognises the need to continually evolve their knowledge to enable them to fulfil their duties effectively. All newly appointed Board Members receive a comprehensive and bespoke induction programme on joining. The induction also includes setting out to members their duties and Board procedures, internal control processes, strategy and planning, measures used to monitor performance and the Risk Management Policy and the Internal and External Audit. Throughout the course of each year the Board receives presentations and interactive workshops on different topics facilitated by PA Housing colleagues, professional advisers or external stakeholders. Board Members also undertake other individual and collective training and development activity to further enhance their skills and experience and consider wider sector issues. Board Members' learning is shared through regular 'horizon scanning' and "away day" sessions at Board and Committee meetings.

Board Performance and Effectiveness

The Board is committed to the highest standards of governance and is responsible for setting the strategic direction and govern, control and scrutinise the financial management of the Group.

In January 2025 the Regulator for Social Housing, through the annual stability check process, confirmed PA Housing's G1 rating, the highest possible grading.

The Board completed its annual review of combined and individual Board Member performance during the year. This includes self-assessment, a review of the skills matrix and peer appraisals. The following themes are embedded in the review:

- Measures to ensure that the focus on residents remains a core part of Board's work.
- Ongoing self-challenge as to how Members demonstrate excellent governance in an evolving world.
- Further work to embed equality, diversity, and inclusion within the Board's operations.

In addition, the Board conducts an annual effectiveness review to evaluate the performance of the Board, Board Committees, and individual Board Members. The review conducted in April 2023 was an internal review and an externally facilitated review was undertaken in 2024/25.

Conflicts of Interest

It is essential that PA Housing maintains a reputation for impartiality, integrity and high professional standards in all that it does. PA Housing has adopted the NHF Code of Conduct 2022 and all Board and Committee Members are required to declare any interests annually and otherwise at meetings where potential issues may arise.

Insurance and Advice

The Group maintains Directors' and Officers' liability insurance for its Board Members and officers, which is renewed annually. The Board is given access to independent professional advice when it so requires.

The Board's Report and Governance

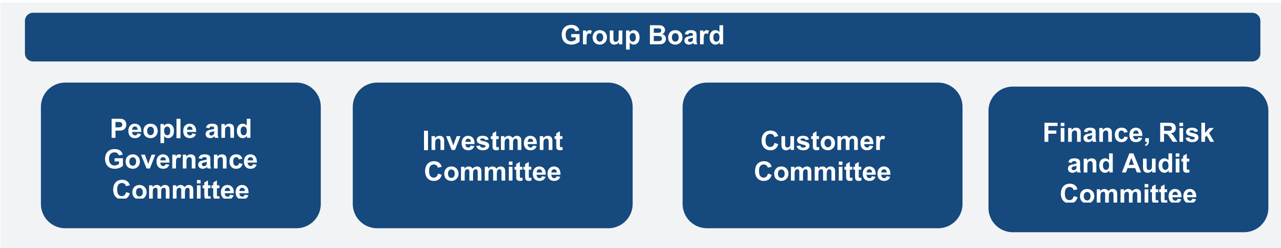
Committees

In exercising its duties, the Board has delegated certain responsibilities to the Executive within and to Board Committees, in accordance with clearly defined authorities and terms of reference. During the year the Board delegated authority to four Board Committees.

The terms of reference of all Board Committees were reviewed and update as appropriate in October 2024.

Roles, responsibilities and accountabilities are set out in PA Housing's Corporate Governance Framework, which was reviewed and approved at the same Board.

Each Committee comprises between three and six Non-Executive Board Members with the exception of the Customer Committee which also includes a resident co-optee.



People and Governance Committee

The People and Governance Committee oversees and provides assurance to the Board on our people and governance. It considers Board structures and appointments, working arrangements and remuneration of Board Members and the Chief Executive and has oversight of the remuneration of the Executive Directors. It provides scrutiny and support in reviewing all people related policies and strategies including Equality, Diversity, and Inclusion. The Committee is chaired by Joanna Banfield.

Investment Committee

The Investment Committee provides assurance to the Board in respect of investment decisions and oversees and scrutinises the development and sales programme and investment in our existing assets. The Committee reviews progress and performance on all aspects of housing development, sales and marketing activity. It approves development schemes and asset investment appraisals within its delegations. The Committee is chaired by Andrew Carrington.

Customer Committee

The Customer Committee oversees and provides assurance to the Board on our services to customers. Its focus is on all aspects of the effective and efficient operational delivery of services, ensuring feedback from residents and other stakeholders and promoting high standards. The Committee is chaired by Tom Vaughan.

Finance, Risk and Audit Committee

The Finance, Risk and Audit Committee oversees internal control, risk and management procedures, as well as reviewing the financial budgets, business plans, management accounts, and annual financial statements and external audit recommendations, for onward approval by the Board. It also provides challenge and scrutiny, ensures fair and balanced financial and proportionate risk management arrangements, and manages a risk profile in accordance with our strategy and risk appetite. The Committee is chaired by Susan Goldsmith.

The Board's Report and Governance

Meetings, attendance, and remuneration

Attendance records of the non-executive Board and Committee members at meetings during the year are shown below. For members who either retired or were appointed during the year, the record shows attendance versus the maximum number of meetings each member could have attended. The Chair is not an appointed member of the sub-committees and his attendance at these meetings is not shown.

Current Board Member annual remuneration, following the review in 2023/24, is £32,000 for the Chair, £18,500 per Committee Chair and £15,000 per member. The Vice Chair receives an additional £2,500 per annum (representing a total maximum fee of £21,000 in the event they are also a Committee Chair)

Remuneration shown in the table below is inclusive of expenses paid.

	Board	People and Governance Committee	Investment Committee	Customer Committee	Finance, Risk and Audit Committee	Remuneration £000	Expenses £000	Remuneration inc expenses 2024/25 £000	Remuneration inc expenses 2023/24 £000
Board Members (in 2024/25)									
Suki Kalirai (Chair)	7 of 7					32	1	33	37
Tom Vaughan (Vice Chair)	7 of 7	3 of 3		4 of 4		21	1	22	16
Jo Banfield	6 of 7	3 of 3	3 of 4			19	-	19	13
Andrew Carrington	7 of 7	3 of 3	4 of 4			19	-	19	19
Kim Francis	5 of 7	2 of 3		4 of 4		15	1	16	15
Susan Goldsmith	7 of 7			4 of 4	5 of 5	19	-	19	14
Kathleen Harris Leighton	7 of 7		2 of 2	4 of 4	5 of 5	15	-	15	18
Tim Hill	7 of 7		4 of 4			15	1	16	11
Rahul Jaitly	6 of 7	3 of 3			5 of 5	15	-	15	15
Tim Jennings	6 of 7		3 of 4		5 of 5	15	-	15	11
Emma McLachlan	6 of 7[1]		1 of 2	4 of 4		11	1	12[2]	3[2]

[1] includes meetings as an Associate Board Member
[2] includes remuneration and expenses as an Associate Board Member

The Board’s Report and Governance

Compliance with the Governance and Financial Viability Standard

PA Housing confirms its compliance with the Governance and Financial Viability Standard of the Regulator of Social Housing. The Board has assessed its compliance with the standard during the year with reference to the current position and activities of the Group.

Statement of Internal Control Assurance

The PA Housing Board has overall responsibility for establishing and maintaining the system of internal control. As with all systems of internal control, it is designed to manage rather than eliminate all risk of failure to achieve business objectives and can therefore provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control is subject to continuing review and development.

Charitable and Political Donations

The Group has made charitable donations of £7,150 (2024: £2,000) during the year. No political donations were made during the year (2024: Nil).

Annual Review of the effectiveness of the System of Internal Control

In accordance with the National Housing Federation Code of Governance 2020, the Board is required to actively manage the risks faced by the organisation and obtain robust assurance that controls are effective, that plans and compliance obligations are being delivered and that the organisation is financially viable. The responsibility for managing risks, and specifically risks to social housing assets, lies with the Board. However, the Board delegates responsibility for the annual review of the effectiveness of the system of internal control to the Finance, Risk and Audit Committee (FRAC). The FRAC receives the Chief Executive’s annual report on internal controls. FRAC takes account of any changes needed to maintain the effectiveness of the management and control process for risk and fraud. The FRAC met five times during the course of the year. Assurance over the control environment was obtained from the following main sources:

Risk Management

An effective risk management framework sits at the heart of the system of internal control. The Board confirms that the process for identifying, evaluating and managing the significant risks faced by the organisation is ongoing, the process has been in place throughout the year and up to the date of approval of the annual report and accounts and is regularly reviewed by the Board.

FRAC receives risk management reports at each meeting and approves the risk register for upward reporting to the Board. Risk Management reports include the top strategic and operational risks, a risk trigger report, risk assurance register and horizon scanning. The Board receives risk management reports at each meeting and a deep dive report twice per year. During the year, the business plan stress testing scenarios, including mitigation modelling (linked to the strategic risks and risk trigger report) were refreshed. Risk appetite is kept under ongoing review by the Board and the FRAC. Risk Management processes are regularly subject to external independent review.

Internal Audit Service

The prime responsibility of the internal audit service is to provide the Board with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance. Internal audit also plays a valuable role in helping management to improve systems of internal control and so to reduce the potential effects of any significant risks faced. Internal Audit is delivered by the in-house team with an element of outsourced support. The Head of Risk and Assurance has direct access to FRAC and meets with the Committee and Committee Chair privately. The internal Audit provision has purposely remained at a high level in 2024/25 in line with the Board’s risk appetite towards governance and control. 30 assignments have been completed.

FRAC reviews the findings arising from all Internal Audit Reports and is provided with progress reports on the implementation of agreed recommendations for improvement to the point of conclusion.

The Head of Risk and Assurance provides an annual report and overall assurance opinion on the system of internal control based on the Internal Audit work performed during the year and management response to that work. The 2024/25 Internal Audit annual report identified no material concerns in relation to fraud, material misstatement or loss.

Fraud Management

There is an established code for integrity and bribery and PA Housing operates a zero-tolerance approach to any instances of fraud or corruption. There is an Anti-Fraud Policy in place covering prevention, detection and reporting of fraud and the recovery of assets. A Fraud Response Plan is also maintained along with a register of identified incidents. Fraud risk assessments are maintained by the Senior Management Team and Internal Audit.

The Anti-Fraud Policy includes publication of an externally hosted confidential whistleblowing hotline service that colleagues can use to report any concerns of an act of fraud of corruption. There were no material issues reported through this service during the year.

The FRAC reviews the fraud and loss register and reflects the information contained within it in its assessment of the control environment.

The Board’s Report and Governance

Information and Financial Reporting Systems

Financial reporting procedures include a long-term financial plan, detailed annual budgets, detailed treasury reports, value for money reporting and regular management accounts which are reviewed by the Board.

Any issues raised in the external audit management letter issued at the conclusion of the annual audit are dealt with to the satisfaction of both the external auditors and FRAC with progress tracked to the point of conclusion.

Key performance indicators and business objectives, set as part of the performance management framework, are regularly reviewed by the Board to assess progress and outcomes.

The external credit rating process in support of PA Housing’s public bond issue also takes into account our governance and risk management arrangements. PA Housing holds two external credit rating assessments.

Director and Leadership Self-Assessment and Certification

The Executive Management Team (EMT) provides assurance that internal controls and risk management are operating effectively in their directorate through completion of an annual assurance statement and self-assessment against a range of internal controls. The Senior Management Team (SMT) also undertakes a twice-yearly self-assessment and certification of the key control environment on a departmental basis.

Other assurance providers

Additional assurance is provided from a range of external sources to compliment the internal systems and processes including the key areas of governance, treasury, ICT, development, asset management and housing services.

Control Environment and Procedures

Governance arrangements are subject to continuing review and development to ensure they remain fit for purpose. Board and Committee membership is reviewed at least annually in line with the membership policy terms. A further Board recruitment exercise will commence in 2025. Compliance with the National Housing Federation Code of Governance and the Regulatory Framework is reviewed annually.

The Regulatory rating of G1 has been maintained during the year following a Stability check. Following the year end a scheduled inspection by the Regulator of Social Housing was underway with an updated assessment expected in September 2025.

The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance matters and new investment projects. The Board disseminates its requirements to employees through a framework of policies and procedures.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by PA Housing and for preventing, detecting, investigating and insuring against fraud. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed. The Board has not identified any weaknesses sufficient to cause material misstatement or loss, which require disclosure in the financial statements.

Statement of Board’s responsibilities in respect of the Strategic Report, the Board’s report and financial statements

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

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

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

In preparing each of the Group and the Association 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;
- assess the Group’s and the Association’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the Association or to cease operations or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. 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.

Disclosure of information to the auditor

Each of the persons who are a director at the date of approval of this report confirms that:

a) so far as each director is aware, there is no relevant audit information of which the Group’s auditor is unaware; and

b) each director has taken all the steps that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the Group’s auditor is aware of that information.

Approved by the Board and signed on its behalf by:

Richard Hood
Company Secretary

09 September 2025

Independent Auditor's report to the members of Paragon Asra Housing Limited

Opinion

We have audited the financial statements of Paragon Asra Housing Limited ("the Association") for the year ended 31 March 2025 which comprise the Group and Association's Statement of Comprehensive income, the Group and Association's Statement of Financial Position, the Group and Association's Statement of Changes in Reserves, the Group Statement of Cashflows 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 2025 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 prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Going concern

The 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's 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").

In our evaluation of the Board's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's and 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; and
- 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 Group's or 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 Group or the Association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- enquiring of directors, the audit and risk committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud
- reading Board and audit 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.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group 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 non-complex nature of material revenue streams and the limited opportunity for management to manipulate revenue transactions.

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 Group-wide fraud risk management controls.

We also performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual combinations to revenue, unusual combinations to cash and unusual borrowings accounts.

Independent Auditor’s report to the members of Paragon Asra Housing Limited

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

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

As the Group 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.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative and community benefit societies legislation, pensions legislation, specific disclosures required by housing legislation, and requirements imposed by the Regulator for Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements

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

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

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

Other information

The Association’s Board is responsible for the other information, which comprises the Strategic report, the Board’s Report and Governance. 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 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 53, the Association’s Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and the Association’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report to the members of Paragon Asra Housing Limited

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.

Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
New Kings Court
Suite 6, Tollgate
Chandler's Ford
Eastleigh
SO53 3LG
Date: 18 September 2025

Financial Statements

Financial Statements
Statement of Comprehensive Income

	Note	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Turnover	2	224,128	206,971	227,680	208,832
Cost of sales	2	(19,706)	(18,397)	(19,706)	(18,397)
Operating costs	2	(166,163)	(154,518)	(166,127)	(154,488)
Surplus on disposal of fixed assets and investments	6	4,984	3,917	4,984	3,917
Movement in fair value of investment properties	16	639	(231)	639	(231)
Operating Surplus	2	43,882	37,742	47,469	39,633
(Loss) on disposal of other fixed assets		(68)	(383)	(68)	(383)
Interest receivable	9	1,313	1,170	1,296	1,154
Interest and financing costs	10	(44,023)	(40,827)	(44,023)	(40,827)
Movement in fair value of financial instruments	26	1,475	1,248	1,475	1,248
Surplus / (loss) before tax		2,579	(1,050)	6,150	825
Taxation	11	797	(1,106)	(19)	(290)
Surplus / (loss) for the year after tax		3,376	(2,156)	6,131	535
Other comprehensive income					
Movement in fair value of hedged financial instruments	26	2,923	2,540	2,923	2,540
Actuarial gain / (loss) on defined benefit pension schemes	33	1,260	(2,456)	1,260	(2,456)
Total comprehensive income / (loss) for the year		7,559	(2,072)	10,314	619

The turnover and operating surplus for the current year all relate to continuing activities.

The notes on pages 63 to 100 form part of these financial statements.

Financial Statements
Statement of Financial Position

	Note	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 202 £'000
Fixed Assets					
Negative goodwill	12	(4,225)	(4,836)	(4,225)	(4,836)
Intangible fixed assets	13	367	374	367	374
Tangible fixed assets – housing properties	14	2,338,272	2,228,385	2,355,554	2,242,414
Tangible fixed assets – other	15	23,967	24,244	23,967	24,244
Investment properties	16	27,641	25,541	27,641	25,541
Investments	17	73	138	73	138
Investment in subsidiaries	18	-	-	13	13
		2,386,095	2,273,846	2,403,390	2,287,888
Current Assets					
Stock and work in progress	19	51,554	70,793	41,136	60,375
Debtors	20	41,214	42,083	40,991	41,039
Cash and cash equivalents		22,117	133,327	21,021	132,223
		114,885	246,203	103,148	233,637
Creditors: amounts falling due within one year	21	(71,672)	(98,939)	(62,755)	(88,695)
Net current assets		43,213	147,264	40,393	144,942
Total assets less current liabilities		2,429,308	2,421,110	2,443,783	2,432,830
Creditors: amounts falling due after more than one year	22	(1,794,628)	(1,789,947)	(1,794,628)	(1,789,947)
Provision for liabilities	33	-	(83)	-	(83)
Net assets excluding pension liability		634,680	631,080	649,155	642,800
Pension liability	33	(9,231)	(13,124)	(9,231)	(13,124)
Total net assets		625,449	617,956	639,924	629,676
Capital and Reserves					
Called up share capital	31	-	-	-	-
Income and expenditure reserve		383,883	376,912	398,358	388,632
Cash flow hedge reserve		9,655	6,732	9,655	6,732
Revaluation reserve		231,882	234,283	231,882	234,283
Restricted reserve		29	29	29	29
		625,449	617,956	639,924	629,676

The notes on pages 63 to 100 form part of these financial statements.

The financial statements on were approved by the Board on 09 September 2025 and signed on its behalf by:

Suki Kalirai
Chair

Susan Goldsmith
Chair of Finance, Risk and Audit Committee

Richard Hood
Company Secretary

Financial Statements
Consolidated Statement of Changes in Reserves

Group	Income and exp. reserve £'000	Cash flow hedge reserve £'000	Revaluation reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2024	376,912	6,732	234,283	29	617,956
Surplus for the year	3,376	-	-	-	3,376
Change in fair value of hedged financial instruments	-	2,923	-	-	2,923
Actuarial gain on defined benefit pension scheme	1,260	-	-	-	1,260
Other movement	(66)	-	-	-	(66)
Difference between the depreciation on historic cost of properties and actual depreciation charge for the year	2,400	-	(2,400)	-	-
Difference between the gain or loss on disposal of housing properties calculated at historic cost and carrying value	1	-	(1)	-	-
At 31 March 2025	383,883	9,655	231,882	29	625,449

Group	Income and exp. reserve £'000	Cash flow hedge reserve £'000	Revaluation reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2023	379,580	4,192	236,236	34	620,042
(Loss) for the year	(2,156)	-	-	-	(2,156)
Transfer from restricted reserve	5	-	-	(5)	-
Change in fair value of hedged financial instruments	-	2,540	-	-	2,540
Actuarial (loss) on defined benefit pension scheme	(2,456)	-	-	-	(2,456)
Other movement	(15)	-	1	-	(14)
Difference between the depreciation on historic cost of properties and actual depreciation charge for the yearf	1,179	-	(1,179)	-	-
Difference between the gain or loss on disposal of housing properties calculated at historic cost and carrying value	775	-	(775)	-	-
At 31 March 2024	376,912	6,732	234,283	29	617,956

The notes on pages 63 to 100 form part of these financial statements.

Financial Statements
Consolidated Statement of Changes in Reserves

Association	Income and exp. reserve £'000	Cash flow hedge reserve £'000	Revaluation reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2024	388,632	6,732	234,283	29	629,676
Surplus for the year	6,131	-	-	-	6,131
Change in fair value of hedged financial instruments	-	2,923	-	-	2,923
Actuarial gain on defined benefit pension scheme	1,260	-	-	-	1,260
Other movement	(66)	-	-	-	(66)
Difference between the depreciation on historic cost of properties and actual depreciation charge for the year	2,400	-	(2,400)	-	-
Difference between the gain or loss on disposal of housing properties calculated at historic cost and carrying value	1	-	(1)	-	-
At 31 March 2025	398,358	9,655	231,882	29	639,924

Association	Income and exp. reserve £'000	Cash flow hedge reserve £'000	Revaluation reserve £'000	Restricted reserve £'000	Total £'000
At 1 April 2023	388,595	4,192	236,236	34	629,057
Surplus for the year	535	-	-	-	535
Transfer from restricted reserve	5	-	-	(5)	-
Change in fair value of hedged financial instruments	-	2,540	-	-	2,540
Actuarial (loss) on defined benefit pension scheme	(2,456)	-	-	-	(2,456)
Difference between the depreciation on historic cost of properties and actual depreciation charge for the year	1,178	-	(1,178)	-	-
Difference between the gain or loss on disposal of housing properties calculated at historic cost and carrying value	775	-	(775)	-	-
At 31 March 2024	388,632	6,732	234,283	29	629,676

The notes on pages 63 to 100 form part of these financial statements.

Financial Statements
Consolidated Statement of Cash Flow

	Note	2025 £'000	2024 £'000
Net cash generated from operating activities	28	64,772	14,620
Cash flow from investing activities			
Interest received		1,313	1,170
Grants received		7,230	55,573
Purchase and enhancement of housing properties		(140,296)	(158,358)
Purchase of other tangible fixed assets		(2,524)	(3,567)
Purchase of intangible assets		(247)	(146)
Purchase of investment properties		(1,462)	(492)
Proceeds from sale of tangible fixed assets		11,618	8,738
Proceeds from sale of other tangible fixed assets		-	-
		(59,596)	(82,462)
Cash flow from financing activities			
Taxation paid		(393)	(103)
Interest paid		(44,022)	(40,826)
Decrease in bank deposits with a maturity in excess of 24 hours		-	-
Financing			
Housing loans and bond finance received	29	118,000	506,000
Housing loans repaid	29	(128,229)	(277,820)
Net change in cash and cash equivalents		(111,209)	104,789
Cash and cash equivalents at beginning of the year		133,326	28,537
Cash and cash equivalents at end of year		22,117	133,326

The notes on pages 63 to 100 form part of these financial statements.

Notes to the Financial Statements

1 Accounting Policies

1.1 Basis of Preparation

These financial statements are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

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.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.33.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and investment property.

1.2 Basis of consolidation

The Group accounts comprise those of Paragon Asra Housing Limited (the association) together with its subsidiaries, in accordance with the requirements of FRS 102. Intercompany transactions and balances between Group companies are therefore eliminated in full. A list of subsidiary undertakings of the association is included in the notes to these financial statements.

1.3 Segmental reporting

There are publicly traded securities across all of the geographical locations the association operates within and therefore there is a requirement to disclose information about the Group operating segments under IFRS 8. Segmental information is disclosed in note 3 and as part of the analysis of housing properties in note 14. Information about income, expenditure and assets attributable to material operating segments is presented on the basis of the nature and function of housing assets held by the Group rather than by geographical location. As permitted by IFRS 8 this is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations where the association operates. The Board does not routinely receive segmental information disaggregated by geographical location or segmental information of income or costs below operating surplus.

1.4 Going Concern

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

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2025. The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. This shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. As at 31 March 2025 PA held liquidity (comprising cash balances and undrawn committed loan facilities available for immediate drawing, excluding cash balances held on behalf of others) of £373m.

The Board's assessment of going concern involves a number of subjective judgements. In making the assessment the Board has also considered the potential mitigations available to manage the potential impact on its cashflows and liquidity.

As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure for all scenarios. This stress testing found that the business plan is robust and does not affect the group's ability to meet its obligations.

The Board, after reviewing the Group and Association budgets for 2025/26 and the Group's medium term financial position as detailed in the 30-year business plan, 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 being a period of at least twelve months after the date on which the report and financial statements are signed.

On this basis, the Board continues to adopt the going concern basis in the financial statements.

1.5 Turnover

Turnover is measured at the fair value of the consideration received or receivable and excludes Value Added Tax (where applicable).

Rental income

Rental income (net of void loss) is recognised on an accruals basis for the period to which it relates as opposed to the date on which the rent is charged. For schemes managed by agents, income is shown as rent receivable and management fees payable to agents are included in operating costs.

Supporting People

Where the association receives Supporting People grants from London boroughs and county councils, grants received and costs incurred in the provision of support services have been included in the Statement of Comprehensive Income. Any excess of cost over the grant received is borne by the association where it is not recoverable from tenants.

Service charges receivable

The association operates both fixed and variable methods for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

Managed services

Management fees receivable and reimbursed expenses are shown as income and included in management services. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

First tranche sales of low-cost home ownership housing properties developed for sale

Income from first tranche sales is recognised at the point of legal completion of the sale and included in turnover, cost of sale and operating costs. Subsequent tranches are not included in turnover and cost of sale and are shown in surplus on disposal of fixed assets before operating profit in the statement of comprehensive income.

Proceeds from the sale of land and property

Income from land and property disposals is recognised at the point of legal completion of the sale. Properties developed for outright sale are included in turnover, cost of sale and operating costs. All other sales of fixed asset properties are shown in surplus on disposal of fixed assets.

1.6 Supported housing schemes

In respect of supported housing schemes owned by the Group where the managing agents suffer the risks and have control of benefits, the income and expenditure and related current assets and liabilities are not included in these financial statements.

1.7 Pensions

Defined contribution pension scheme

The association participates in the defined contribution scheme of the Social Housing Pension Scheme and Aegon. The assets of the schemes are held separately from those of the Association in an independently administered fund. Contributions to the defined contribution pension scheme are charged to the Statement of Comprehensive Income in the year in which they become payable.

Defined benefit pension schemes

The association has previously participated in two defined benefit pension schemes which are now closed to new members. The disclosure in the accounts follows the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes.

The assets of the schemes are held separately from those of the association. The difference between the fair value of the assets held in the defined benefit pension schemes and the schemes liabilities measured on an actuarial basis using the projected unit method is recognised in the Statement of Financial Position as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the association is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Local Government Pension Scheme (LGPS) - Surrey County Council

The Surrey County Council Pension Fund is a multi-employer scheme administered by Surrey County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme.

Social Housing Pension Scheme (SHPS)

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. From 1 April 2018 the scheme liability was accounted for adopting a full FRS 102 valuation.

Other pension agreements

PA has the following agreement in respect of a legacy pension scheme.

Local Government Pension Scheme (LGPS) - Elmbridge Borough Council

Under the terms of the transfer agreement with Elmbridge Borough Council, PA Housing makes additional payments each year as its contribution to the past service deficit at 31 March 1998. These are recognised as a liability on the Statement of Financial Position at the net present value of future payments. The unwinding of the discount is recognised as finance cost in the Statement of Comprehensive Income in the period it arises

1.8 Interest Payable

Interest payable is charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount

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

- interest on borrowings specifically financing the development programme after deduction of interest on social housing grant in advance; or
- interest on borrowings of the association as a whole after deduction of interest on social housing grant 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 period it relates to.

1.9 Finance issue costs

Arrangement fees (and other up front direct transaction costs), for both fixed and floating facilities, are calculated at facility level and are apportioned across all interest periods using the effective interest rate method. FRS 102 paragraph 11.20 requires that the unamortised fee balance is netted off against the loan liability.

Notes to the Financial Statements

1.10 Taxation

The tax expense for the period comprises current and deferred tax.

The charge for taxation is based on surpluses arising on certain activities which are liable to tax. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date. All taxation charges are in line with UK tax legislation.

Deferred tax balances are recognised in respect of all timing differences that have originated, but not reversed by the Statement of Financial Position 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 and joint venture 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.

1.11 Value added tax (VAT)

Members of the Group are independently registered for VAT as required.

VAT is charged on some income and the Group is able to only partly recover VAT it incurs on expenditure. Thus irrecoverable VAT is a cost to the Group and consequently the financial statements include VAT to the extent it is suffered by the Group and not recoverable from HM Revenue and Customs. VAT recovered is included within expenditure and is credited to the Statement of Comprehensive Income.

1.12 Negative Goodwill

Negative goodwill, being the excess of fair value of the underlying separable net assets over the fair value of the consideration, is shown as part of intangible fixed assets.

An amount equal to the fair value of the non-monetary assets acquired is released to the Statement of Comprehensive Income commensurately with the recovery of the non-monetary assets acquired, whether through depreciation or sale.

For non-exchange transactions (acquisitions in the social housing sector that are in substance a gift of one business to another), the fair value of the gifted recognised assets and liabilities is recognised as a gain or loss in the Statement of Comprehensive Income in the year of transaction.

1.13 Intangible fixed assets

Intangible fixed assets are computer software costs and associated implementation and incremental costs. These are amortised over 3 to 4 years representing management's judgement of the estimated useful economic life.

1.14 Housing properties

General needs properties, sheltered housing and shared ownership properties are stated at cost or deemed cost valuation less depreciation.

Cost for housing properties includes the cost of acquiring land and buildings, construction costs including internal equipment and fittings, directly attributable development administration costs, cost of capital employed during the development period and expenditure incurred in respect of improvements to and extension of existing properties to the extent that it enhances the economic benefit derived from the assets. Directly attributable development administration costs are the labour costs of the Group's own employees arising directly from the construction or acquisition of the property and the incremental costs that would have been avoided, only if the property had not been constructed or acquired.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure arising through normal wear and tear to properties is charged to the Statement of Comprehensive Income in the year in which it occurs.

1.15 Deemed cost

From 1 April 2014, Paragon Community Housing Group as a predecessor organisation to Paragon Asra Housing Limited changed its accounting policy from recording housing properties at valuation or cost, to being recorded at historic cost. Paragon Asra Housing Limited took the FRS 102 transition option to elect to measure certain items of property, plant and equipment (PPE) at fair value and use that fair value as the deemed cost of those assets at that date. For these items there is a revaluation reserve and any unamortised grant was released to reserves as this constitutes a revaluation that triggered the performance method of grant recognition to be used.

To determine the deemed cost at 31 March 2014, Paragon Community Housing Group engaged independent valuation specialist Savills UK Limited to value housing properties on an EUV-SH basis.

1.16 Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

The useful economic life of a property has been deemed to commence at:

- the completion of major refurbishment work after purchase; or
- completion of building work for new build properties; or
- date of purchase if no major refurbishment works take place

Land is not depreciated on account of its indefinite useful economic life.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefit is expected to be consumed.

The Group separately identifies the major components which comprise its housing properties, and charges depreciation to write down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life. Components are depreciated from the year following replacement.

The major components of its housing properties and their useful economic lives are as follows:

Building structure	60-125 years
Roofs	50-80 years
Kitchens	20-25 years
Bathrooms	30-37 years
Windows and doors	30-40 years
Heating and boilers	15-25 years
Lifts	25 years
Rewiring	30 years
Enveloping works	50 years

Leasehold properties are depreciated over the length of the lease, except where the expected useful economic life of properties is shorter than the lease. In these instances the lease and building elements are depreciated separately over their expected useful economic lives.

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

1.17 Shared ownership properties and staircasing

Under low cost homeownership arrangements, the association disposes of a long lease on low-cost homeownership housing units for a share ranging between 10% and 75% of value. The buyer has the right to purchase further proportions, and up to 100%, based on the market valuation of the property at the time each purchase transaction is completed.

Low cost homeownership 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, included in turnover. The remaining element, ‘staircasing element’, is classed as PPE and included in completed housing property at cost less any provision for impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

1.18 Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

1.19 Impairment

An assessment of whether indicators of impairment exist is carried out at each reporting date. If such an indicator exists as defined in FRS 102.27 ‘Impairment of Assets’, an assessment is carried out to determine if an impairment is required. Any impairment in an income generating unit is recognised by a charge to the Statement of Comprehensive Income.

An impairment loss occurs when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount is taken to be the higher of the fair value, less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets, or cash generating units concerned, or the present value of future cash flows to be derived from them, appropriately adjusted to account for any restrictions on their use.

Cash generating units are defined as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units.

1.20 Other tangible fixed assets

Other tangible fixed assets, other than investment properties, are stated at historic cost or deemed cost valuation less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs are added to the carrying amount of an item of fixed assets if the replacement part is expected to provide incremental future benefits. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

1.21 Depreciation of other tangible fixed assets

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range is as follows:

Freehold office premises	10-50 years
Leasehold office premises	10-25 years
Plant and machinery	2-4 years
Fixtures, fittings and equipment	2-25 years
IT and other equipment	3-4 years

Depreciation commences at the start of the first full year after the asset comes into economic use and a full year is depreciated in the year of disposal.

The assets’ residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

The asset category of freehold office premises has certain assets recorded at deemed cost, as the association took the FRS 102 transition option to elect to measure this class of PPE at fair value at 31 March 2014 and use that fair value as the deemed cost of those assets at that date. To determine the deemed cost at 31 March 2014, Savills UK Limited was engaged as independent valuation specialists.

Notes to the Financial Statements

1.22 Investment properties

Properties that are held to earn commercial/market rate rentals or for capital appreciation, or both, and not held for social benefit are treated as investment properties and accounted for in accordance with Section 16 of FRS 102. Investment properties are accounted for at fair value and are valued at each reporting date and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided for investment properties under construction as they are stated at cost. Changes in fair value are recognised in the Statement of Comprehensive Income.

1.23 Investments

Investments are stated at fair value.

1.24 Stock

Stock represents work in progress and completed shared ownership properties and properties for outright sale. Shared ownership properties are split between fixed and current assets, with the element relating to the expected first tranche sale being treated as a current asset along with completed properties for outright sale. Stock is stated at the lower of cost and net realisable value. Cost comprises acquisition costs, materials, direct labour, direct development overheads and capitalised interest. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

1.25 Basic financial instruments

Debtors

Rent and service charge debtors and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, it is measured at the present value of future payments discounted at a market rate. At the end of each reporting period the recoverable value of rental and other receivables is assessed for objective evidence of impairment. When assessing the amount to impair it reviews the age profile of the debt and the class of debt. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in operating costs.

Creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate.

Holiday pay accrual

A holiday pay accrual is recognised to the extent of any unused holiday entitlement which has accrued at the reporting date and is carried forward to future periods. This is measured at the undiscounted salary cost of future holiday entitlement accrued at the reporting date. An asset, calculated in a similar manner, is recognised to the extent that holiday entitlement accrued at the reporting date is exceeded by the holiday taken.

Sinking Funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included as leasehold sinking funds in creditors.

Loans and short term deposits

All loans and short term deposits held by the association meet the criteria to be classified as basic financial instruments as set out in accordance with FRS 102. These instruments are initially recorded at the transaction price, less any transaction costs (historic cost) and subsequently measured at amortised cost, using the effective interest rate method so that the amount recognised is at a constant on the carrying amount. If the adjustment is not material the financial instruments are stated on the Statement of Financial Position at historic cost. Loans that are payable or receivable within one year are not discounted.

Cash and cash equivalents

Cash and cash equivalents in the 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.

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.

1.26 Government and other grants

Grants received in relation to completed assets that were presented at deemed cost on 31 March 2014 have been accounted for using the performance model as required by the Housing SORP 2018. 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 from 1 April 2014 in relation to newly acquired or existing housing properties and those housing properties remaining at historic cost are accounted for using the accrual model as set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of housing property structure, at 100-125 years, has been selected. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Where Social Housing Grant funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund or disposal proceeds fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released and recognised as income within the Statement of Comprehensive Income.

All other government grants are recognised using the accrual model and are classed as either a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expense or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants received from non-government sources are recognised as revenue using the performance model.

1.27 Recycled Capital Grant Fund

The Group has the option to recycle social housing grant, which would otherwise be repayable, for re-use on new developments. If unused within a three year period, it will be repayable to either the Homes and Communities Agency or Greater London Authority (for London grant) with interest. Any unused recycled capital grant held within the fund which is older than two years is disclosed in the Statement of Financial Position under 'creditors due within one year'. The remainder is disclosed under 'creditors due after more than one year'.

1.28 Hedge accounting

Interest rate swaps relate to fixing variable rate interest and are therefore designated as cash flow hedges.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable transaction, which could affect profit or loss. They are measured at fair value at each reporting date. Gains and losses on cash flow hedges which are highly effective are recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of a gain or loss on cash flow hedges is recognised in surplus or deficit.

In order to apply hedge accounting, an economic relationship must exist between the hedged item and the hedging instrument. The Group must formally designate and document the hedging relationship at inception so that the risk being hedged, the hedged item, the hedging instrument and the risk management objective for undertaking the hedge are clearly identified. It is also required to determine and document the causes of hedge ineffectiveness.

In a cash flow hedge, if the hedged future cash flows are no longer expected to occur, the amount that has been accumulated in the cash flow hedge reserve is reclassified from the cash flow hedge reserve to surplus or deficit immediately.

All of the Group's stand-alone (non-callable) swaps satisfy the above criteria and the Group has chosen to test the effectiveness of its hedges annually. For ineffective hedges the movement in fair value has been recognised in the surplus or deficit.

1.29 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.30 Reserves

Cash Flow Hedge reserve

The cash flow hedge reserve represents the hedged cash flows that are expected to affect surplus or deficit over the period to maturity of the interest rate swaps.

Revaluation reserve

The revaluation reserve is created from surpluses on asset revaluations on use of deemed cost at 31 March 2014.

Restricted reserve

The restricted reserves are reserves to be spent for the sheltered tenants' benefit.

1.31 Leases

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

1.32 Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists which could lead to an outflow of resources, or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation, or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Notes to the Financial Statements

1.33 Key estimates and judgments

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

Impairment

Factors taken into consideration in reaching the decision as to whether there are indicators of impairment of tangible assets were:

- Evidence from the governance monitoring of schemes throughout the planning and construction stage, including supplier and contractor viability issues, site contamination and major enabling works.
- Evidence of changes from financial monitoring of scheme performance from its inception (in terms of IRR, NPV analysis and comparison of spend to budget) until the economic benefits are realised.
- Evidence from the Asset Management team for completed schemes under management, including works required from stock condition surveys, identification of obsolescence and circumstances such as long term voids.
- Changes in political and other macro-economic environment with direct or indirect impact on the asset and the expected future financial performance of the asset. This would include a change in government policy, a reduction in market value of a property where a resident has a right to acquire and a reduction in the demand for a property.

Triggers for impairment have been identified for specific cash generating units and an impairment review has been performed. As a result, £0.9m net impairment on tangible fixed assets has been recognised in 2024/25 (2024: £10.8m). The total impairment charge at 31 March 2025 on tangible fixed assets (note 14) was £18.6m (2024: £17.6m).

Provisions

Provisions are included where there is a constructive or legal obligation at the year-end reporting date.

The provision of £0.1m for restructuring at 31 March 2024 was utilised in 2024/25.

Further information is provided in note 32.

Recoverability of the cost of properties for sale

The anticipated cost to complete on a development scheme is based on anticipated construction costs, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete the recoverability of the cost of properties for sale is then determined. This judgment is also based on the best estimate of sales value based on economic conditions within the area of development. The source of these calculations is taken from internal investment appraisals produced from the knowledge and experience of the Development team and reviewed and approved by the Finance, Risk and Audit Committee.

At the 31 March 2025, the cost of properties completed and held for sale is expected to be fully recoverable. Properties being built for sale which are under construction have been impaired by £4.3m (2024: £4.8m). The total impairment charge on stock and work in progress at 31 March 2025 was £9.1m (2024: £4.8m). Further information is provided in note 19.

Defined benefit pension obligation

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation have the ability to significantly influence the value of the liability recorded and the annual defined benefit expense. Underlying assumptions include the standard rates of inflation, mortality, discount rate and anticipated future salary and pension increases.

The assumptions used have been set by the scheme actuary, reviewed independently and also reviewed and signed off by management.

The defined benefit net pension liability at 31 March 2025 was £9.2m (2024: £13.1m). The liability relates to the Social Housing Pension Scheme (SHPS).

The assumptions used are shown in note 33, the material impact of changing the material assumptions would be as follows:

- Increasing the end of year inflation (CPI) by 0.1% would increase the obligation by £0.5m.
- Increasing the end of year discount rate by 0.1% would decrease the obligation by £0.8m
- Increasing the end of year inflation (CPI and RPI) by 0.1% and the end of year salary growth by 0.1% would increase the obligation by £0.7m.

Apportionment of costs on a property basis for disposal of properties

The allocation of costs that cannot be assigned to a specific property is based on proportion of floor area of the property.

Allocation of shared ownership costs between current and fixed assets

The allocation is calculated based on the estimated first tranche sales percentage from the schemes investment appraisal.

Categorisation of fixed assets

The categorisation of fixed assets as housing properties, investment properties and other fixed assets is based on the use of the asset.

Basis of capitalisation for projects

Costs capitalised include direct staff costs and associated costs of development. Indirect central costs incurred are capitalised and estimated based on the costs that would not have been incurred had there been no development. Decisions on whether to capitalise costs include whether income will be generated or increased, and if the life of the assets is extended.

Costs capitalised in 2025 were £1.3m (2024: £1.3m).

Derivative financial instruments

Interest rate swaps are held at fair value using the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. The fair value at 31 March 2025 was £1.7m (2024: £5.4m) Further information is provided in notes 26 and 27.

Depreciation and amortisation

Intangible and tangible fixed assets, other than investment properties, are amortised / 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 information surrounding the condition of the asset, annual stock survey results, historic investment, resident feedback, comparative information such as the Decent Homes Standard and future use of the asset 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 (note 1.16).

The total depreciation charge – housing properties in 2025 including accelerated depreciation on component replacements was £24.1m (2024: £22.0m).

Depreciation on other fixed assets in 2025 was £2.8m (2024: £2.8m).

Amortisation of intangible fixed assets in 2025 was £0.2m (2024: £0.1m).

Investment properties

Investment properties consist of commercial and market rent properties not held for social benefit. They are measured at cost on initial recognition and subsequently carried at fair value. 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.

At the 31 March 2025 investment properties were revalued using the capitalised current market rents for commercial properties and using the change in house prices index applicable to market rent properties. In 2025 an upward movement of £0.6m was recognised (2024: downward movement £0.2m). The fair value of investment properties at 31 March 2025 was £27.6m (2024: £25.5m).

Further information is provided in note 16.

Rental and other trade receivables

The estimate for receivables relates to the recoverability of the balances outstanding at the reporting date. A review is performed on an individual debtor basis to consider whether each debt is recoverable. For rental related balances, experience shows that the longer a debt is outstanding the greater likelihood it is that the debt will not be recovered in full. A sliding scale of impairment of the carrying value of the debt is applied according to the relationship between the individual amount of the debt and the weekly charges for occupation of the home.

A provision for bad debts of £7.1m was included at 31 March 2025 (2024: £6.3m).

Further information is provided in note 20.

Other Debtors

Other debtors are provided on a case by case basis when evidence of impairment exists. When assessing impairment, management consider factors including current credit rating of the debtor, the ageing profile of debtors and historic experience of cash collection and future expected losses. No impairment of other debtors has been recognised at 31 March 2025 (2024: nil).

Notes to the Financial Statements

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

Group 2025	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Other operating items £'000	Operating surplus/ (deficit) £'000
Social housing lettings (Note 3)	193,132	-	(156,020)	-	37,112
Other social housing activities					
First tranche shared ownership sales	23,009	(18,065)	-	-	4,944
Managed services	1,182	-	(1,077)	-	105
Charges for support services	6	-	-	-	6
Community investment	-	-	(27)	-	(27)
Development administration	-	-	(1,517)	-	(1,517)
Goodwill amortisation	612	-	-	-	612
Impairment	-	-	(6,657)	-	(6,657)
Impairment: released	-	-	1,586	-	1,586
Other	1,236	-	(476)	-	760
Gift Aid	5	-	-	-	5
Surplus on disposal of housing fixed assets	-	-	-	4,984	4,984
	219,182	(18,065)	(164,188)	4,984	41,913
Non-social housing activities					
Market rented	1,260	-	(665)	85	680
Other non-social housing lettings	2,095	-	(988)	-	1,107
Commercial properties	259	-	(169)	554	644
Impairment: Commercial under construction	-	-	(153)	-	(153)
Sale of commercial property	1,332	(1,641)	-	-	(309)
	4,946	(1,641)	(1,975)	639	1,969
Total	224,128	(19,706)	(166,163)	5,623	43,882

Group 2024	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Other operating items £'000	Operating surplus/ (deficit) £'000
Social housing lettings (Note 3)	174,687	-	(133,814)	-	40,873
Other social housing activities					
First tranche shared ownership sales	25,566	(18,397)	-	-	7,169
Managed services	170	-	(186)	-	(16)
Charges for support services	19	-	-	-	19
Community investment	-	-	(367)	-	(367)
Development administration	-	-	(2,210)	-	(2,210)
Goodwill amortisation	605	-	-	-	605
Impairment	-	-	(15,559)	-	(15,559)
Other	3,398	-	(437)	-	2,961
Surplus on disposal of housing fixed assets	-	-	-	3,917	3,917
	204,445	(18,397)	(152,573)	3,917	37,392
Non-social housing activities					
Market rented	1,230	-	(377)	(231)	622
Other non-social housing lettings	1,052	-	(1,032)	-	20
Commercial properties	244	-	(536)	-	(292)
	2,526	-	(1,945)	(231)	350
Total	206,971	(18,397)	(154,518)	3,686	37,742

Notes to the Financial Statements

Turnover, cost of sales, operating costs, and operating surplus (continued)

Association 2025	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Other operating items £'000	Operating surplus/ (deficit) £'000
Social housing lettings (Note 3)	193,132	-	(156,020)	-	37,112
Other social housing activities					
First tranche shared ownership sales	23,009	(18,065)	-	-	4,944
Managed services	1,182	-	(1,077)	-	105
Charges for support services	6	-	-	-	6
Community investment	-	-	(27)	-	(27)
Development administration	-	-	(1,517)	-	(1,517)
Goodwill amortisation	612	-	-	-	612
Impairment	-	-	(6,657)	-	(6,657)
Impairment: released	-	-	1,586	-	1,586
Other	1,523	-	(443)	-	1,075
Gift Aid	3,270	-	-	-	3,270
Surplus on disposal of housing fixed assets	-	-	-	4,984	4,984
	222,734	(18,065)	(164,155)	4,984	45,498
Non-social housing activities					
Market rented	1,260	-	(665)	85	680
Other non-social housing lettings	2,095	-	(986)	-	1,109
Commercial properties	259	-	(169)	554	644
Impairment: Commercial under construction	-	-	(153)	-	(153)
Sale of commercial property	1,332	(1,641)	-	-	(309)
	4,946	(1,641)	(1,973)	638	1,971
Total	227,680	(19,706)	(166,128)	5,623	47,469

Association 2024	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Other operating items £'000	Operating surplus/ (deficit) £'000
Social housing lettings (Note 3)	174,687	-	(133,814)	-	40,873
Other social housing activities					
First tranche shared ownership sales	25,566	(18,397)	-	-	7,169
Managed services	170	-	(185)	-	(15)
Charges for support services	19	-	-	-	19
Community investment	-	-	(367)	-	(367)
Development administration	-	-	(2,210)	-	(2,210)
Goodwill amortisation	605	-	-	-	605
Impairment	-	-	(15,559)	-	(15,559)
Other	3,250	-	(408)	-	2,842
Gift Aid	2,011	-	-	-	2,011
Surplus on disposal of housing fixed assets	-	-	-	3,917	3,917
	206,308	(18,397)	(152,543)	3,917	39,285
Non-social housing activities					
Market rented	1,230	-	(377)	(231)	622
Other non-social housing lettings	1,050	-	(1,032)	-	18
Commercial properties	244	-	(536)	-	(292)
	2,524	-	(1,945)	(231)	348
Total	208,832	(18,397)	(154,488)	3,686	39,633

Notes to the Financial Statements

3 Income and expenditure from lettings

Group and Association	General needs £'000	Supported housing and housing for older people £'000	Shared ownership £'000	2025 £'000	2024 £'000
Income from social housing lettings activities					
Rents receivable net of identifiable service charges	133,684	18,189	12,034	163,907	150,045
Service charges receivable	10,507	6,728	2,977	20,212	19,174
Amortisation of social housing grant	4,149	813	593	5,555	5,468
Other income	1,158	2,300	-	3,458	-
	149,498	28,030	15,604	193,132	174,687
Expenditure on social housing lettings activities					
Services	14,650	7,082	3,721	25,453	24,118
Management	44,679	1,455	485	46,619	37,296
Routine Maintenance	37,831	7,439	124	45,394	27,388
Planned maintenance	6,722	1,617	69	8,408	18,797
Major repairs	4,448	349	28	4,825	2,856
Rent losses from bad debts	1,038	26	1	1,065	1,119
Depreciation of housing properties	20,538	1,913	-	22,451	21,426
Write off of components	1,482	133	-	1,615	548
Impairment	-	-	-	-	68
Lease costs	163	27	-	190	198
Total expenditure on social housing lettings activities	131,551	20,041	4,428	156,020	133,814
Operating surplus from social housing lettings activities	17,947	7,989	11,176	37,112	40,873
Rent losses from voids	2,390	1,727	1,229	5,347	4,413

Notes to the Financial Statements

4 Units of stock

Group and Association	31 March 2025	Other movements	Re-classification	Sales	New development	1 April 2024
Social Housing: Owned and managed						
General needs: Social rent	13,471	(5)	-	(5)	4	13,477
General needs: Affordable rent	3,172	-	-	-	164	3,008
Intermediate rent	430	-	-	-	-	430
Supported housing: Social rent	297	11	37	-	-	249
Supported housing: Affordable rent	173	-	-	-	-	173
Shared ownership	2,065	-	-	(45)	239	1,871
Housing for older people	2,262	-	-	-	-	2,262
Temporary housing	38	-	-	-	-	38
	21,908	6	37	(50)	407	21,508
Social Housing: Managed not owned						
General needs: Social rent	308	47	-	-	-	261
Temporary housing	46	10	-	-	-	36
General needs: Affordable rent	1	(20)	-	-	-	21
	355	37	-	-	-	318
Social Housing: Owned and managed by others						
General Needs: Affordable rent	19	-	-	-	-	19
Supported Housing: Affordable rent	7	7	-	-	-	-
Supported housing: Social rent	325	(14)	(37)	(46)	-	422
Care homes	66	-	-	-	-	66
	417	(7)	(37)	(46)	-	507
Total social housing units owned and / or managed	22,680	36	-	(96)	407	22,333
Leaseholder properties	1,635	-	-	37	-	1,598
Non-Social Housing: Owned and managed						
Student accommodation	-	(20)	-	-	-	20
Market rent	117	-	-	-	-	117
Health worker accommodation	223	-	-	-	-	223
	340	(20)	-	-	-	360
Non-Social Housing: Managed not owned						
Market rent	-	(26)	-	-	-	26
Total Housing	24,655	(10)	-	(59)	407	24,317
Other						
Garages	1,967	(1)	-	-	8	1,960
Commercial	14	-	-	-	2	12

Notes to the Financial Statements

5 Operating surplus on ordinary activities before taxation

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Operating surplus on ordinary activities before taxation is after charging/(crediting):				
Amortisation of intangible fixed assets (note 13)	186	144	186	144
Depreciation of housing properties (note 3)	22,451	21,426	22,451	21,426
Write off of replaced components (note 3)	1,615	549	1,615	549
Depreciation of other tangible fixed assets (note 15)	2,800	2,776	2,800	2,776
Impairment charge (note 2/3)	6,810	15,627	6,810	15,627
Impairment (released) (note 2/3)	(1,586)	-	(1,586)	-
Amortisation of social housing grant (note 3)	(5,555)	(5,468)	(5,555)	(5,468)
Operating lease payments	379	631	379	631
Auditor's remuneration (excluding VAT):				
In their capacity as auditors	192	162	160	130
In respect of other services	-	-	-	-

6 Surplus on disposal of housing fixed assets

Group and Association	Shared ownership subsequent tranches £'000	Other sales £'000	Right to acquire sales £'000	Right to buy sales £'000	Total 2025 £'000	Total 2024 £'000
Proceeds of sale	9,275	1,060	1,120	163	11,618	8,738
Less: cost of sale	(5,586)	(311)	(341)	(186)	(6,424)	(4,670)
Grant recycled	(166)	(34)	(10)	-	(210)	(151)
Surplus	3,523	715	769	(23)	4,984	3,917

Notes to the Financial Statements

7 Directors and senior staff emoluments

The key management personnel are defined as the members of the Board and the Executive Directors (including the Chief Executive) as disclosed on page 4.

Aggregate Emoluments (including pension contributions and benefits in kind) in respect of services as directors:

Group and Association	2025 £'000	2024 £'000
Executive directors' emoluments	727	789
Executive directors' pension contributions or cash in lieu of payment	159	140
Non-Executive directors' emoluments	194	200
	1,080	1,129

	2025	2024
Emoluments paid to the highest paid Director (excluding pension contributions, but including benefits in kind)	227	219
Emoluments paid to the highest paid director (excluding pension contributions and national insurance) divided by the total social housing units owned and / or managed at 31 March	£10.00	£9.81
Emoluments paid to the executive directors (including pension contributions and national insurance) divided by the total social housing units owned and / or managed at 31 March	£46.63	£43.36 [1]

[1] The 2024 result excludes compensation for loss of office.

The highest paid director refers to the Michael McDonagh – Chief Executive (2024: Michael McDonagh - Chief Executive).

The Chief Executive was an ordinary member of a defined contribution pension on the same terms available to all staff. Pension contributions attributed to the Chief Executive were £60k (2024: £57k).

During the year the aggregate compensation for loss of office of key management personnel was £14k (2024: £85k).

The full time equivalent number of staff (including the executive directors) whose remuneration payable (including compensation for loss of office, benefits in kind and pension contributions) was between:

Group and Association	2025 number	2024 number
£60,000 to £70,000	33	15
£70,001 to £80,000	14	17
£80,001 to £90,000	14	5
£90,001 to £100,000	2	3
£100,001 to £110,000	4	4
£110,001 to £120,000	2	1
£120,001 to £130,000	1	1
£130,001 to £140,000	-	2
£140,001 to £150,000	-	2
£160,001 to £170,000	2	-
£170,001 to £180,000	-	-
£200,001 to £210,000	-	-
£210,001 to £220,000	-	-
£220,001 to £230,000	1	1
£270,001 to £280,000	-	1
£280,001 to £290,000	1	-
Total	74	52
Included above due to redundancy	2	3

Notes to the Financial Statements

8 Employee information

Group and Association	2025 £'000	2024 £'000
Staff costs including directors:		
Wages and salaries	29,106	25,540
Social security costs	2,908	2,604
Costs of defined contribution pension schemes	2,085	1,878
Pension deficit reduction charge	3,268	3,099
	37,367	33,121
Average number of full-time equivalent persons (including the directors) employed during the year:	**Number**	**Number**
Housing management and office staff	612	580
Direct labour organisation	69	45
New development and sales	36	35
	717	660

Wages and salaries costs includes a provision of £nil for restructuring costs (2023: £953k) (note 33).

The average number of full-time equivalent persons employed is calculated by comparing the contracted hours to a standard working week on a monthly basis.

9 Interest receivable and similar income

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Interest receivable and similar income	1,313	1,170	1,313	1,154

10 Interest payable and financing costs

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Interest payable on housing loans	29,094	35,269	29,094	35,269
Interest payable on private placements	10,942	112	10,942	112
Interest payable on bonds	17,154	15,666	-	-
Unwinding of the bond discount	1,866	498	1,866	498
Interest payable to group undertakings	-	-	17,154	15,666
Interest payable relating to pensions	593	593	593	593
Interest on swap contracts	(3,700)	(4,117)	(3,700)	(4,117)
Interest payable on Recycled Capital Grant Fund	113	234	113	234
FRS effective interest rate adjustment	93	213	93	213
Amortisation of swap inception	(198)	(154)	(198)	(154)
Amortisation of cancelled swap reserves	113	113	113	113
Amortisation of fees and costs	1,158	1,054	1,158	1,054
	57,228	49,481	57,228	49,481
Less: Capitalised	(13,205)	(8,654)	(13,205)	(8,654)
	44,023	40,827	44,023	40,827
Non-cash accounting transactions under FRS102 included above	3,032	1,724	3,032	1,724

Interest rates charged on housing loans varied between 4.58% and 10.62% including lending margins.

Interest was capitalised on properties under construction using a rate of 5.81% (2024: 4.00%)

Notes to the Financial Statements

11 Taxation

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
UK corporation tax				
Current tax (credit) / charge	(797)	1,209	19	393
Adjustment for the prior period	-	(103)	-	(103)
Tax (credit) / charge on surplus on ordinary activities	(797)	1,106	19	290
Current tax reconciliation				
Surplus on ordinary activities before tax	2,579	6,960	6,150	8,834
Tax charge at 25%	645	1,740	1,537	2,209
Less tax on exempt charitable activities	(626)	(531)	(1,518)	(1,816)
Tax (credit)	(816)	-	-	-
	(797)	1,209	19	393

12 Negative goodwill

Group and Association	2025 £'000	2024 £'000
At 1 April 2024	4,836	5,441
Amortisation of goodwill	(611)	(605)
At 31 March 2025	4,225	4,836

Negative goodwill arose when the fair value of assets arising from the acquisition of a business was in excess of the fair value of the consideration given. An amount equal to the fair value of the non-monetary assets acquired is being released to the profit and loss account commensurately with the recovery of the non-monetary assets acquired, whether through depreciation or sale.

13 Intangible fixed assets

Group and Association	Total £'000
Cost	
At 1 April 2024	865
Additions	247
Disposals	(432)
At 31 March 2025	680
Amortisation	
At 1 April 2024	491
Charge for the year	186
Eliminated on disposal	(364)
At 31 March 2025	313
Net book value	
At 31 March 2025	367
At 31 March 2024	374

Notes to the Financial Statements

14 Tangible fixed assets: Housing properties

Group	Housing properties held for letting £'000	Housing properties in the course of construction £'000	Completed shared ownership housing properties £'000	Shared ownership in the course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2024	1,883,191	208,338	268,072	105,971	2,465,572
Additions	-	79,996	-	18,479	98,475
Capitalised interest	-	7,937	-	5,268	13,205
Transfers and adjustments	(1,198)	13,071	654	(11,747)	780
Disposals	(739)	-	(5,642)	-	(6,381)
Abortive costs	-	(73)	-	(1)	(74)
Component replacement	28,616	-	-	-	28,616
Components written off	(4,535)	-	-	-	(4,535)
Schemes completed	43,097	(43,097)	51,711	(51,711)	-
At 31 March 2025	1,948,432	266,172	314,795	66,259	2,595,658
Depreciation					
At 1 April 2024	216,437	-	3,106	-	219,543
Charge for the year	22,451	-	-	-	22,451
Components written off	(2,921)	-	-	-	(2,921)
Eliminated on disposal	(95)	-	(87)	-	(182)
Transfers and adjustments	(64)	-	-	-	(64)
At 31 March 2025	235,808	-	3,019	-	238,827
Impairment					
At 1 April 2024	3,871	12,192	-	1,581	17,644
Charge / (release) for the year	(326)	2,822	-	(1,581)	915
At 31 March 2025	3,545	15,014	-	-	18,559
Net book value					
At 31 March 2025	1,709,075	251,158	311,776	66,259	2,338,272
At 31 March 2024	1,662,883	196,146	264,966	104,390	2,228,385

Notes to the Financial Statements

Tangible fixed assets: Housing properties (continued)

Association	Housing properties held for letting £'000	Housing properties in the course of construction £'000	Completed shared ownership housing properties £'000	Shared ownership in the course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2024	1,884,127	217,989	268,072	108,188	2,478,376
Additions	-	82,639	-	19,090	101,729
Capitalised interest	-	7,937	-	5,268	13,205
Transfers and adjustments	(1,198)	13,071	654	(11,747)	780
Disposals	(739)	-	(5,642)	-	(6,381)
Abortive costs	-	(73)	-	(1)	(74)
Component replacement	28,616	-	-	-	28,616
Components written off	(4,535)	-	-	-	(4,535)
Schemes completed	43,097	(43,097)	51,711	(51,711)	-
At 31 March 2025	1,949,368	278,466	314,795	69,087	2,611,716
Depreciation					
At 1 April 2024	215,212	-	3,106	-	218,318
Charge for the year	22,451	-	-	-	22,451
Components written off	(2,921)	-	-	-	(2,921)
Eliminated on disposal	(95)	-	(87)	-	(182)
Transfers and adjustments	(61)	-	-	-	(61)
At 31 March 2025	234,584	-	3,019	-	237,603
Impairment					
At 1 April 2024	3,871	12,192	-	1,581	17,644
Charge / (release) for the year	(326)	2,822	-	(1,581)	915
At 31 March 2025	3,545	15,014	-	-	18,559
Net book value					
At 31 March 2025	1,711,239	263,452	311,776	69,087	2,355,554
At 31 March 2024	1,665,044	205,797	264,966	106,607	2,242,414

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
The net book value of housing properties may be further analysed:				
Freehold	2,036,754	1,943,835	2,054,037	1,957,864
Long leaseholds	300,523	283,512	300,523	283,512
Short leaseholds	991	1,038	991	1,038
	2,338,268	2,228,385	2,355,551	2,242,414

Notes to the Financial Statements

Tangible fixed assets: Housing properties (continued)

Group and Association	2025 £'000	2024 £'000
Work to properties:		
Improvements to existing properties capitalised	28,616	15,530
Planned maintenance and major works expenditure included in the Statement of Comprehensive Income (note 3)	13,233	21,653

Interest capitalisation:		
Interest capitalised in the year	13,205	8,653
Cumulative interest capitalised	64,767	51,562
Rate used for capitalisation	5.81%	4.1%

16,790 properties (2024:16,014) have been pledged to secure borrowings of the Group. The Group is not permitted to pledge these assets as security for other borrowings or to sell them to another entity without the prior consent of the relevant lender.

15 Tangible fixed assets: Other

Group and Association	Freehold offices £'000	Fixtures, fittings and equipment £'000	IT and other equipment £'000	Total £'000
Cost				
At 1 April 2024	10,984	20,533	3,555	35,072
Additions	34	2,137	353	2,524
Disposals	-	-	(1,006)	(1,006)
At 31 March 2025	11,018	22,670	2,902	36,590
Depreciation				
At 1 April 2024	2,253	6,151	2,424	10,828
Charge for the year	175	2,170	455	2,800
Eliminated on disposal	-	-	(1,005)	(1,005)
At 31 March 2025	2,428	8,321	1,874	12,623
Net book value				
At 31 March 2025	8,590	14,349	1,028	23,967
At 31 March 2024	8,731	14,382	1,131	24,244

Notes to the Financial Statements

16 Investment properties

	Market Rented		Commercial		Total
Group and Association	**Completed £'000**	**Under construction £'000**	**Completed £'000**	**Under construction £'000**	**£'000**
At 1 April 2024	20,242	-	2,960	2,339	25,541
Transfers and reclassification	-	-	748	(748)	-
Additions	323	-	-	1,139	1,462
Movement in fair value	85	-	554	-	639
At 31 March 2025	20,650	-	4,262	2,730	27,642

Commercial properties were revalued at 31 March 2025 by capitalising the current market rents of each property.

Market rent properties, which are all freehold or long leasehold, were revalued at 31 March 2025 by applying the change in house price index to each property using the 2023 valuation by Savills as the base year.

17 Investments

Group and Association	**2025 £'000**	**2024 £'000**
Other loans	73	138
	73	138

The other loans relate to a mortgage provided to an NHS Trust as part of joint partnership arrangements. They are measured at fair value with the future cash receipts discounted to net present value.

18 Investments in subsidiaries

Association	**2025 £'000**	**2024 £'000**
Cost at 1 April and 31 March	13	13
	13	13

Details of subsidiary undertaking and joint venture companies:

Name	Type	Nature of business	Interest
Asra Construction Services Limited	Private company limited by shares	Design and build services	Consolidated subsidiary
Paragon Development and Construction Services Limited	Private company limited by shares	Design and build services	Consolidated subsidiary
Paragon Treasury Limited	Public Limited Company	Group borrowing vehicle	Consolidated subsidiary
Sandy Hill (Woolwich) Limited	Private company limited by shares	Dormant	Consolidated subsidiary
Newlight Properties Limited	Private company limited by shares	Dormant	Consolidated subsidiary
Franklands Park Limited	Private company limited by guarantee	Management Services	Unconsolidated joint venture

Notes to the Financial Statements

19 Stock and work in progress

Group	Shared Ownership		Commercial		Land	Total
	Completed £'000	Under construction £'000	Completed £'000	Under construction £'000	Completed £'000	£'000
At 1 April 2024	9,125	50,650	-	600	10,418	70,793
Additions	-	3,859	-	1,032	-	4,891
Completed	23,752	(23,752)	1,479	(1,479)	-	-
Cost of properties sold	(17,502)	-	(1,479)	-	-	(18,981)
Reclassification	(841)	-	-	-	-	(841)
Impairment	-	(4,155)	-	(153)	-	(4,308)
At 31 March 2025	14,534	26,602	-	-	10,418	51,554
Total impairment c/f	-	8,920	-	168	-	9,088

Association	Shared Ownership		Commercial		Land	Total
	Completed £'000	Under construction £'000	Completed £'000	Under construction £'000	Completed £'000	£'000
At 1 April 2024	9,125	50,650	-	600	-	60,375
Additions	-	3,859	-	1,032	-	4,891
Completed	23,752	(23,752)	1,479	(1,479)	-	-
Cost of properties sold	(17,502)	-	(1,479)	-	-	(18,981)
Reclassification	(841)	-	-	-	-	(841)
Impairment	-	(4,155)	-	(153)	-	(4,308)
At 31 March 2025	14,534	26,602	-	-	-	41,136
Total impairment c/f	-	8,920	-	168	-	9,088

Notes to the Financial Statements

20 Debtors

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Due within one year:				
Rent and service charge arrears	10,853	10,747	10,853	10,747
Less: provision for bad debts	(7,123)	(6,293)	(7,123)	(6,293)
	3,730	4,454	3,730	4,454
Other debtors	3,095	1,739	3,095	1,656
VAT debtor	706	1,127	483	166
Employee loans	146	140	146	140
Prepayments and accrued income	4,165	3,304	4,165	3,304
Bond discount	28,226	30,093	28,226	30,093
Derivative financial instruments (note 27)	864	1,226	864	1,226
Due after more than one year:				
Derivative financial instruments (note 27)	282	-	282	-
	41,214	42,083	40,991	41,039

The recoverable amount of debtors and other trade receivables is equivalent to the cash amount.

21 Creditors: amounts falling due within one year

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Loans and borrowings (note 26)	13,474	29,229	13,474	29,229
Trade creditors	5,697	5,407	4,805	2,916
Corporation tax	19	1,209	19	392
Taxation and social security	732	658	732	658
Accruals and deferred income	36,999	46,990	26,517	33,895
Recycled capital grant fund (note 24)	1,368	2,514	1,368	2,514
Pension deficit contributions	115	113	115	113
Deferred capital grant	5,568	5,778	5,568	5,778
Amounts owed to Group undertakings	-	-	2,457	6,159
Other creditors	465	297	465	297
Rent and service charges received in advance	7,235	6,744	7,235	6,744
Interest rate swaps (note 28)	-	-	-	-
	71,672	98,939	62,755	88,695

The average time taken to pay trade creditors is 48 days (2024: 36 days).

22 Creditors: amounts falling due after more than one year

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Loans and borrowings (note 26)	1,283,697	1,278,265	1,283,697	1,278,265
Pension deficit contributions (note 34)	407	480	407	480
Recycled capital grant fund (note 24)	1,508	2,901	1,508	2,901
Deferred capital grant	498,261	493,524	498,261	493,524
Amounts held on behalf of leaseholders	8,607	7,541	8,607	7,541
Other creditors	110	640	110	640
Derivative financial instruments (note 27)	2,039	6,596	2,039	6,596
	1,794,628	1,789,947	1,794,628	1,789,947

23 Deferred Capital Grant

Group and Association	2025 £'000	2024 £'000
Gross grant		
At 1 April 2024	600,500	539,381
Grants received during the year	7,230	55,573
Grants recycled	(1,071)	(674)
Grants utilised	3,723	6,161
Other movements	-	59
At 31 March 2025	610,382	600,500
Amortisation		
At 1 April 2024	101,198	95,816
Released to income	5,561	5,533
Released on disposal	(210)	(151)
At 31 March 2025	106,549	101,198
Net book value	503,833	499,302

Deferred capital grants were government grants received from Homes England and predecessor organisations and other local authorities.

24 Recycled Capital Grant Fund

Group and Association	2025 £'000	2024 £'000
At 1 April 2024	5,415	10,668
Grants recycled	1,071	674
Interest accrued	113	234
Allocated to new build developments	(3,723)	(6,161)
At 31 March 2025	2,876	5,415
Amounts included where repayment may be required within one year	1,368	2,514

Notes to the Financial Statements

25 Loans and borrowings

Maturity of debt: Group and Association	2025 £'000	2024 £'000
Bank Loans		
Between one year and two years	168,265	43,146
Between two years and five years	114,101	285,176
In more than five years	149,404	150,594
Total (note 22)	431,770	478,916
In one year or less, or on demand (note 21)	6,146	28,856
	437,916	507,772
Other loans		
Between one year and two years	363	7,327
Between two years and five years	1,343	1,212
In more than five years	6,886	7,381
Total (note 22)	8,592	15,920
In one year or less, or on demand (note 21)	7,328	372
	15,920	16,292
Bonds and private placement		
In more than five years	850,000	790,000
Total (note 22)	850,000	790,000
Total loans and borrowings	1,303,836	1,314,064
Loan issue costs	(6,665)	(6,571)
Total loans and borrowings	1,297,171	1,307,493

Net debt at 31 March 2025 was £1,247m (2024: £1,144m) after adjusting for bond discount / premium of £28m debit (2024: £30m debit) and deducting liquid asset balances held of £22m (2024: £132m).

The Group has committed borrowing facilities of £1,666m (2024: £1,802m) primarily raised through the debt and capital markets. As at 31 March 2025, £1,304m (2023: £1,314m) was drawn.

Loans are secured by specific charges on housing properties granted to the relevant lenders.

At 31 March 2025 undrawn committed loan facilities were £362m (2024: £488m). Cash balances excluding cash held on behalf of others are £11m and total liquidity is £373m. Of the drawn loan facilities, £1,186m (91 per cent) (2024: £1,131m, 86 per cent) was borrowed at fixed rates including the effect of interest rate swaps as detailed in note 28.

The weighted average interest rate of outstanding borrowings at close of the year was 4.3% (2024: 4.2%).

26 Financial Instruments

The carrying values of the financial assets and liabilities are summarised by category below:

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Financial Assets				
Measured at fair value through the Statement of Comprehensive Income:				
- Cash and cash equivalents	22,117	133,327	21,021	132,225
Measured at discounted amount receivable:				
- Investments (note 17)	73	138	73	138
Measured at undiscounted amount receivable:				
- Rent arrears and other debtors (note 20)	11,842	10,765	11,619	9,720
Measured at amortised cost:				
- Bond discount (note 20)	28,226	30,093	28,226	30,093
Measured at fair value and designated in a hedging relationship (note 27)	1,145	1,226	1,145	1,226
Total	63,404	175,549	62,085	173,771

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Financial liabilities				
Measured at fair value and designated in a hedging relationship (note 27)	2,039	6,596	2,039	6,596
Financial liabilities measured at fair value	1,801,000	1,806,796	1,801,000	1,806,796
Financial liabilities measured at fair value through the Statement of Comprehensive Income	62,510	73,627	53,592	64,200
Total	1,865,549	1,887,019	1,856,631	1,877,592

Financial assets comprise cash and cash equivalents, tenant debtors, amounts owed by Group undertakings and other debtors. Financial liabilities comprise bank loans, trade creditors, accruals, amounts owed to Group undertakings, sinking fund balances, taxation and social security and other creditors.

Financial assets and liabilities measured at amortised cost comprise housing loans and bond issuance.

PA Housing's objectives, policies and processes for managing capital are included in the Report of the Board of management.

Risks arising on financial instruments

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and market risk.

Credit risk

Credit risk is managed by the treasury team in accordance with the Board approved treasury management policy. The security of principal sums invested ranks above seeking the highest possible return on the investment. Surplus funds are invested only with approved counterparties that meet minimum credit rating thresholds detailed in the treasury management policy, with maximum exposure levels set for each counterparty.

Housing loans are secured by specific charges on housing properties and are repayable at varying rates of interest.

Financial Instruments (continued)

Liquidity risk

Liquidity risk is managed by the treasury team in accordance with the Board approved treasury management policy. The policy requires that sufficient cash balances be maintained to cover the next two months' net cash requirement and sufficient liquidity to cover the next 18 months' net liquidity requirement. Action is taken to re[plenish liquidity once it is insufficient to cover the next 24 months' net liquidity requirement.

The treasury team monitors available liquidity resources on an ongoing basis to ensure compliance with liquidity policy goals as well as the longer-term growth aspirations of the business. Apart from working capital and capital expenditure requirements, the nature of the Group's debt portfolio requires regular repayments of bank term loan principal to certain lenders. PA Housing has sufficient financial resources to make these repayments, and therefore the risk of being unable to meet financial obligations to these lenders is low.

The maturity profile of debt is structured to reflect the long-term nature of the assets and to achieve a balanced profile of scheduled repayments of loan principal. As at 31 March 2025 65% (2024: 72%) of borrowings were due to mature in more than five years.

Interest rate risk

Operations are financed through a mixture of retained reserves, government grants, and other public subsidies to support development activities and loan borrowings.

The interest rate strategy is reviewed annually and aims to achieve a conservative balance between fixed and variable debt at an acceptable level of risk and cost.

Covenant compliance and sensitivity analysis of interest rates are monitored regularly.

Market risk

The treasury management function is responsible for developing and implementing an appropriate financial strategy to ensure the business holds the required level of liquidity to fund its capital investment programme and day-to-day operating activities.

Close monitoring of financial covenants against the business plan to assess risk scenarios is conducted on a regular basis.

Disaggregation of the Statement of Financial Position

Given the nature of the Group's operations the key assets are housing properties and stocks. These assets are linked to the loans and borrowings, as they are secured against these financial liabilities (note 25).

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group 2025	Group 2024	Association 2025	Association 2024
	£'000	£'000	£'000	£'000
Interest income and expense				
Total interest income for financial assets at amortised cost	1,313	1,170	1,296	1,154
Total interest expense for financial liabilities at amortised cost	44,023	(40,827)	44,023	(40,827)
Fair value gains and losses				
On financial assets (including listed investments) measured at fair value:				
Gain on fair value of financial instruments	1,469	1,256	1,469	1,256
Other Gain/ (loss)	6	(8)	6	(8)
	1,475	1,248	1,475	1,248
Gain on fair value of hedged financial instruments	2,923	2,540	2,923	2,540

Notes to the Financial Statements

27 Derivative Financial Instruments

Group and Association	Current 2025 £'000	Current 2024 £'000	Non-Current 2025 £'000	Non-Current 2024 £'000
Derivatives that are designated and effective as hedging instruments carried at fair value				
Asset				
Interest rate swaps	-	-	9,572	6,564
Derivatives that are non-hedged instruments carried at fair value				
Asset / (Liability)				
Interest rate swaps – callable by counterparty	864	-	282	1,226
Interest rate swaps - vanilla			(11,611)	(13,160)
	864	-	(11,329)	(11,934)
	864	-	(1,757)	(5,370)

Interest rate swaps are valued at present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Interest Rate Swap Contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at 31 March:

Interest rate swap contracts designated as hedges of variable interest rate risk recognised financial liabilities

Outstanding receive floating rate pay fixed contracts

	Average contract fixed interest rate		Notional principal value		Fair value effective hedges		Fair value ineffective hedges	
	2025	2024	2025	2024	2025	2024	2025	2024
	%	%	£'000	£'000	£'000	£'000	£'000	£'000
0 - 1 years		-		-		-		-
1 - 5 years	4.84	4.84	10,000	10,000	117	321	(193)	(414)
Over 5 years	4.53	4.47	90,000	100,000	9,455	6,243	(11,418)	(12,746)
At 31 March	4.56	4.50	100,000	110,000	9,572	6,564	(11,611)	(13,160)

Callable interest rate swap contracts recognised financial (liability) / asset

	Average contract fixed interest rate		Notional principal value		Fair value ineffective	
	2025	2024	2025	2024	2025	2024
	%	%	£'000	£'000	£'000	£'000
0 - 1 years	-	-	-	-	-	-
1 - 5 years	2.86	2.90	160,000	150,000	1,145	1,226
Over 5 years	-	-	-	-		-
At 31 March	2.86	2.90	160,000	150,000	1,145	1,226

Notes to the Financial Statements

Derivative Financial Instruments (continued)

The Group has four callable interest rate swaps maturing over 2031-34, each of which was renegotiated during the year and are now callable by their respective counterparty on a once-only basis during 2025 and 2026. As at the year-end date the overall derivatives portfolio comprised seven Vanilla interest rate swaps in a notional amount of £100m (2024: £110m) and four Callable interest rate swaps in a notional amount of £160m (2024: £150m) at a blended 'strike' rate of 3.51% (2024: 3.58%). The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three-month SONIA. The difference between the fixed and floating interest rates are settled on a net basis. The Vanilla £100m interest rate swap contracts are designated as hedges against variable rate interest rate risk associated with the Group's floating rate borrowings in accordance with FRS102, with varying degrees of effectiveness. The estimated present value of the future cashflows determines the recorded current (liability)/asset value of the swaps.

A gain of £2,923k (2024: gain £2,540k) was recognised in other comprehensive income representing the effective components of the swaps. The ineffective components, representing the excess of the fair value of hedging instruments over the change in the fair value of expected cash flows, totalled a gain of £1,475k in aggregate (2024: gain £1,248k) and were recognised in surplus or deficit.

As at 31 March 2025 the Group had seven (2024: eight) cash flow hedges and four further interest rate swaps callable by the counterparty which do not qualify for hedge accounting (2024: three). The hedge relationships are consistent with the Group's risk management objectives for undertaking hedges

The Group considers that an economic relationship exists between the hedging instrument (interest rate swap) and the hedged item (floating rate loan) in that the values of the hedged item and hedging instrument are expected typically to move in opposite directions in response to movements in the same risk, the hedged risk, over the life of the hedge.

The objective of the hedge is to mitigate the changes in future cash flows stemming from the inherent variability in the floating rate interest payments due under the relevant floating rate loan.

In accordance with chapter 12 of FRS 102, hedge accounting has been applied to the following swap contracts:

	2025	2024
Liability	**£'000**	**£'000**
Santander £10m 4.84% 25 June 2026	(76)	(93)
Lloyds £20m 4.48% 26 February 2032	(440)	(998)
Lloyds £10m 4.70% 5 October 2032	(370)	(699)
Lloyds £20m 4.79% 4 January 2036	(931)	(1,961)
Lloyds £15m 4.39% 5 November 2037	(98)	(978)
Santander £10m 4.32% 4 July 2038	24	(593)
Lloyds £15m 4.44% 13 May 2038	(148)	(1,077)
RBS £10m 3.90% 4 October 2050	0	(197)
	(2,039)	(6,596)

The following swap contracts do not qualify for hedge accounting

	2025	2024
Asset	**£'000**	**£'000**
NatWest £50m 2.94 % 17 November 2032	323	573
NatWest £50m 2.75% 1 September 2034	359	236
NatWest £50m 3.002 % 17 November 2032	181	416
Natwest £10m 2.217% 21 November 2031	282	0
	1,145	1,225

Notes to the Financial Statements

28 Cash flow from operating activities

Group	2025 £'000	2024 £'000
Surplus / (deficit) for the financial year	3,376	(2,156)
Adjustments for non-cash items:		
Net fair value gain recognised in the SoCI	(1,634)	(1,666)
Change in value of investment properties	(639)	231
Depreciation charge on other fixed assets	2,800	2,776
Depreciation charge on housing properties	22,451	21,426
Write off of components	1,614	549
Impairment	5,223	15,627
Amortisation of grant on housing properties	(5,561)	(5,533)
Amortisation negative goodwill	(611)	(605)
Amortisation of intangible fixed assets	186	144
Adjustment for pension funding	(5,153)	2,449
Decrease / (Increase) in debtors	869	(30,424)
(Decrease) in creditors	(6,513)	(20,507)
Decrease in stock	14,931	1,284
Transfers / adjustments to stock	530	176
Other provisions	(83)	(3,083)
Grant received (non-cash)	-	(59)
Movement in investments	(65)	(75)
Adjustment for investing or financing activities		
(Surplus) on sale of tangible fixed assets	(4,984)	(3,917)
Loss on disposal of other fixed assets	68	383
Interest payable	40,992	40,827
Interest receivable	(1,313)	(1,170)
Loan arrangement fees	(522)	(3,163)
Taxation	(1,190)	1,106
Net cash generated from operating activities	64,772	14,620

29 Reconciliation of net cash flow to movement in net debt

Group	2025 £'000	2024 £'000
Decrease / (increase) in cash in the year	111,210	(104,790)
Other changes (note 30)	2,294	(30,925)
Loans and bond finance received	118,000	506,000
Loans repaid	(128,229)	(277,820)
Loan arrangement fees	(522)	(3,163)
Change in net debt	102,753	89,302
Net debt at 1 April	1,144,073	1,054,771
Net debt at 31 March	1,246,826	1,144,073

Notes to the Financial Statements

30 Analysis of changes in net debt

	At beginning of the year £'000	Cash Flows £'000	Other Changes £'000	At the end of the year £'000
Cash at bank and short term investments	(133,327)	111,210	-	(22,117)
Housing loans due within one year	29,229	(15,755)	-	13,474
Housing loans due after one year	494,836	(54,474)	-	440,362
Bond and private placement finance	790,000	60,000	-	850,000
Loan and bond arrangement fees	(6,571)	(522)	427	(6,666)
Bond (premium)	(30,093)	-	1,867	(28,227)
	1,144,074	100,459	2,294	1,246,826

31 Called up share capital

Association	2025 Number	2024 Number
Allotted, issued and fully paid:		
At 1 April	13	13
Allotted during the year	1	5
Cancelled during the year	-	(5)
At 31 March	14	13

The shares of the Association, each of £1 nominal value, carry no rights to a dividend or provision for redemption or a distribution on winding up. The members are entitled to a vote at annual and special meetings of the Association. One of the five shares reported as cancelled in 2024 was cancelled in January 2023.

32 Provisions

Group and Association	Re-structuring £'000
Balance at 1 April 2024	83
Provisions utilised during the year	(83)
Balance at 31 March 2025	-

Notes to the Financial Statements

33 Pension Schemes

The Group participates in the defined contribution pension scheme of the Social Housing Pension Scheme and has previously participated in defined benefit pension schemes which are now closed to new members.

No liability is provided for the impact of McCloud or GMP rulings for historic transfers on the grounds of materiality.

Summary statement of pension scheme disclosures: Defined Benefit	**2025**	**2024**
Group and Association	**£'000**	**£'000**
Creditors due within one year – Net Present Value of obligation		
Defined Benefit – Surrey County Council (Elmbridge Borough Council)	115	113
Creditors due after more than one year – Net Present Value of obligation		
Defined Benefit – Surrey County Council (Elmbridge Borough Council)	407	480
Pension Liability		
Defined Benefit – Social Housing Pension Scheme	9,231	13,124
Statement of Comprehensive Income		
Finance Costs:		
Social Housing Pension Scheme - Net Interest Cost	565	568
Surrey County Council (Elmbridge Borough Council) - Finance Cost	28	25
	593	593
Operating Costs:		
Social Housing Pension Scheme - Expenses	70	68
Surrey County Council (Elmbridge Borough Council) - Operating Cost	14	28
	84	96
Other Comprehensive Income		
Social Housing Pension Scheme – Actuarial gain / (loss)	1,260	(2,456)

Notes to the Financial Statements

33a Defined Contribution Scheme

The Group participates in the defined contribution schemes of the Social Housing Pension Scheme (SHPS) and Aegon which all colleagues are eligible to join. SHPS is also used as the Auto Enrolment scheme for colleagues. Members contribute a minimum of 3% of salary and the employer contributes twice the member rate up to a maximum of 10%.

Group and Association	2025 £'000	2024 £'000
Contributions	2,085	1,878

33b Defined Benefit Scheme: Surrey County Council Pension Fund (Elmbridge Borough Council) (Closed to New members)

Under the terms of the transfer agreement with Elmbridge Borough Council (EBC), PA Housing makes additional payments each year for its contribution to the past service deficit at 31 March 1998.

Payments are adjusted annually on 1 April in line with the increase specified in the Pensions Increase (Review) Order and are payable until March 2030. Contributions paid in the year were £115k (2024: £113k) By making these payments to EBC the Council accepts responsibility for meeting PA Housing's payments due to the Pension Fund in respect of that past service deficit.

As PA Housing has agreed to a payment to EBC to contribute to funding the deficit PA Housing recognised 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 unwinding of the discount rate is recognised as a finance cost.

Reconciliation of opening and closing creditors **Group and Association**	**2025** **£'000**	**2024** **£'000**
At 1 April	593	646
Contributions paid	(113)	(106)
Operating charge	14	28
Finance charge	28	25
At 31 March	522	593
Net Present Value of creditor		
Due within one year	115	113
Due after more than one year	407	480
	522	593

Assumptions	2025 % per annum	2024 % per annum
Rate of discount	4.18	4.88

33c Defined Benefit Scheme: Social Housing Pension Scheme (Closed to new members)

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 inclusive.

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

	2025 £'000	2024 £'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	69,875	71,496
Expenses	70	68
Interest cost on defined benefit obligations	3,345	3,413
Actuarial (gains)	(6,172)	(1,880)
Benefits paid and expenses	(3,219)	(3,222)
At the end of the year	63,899	69,875
Reconciliation of fair value of plan assets		
At the beginning of the year	56,751	58,365
Interest income on plan assets	2,780	2,845
Experience on plan assets excluding amounts included in net interest - (loss)	(4,912)	(4,336)
Employer contributions	3,268	3,099
Benefits paid	(3,219)	(3,222)
At the end of the year	54,668	56,751

Notes to the Financial Statements

33c Defined Benefit Scheme: Social Housing Pension Scheme (Closed to new members) (continued)

Composition of plan assets	2025 £'000	2024 £'000
Global equity	6,124	5,655
Absolute return	-	2,216
Distressed opportunities	-	2,001
Credit relative value	-	1,859
Alternative risk premia	-	1,801
Liquid alternatives	10,137	-
Emerging markets debt	-	734
Risk sharing	-	3,322
Insurance linked securities	169	293
Property	2,738	2,279
Infrastructure	9	5,733
Private equity	48	46
Real assets	6,545	-
Private debt	-	2,233
Opportunistic illiquid credit	-	2,218
Private credit	6,691	-
Credit	2,091	-
Investment grade credit	1,683	-
High yield	-	9
Cash	742	1,120
Long lease property	16	367
Secured income	912	1,695
Liability driven investment	16,557	23,096
Currency hedging	88	(23)
Net current assets	118	97
Total plan assets	54,668	56,751

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by the employer.

Principal actuarial assumptions used at the reporting date	2025 % pa	2024 % pa
Discount rate	5.82	4.90
Inflation (RPI)	3.10	3.15
Inflation (CPI)	2.79	2.78
Salary growth	3.79	3.78
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Mortality assumptions adopted at 31 March 2025 imply the following life expectancies at age 65:	Males (years)	Females (years)
Retiring in 2025	20.5	23.0
Retiring in 2045	21.7	24.5

Notes to the Financial Statements

33c Defined Benefit Scheme: Social Housing Pension Scheme (Closed to new members) (continued)

	2025 £'000	2024 £'000
Present values of defined benefit obligation, fair value of assets and defined benefit liability		
Fair value of plan assets	54,668	56,751
Present value of plan liabilities	(63,899)	(69,875)
Net pension scheme (liability)	(9,231)	(13,124)
Amounts recognised in the Statement of Comprehensive Income		
Net interest expense	565	568
Expenses	70	68
Defined benefit costs recognised in the Statement of Comprehensive Income	635	636
Analysis of actuarial (loss) / gain recognised in Other Comprehensive Income		
Experience on plan assets excluding amounts included in net interest – (loss)	(4,912)	(4,336)
Experience on the plan liabilities – (loss) / gain	(1,665)	896
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	-	787
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	7,837	197
Total amount recognised in Other Comprehensive Income – gain / (loss)	1,260	(2,456)

PA Housing was notified in 2021/22 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2025. We understand that this process is still ongoing at 31 March 2025 and no conclusions have yet been reached. It is estimated that this could potentially increase the value of entire scheme liabilities for all employers by £155m. It is noted that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

PA Housing is aware of the June 2023 High Court judgement in the case of Virgin Media vs NTL Pension Trustees II Limited, and that in July 2024 the Court of Appeal dismissed the appeal brought by Virgin Media against aspects of the High Court's decision. This judgement may have significant implications for defined benefit schemes that were "contracted out" between April 1997 and April 2016. The Association understands that this will be affected by questions which, in February and March 2025, were put to the High Court in the case of Verity Trustees Limited v Wood and others, with the outcome expected later in 2025. At this point in time it is unclear whether there could be an impact for the Association's schemes and therefore a sufficiently reliable estimate of any effect on the obligation cannot be made. Thus the defined benefit obligation for the scheme has been calculated on the basis of the pension benefits currently being administered.

34 Operating lease obligations

At 31 March the Group was committed to non-cancellable operating lease minimum future payments for each of the following periods:

	Land and buildings	
Group and Association	**2025 £'000**	**2024 £'000**
Operating leases which expire:		
Less than 1 year	312	357
Within 1 to 5 years	833	935
After 5 years	780	997
	1,925	2,289

35 Capital Commitments

	Group and Association 2025 £'000	Group and Association 2024 £'000
Expenditure contracted for but not provided in the financial statements	68,890	146,528
Expenditure authorised by Board but not contracted for	69,355	70,127
	138,245	216,655

Commitments will be funded by cash reserves, the drawdown of existing loan facilities and Social Housing Grant.

36 Contingent Liabilities

PA Housing receives grant from Homes England and from the Greater London Authority, which is used to fund the acquisition and development of housing properties and their components.

The grants are accounted as deferred income and amortised to the Statement of Comprehensive Income over the life of the asset. The amount amortised represents a contingent liability and will be recognised as a liability when the properties funded by grant are disposed or when the properties cease to be funded by social housing. Grants amortised to date at 31 March 2025 are £103.6m (2024: £101.2m).

PA Housing has acquired properties where the grant is considered to be part of the acquisition cost and is not accounted for separately in the statement of financial position. This contingent liability will be realised if the assets to which the grant relates are disposed. At 31 March this contingent liability is £10.1m (2024: £10.1m)

A commercial property lease ending in September 2027 was reassigned to a third party, as part of the agreement PA Housing has provided a guarantee to the landlord to take on the financial obligations of the lease in the event of the new tenant defaulting on their obligation.

Notes to the Financial Statements

37 Related Party Transactions

Other related parties

Key management personnel are the Executive Management Team and the non-executive Board members.

Two non-executive Board members are residents of PA Housing. All transactions are carried out on an arms length basis on normal terms and the members do not participate in decisions that could result in a conflict of interest. Transactions during the year were:

- Leaseholder – Service charges of £2,539 were charged in the year (2024: £2,224) with a £3 balance at 31 March 2025 (2023: nil).
- Social rented tenant - Rents of £5,048 (2024: £4,687) were charged in the year with a credit balance of £214 at 31 March 2024 (2024: credit balance £174).

The Pension Trust, as administrator of the Social Housing Pension Scheme is a related party. Transactions are as set out in note 33.

Remuneration paid to non-executive Board members is disclosed in the Corporate Governance section of the Financial Statements.

Remuneration paid to the Executive Management Team is disclosed in note 7 of the Financial Statements.

There have been no other transactions between PA Housing and key management personnel (including their related parties) during the year.

Transactions with non-regulated entities

Asra Construction Services Limited (ACSL) and Paragon Development and Construction Services Limited (PDCSL) provide design and build development services to PA Housing. They are not registered providers and are therefore classified by the Regulator of Social Housing as non-regulated entities.

Service Level and Framework Agreements are in place between PA Housing and, ACSL and PDCSL. Development services are provided by ACSL and PDCSL to PA Housing. Finance services are provided by PA Housing. These are recharged by PA Housing at cost with an appropriate transfer pricing mark-up applied.

ACSL and PDCSL recharge PA Housing with design and build costs for development services carried out. ACSL and PDCSL have no employees.

Paragon Treasury Plc (PTP) has secured funding through the capital markets and on-lends these funds to PA Housing. All intra-group transactions have taken place in the normal course of business.

Aggregate costs recharged for the year ended 31 March 2025 are as follows:

	2025				2024			
	ACSL	**PDCSL**	**PTP**	**PAH**	**ACSL**	**PDCSL**	**PTP**	**PAH**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
ACSL recharges	-	-	-	97,372	-	-	-	105,379
PAH finance recharge	288	-	-		295	-	-	-
PDCSL recharges	-	-	-	374	-	-	-	277
PTP interest recharge	-	-	-	19,123	-	-	-	16,378
PTP cost recharge	-	-	-	26	-	-	-	29
Debtor/(Creditor) balances	7,706	(5,565)	-	(2,141)	11,906	(5,581)	-	(6,325)

Notes to the Financial Statements

38 Fire Safety Remediation costs

During the year the following expenditure is included in costs which is directly attributable to fire safety remediation works where the properties and buildings are deemed not compliant with health and safety requirements. This expenditure is over and above our business as usual expenditure (either planned or routine) and is used to exclude costs for year on year comparison of financial metrics, golden rules, and lender covenant calculations where applicable and agreed with lenders.

	Group and Association 2025 £'000	Group and Association 2024 £'000
Income		
Waking watch recovery of costs from contractors	(3,458)	-
Revenue expenditure (included in note 3 planned maintenance costs)		
Fire remediation works	1,871	1,048
Waking watch and fire safety cover costs	4,510	4,292
Release of provision	-	(119)
	6,381	5,221
Capital expenditure		
Fire Safety remediation – components (included in note 13)	3,061	113
	3,061	113
Net fire safety remediation expenditure	5,984	5,334

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