

FIRST GARDEN CITIES HOMES LIMITED

Financial Statements

Year ended 31 March 2025

FIRST GARDEN CITIES HOMES LIMITED

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For the year ended 31 March 2025

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LEGAL STATUS

Registered under the Co-operative and Community Benefit Societies Act 2014 - 8333.
Registered Social Housing Provider with the Regulator of Social Housing, reference number 5090.
Accepted by HM Revenue and Customs as a charity exempt from Corporation Tax under reference number X68656.

BOARD MEMBERS

Alan Humphreys
Alison Jeffers
Brian Ellis
Craig Horn
Joanne Savage
Matthew Evans
Moreen Pascal
Natasha Valladares
Neil Mawson (retired September 2024)
Richard Laval
Shaun McLean (retired September 2024)
Simon Latson

Alessandra Mongiardino Board Co-optee (appointed October 2024)
Lawrence Shulman Board Co-optee (appointed October 2024)
Tracy Allison Board Co-optee (appointed October 2024)

David Ames Committee Co-optee (appointed October 2024)
Michael Jolly Committee Co-optee (appointed October 2024)
Terry Noys Committee Co-optee (retired March 2025)

COMPANY SECRETARY

Simon Smith

REGISTERED OFFICE

Pioneer House
Norton Way South
Letchworth Garden City
Hertfordshire, SG6 1NY

AUDITOR

Crowe U.K. LLP
55 Ludgate Hill
London EC4M 7JW

SOLICITORS

Trowers & Hamblins LLP
3 Bunhill Row
London, EC1Y 8YZ

BANKERS

Barclays Bank plc
UK Banking – Larger Business
Level 28
1 Churchill Place
London, E14 5HP

The Board presents its report and the audited accounts for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The Association's principal activity during the year continued to be the provision of affordable accommodation to people in housing need. The Association has its office in Letchworth Garden City Hertfordshire and operates in North Hertfordshire, Hertsmere, Central Bedfordshire, Hatfield, Stevenage and East Hertfordshire.

The Association is also the sole trustee of "The St Saviour's Almshouses", an unincorporated charity responsible for the management of a scheme of almshouses known as The Cloisters, located in Hitchin. As Trustee, the Association has title to the land on which the properties are built, in trust for the Charity and is required to administer and manage the properties. First Garden Cities Homes Limited is regarded as the parent of "The St Saviour's Almshouses" and group financial statements are prepared on this basis.

REVIEW OF THE GROUP

The Group reported a surplus for the year of £3.792million (2024: £2.25million) prior to adjustments relating to the defined benefit pension scheme. After accounting for a £0.094million surplus (2024: £0.349million loss) arising from changes in the valuation of future pension liabilities, the overall reported surplus increased year-on-year.

Total income rose by 19.2%, primarily driven by increased rental income and the recognition of a surplus of £872k on the sale of First Tranche Shared Ownership properties. At the year-end, the Group owned and managed 2,370 homes (2024: 2,310 homes), reflecting a net increase of 60 homes.

The Group's loan finance has increased from £50.853million to £63.270million (note 17) as a result of further funds being drawn down. The Group has undrawn facilities of £30.5million all of which will be available to be used to fund future improvement programmes and new developments.

LAND AND BUILDINGS

Properties in the Statement of Financial Position are stated at cost (less depreciation and any impairments). As at 31 March 2025 the Group's completed properties, including the Heritage lease assets, at cost totalled £202.6m compared to a valuation of £393m for insurance purposes. The former care home, Elizabeth House, continues to be held as an investment property, which adds a further £2.3m to the overall value of stock holding.

NEW DEVELOPMENTS & PROGRAMMED IMPROVEMENTS

Our Corporate growth plans are focused on:

Building new homes where it is complementary to our existing stock, where it can ultimately drive value for money in the delivery of our landlord services.

STRATEGIC REPORT

For the year ended 31 March 2025

The delivery of further older persons housing that seeks to replace older stock that have higher running costs or are no longer fit for purpose with newer stock. Building new homes in partnership with private sector developers/housebuilders; enabling us to access private development and sales expertise, whilst sharing development risk.

First Garden Cities Homes has an approved Development Strategy for the period 2024 to 2027.

The key priorities as set out in this Strategy are annually considered by representatives of the Development & Finance Committee. The main components of the strategy are summarised below:

- In line with the current FGCH Business Plan from June 2025, the aspiration is to develop or acquire at least 222 additional new homes by March 2028.
- Develop a balanced development programme of homes that will contribute to a strategic growth aim across s106, asset optimisation, and where viable to do so, speculative land acquisitions.
- The strategic priority will be to develop affordable homes for rent (65%) and shared ownership (35%).
- In preparation to meet the Future Homes Standard, the strategy sets out the minimum sustainability levels for new developments.
- For all new developments, FGCH will work with local authority partners to ensure that the homes are let to people in need and, where specialist needs are identified, are tailored to meet individual needs (e.g., older persons housing and adapted homes).
- A proportion of the planned new homes programme will be funded with a combination of loan finance, grant from Homes England, and local authority funding.
- The Development Strategy will align with other relevant FGCH strategies including the Asset Management Strategy and the Resident Experience Strategy.
- An action plan will be adopted that will demonstrate how this strategy will be delivered across primary target local authority areas for the period 2025 to 2027.

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a number of potential financial risks including credit risk, cashflow risk and liquidity risk. The Group's principal financial assets are bank balances, rent arrears, other receivables and investments. The Association Board reviews the financial and other strategic business risks each quarter in line with an approved and audited risk management framework. Risk appetite is also reviewed as part of the same framework on a regular basis. The strategic risks are a key input into the long-term financial business planning process and risk scenarios modelled to feed into and support Board decisions.

VALUE FOR MONEY

1. Our strategic approach to ensuring Value for Money (VFM) in achieving our objectives

First Garden Cities Homes Limited was formed on 1st March 2020 following the amalgamation of Howard Cottage Housing Association (HCHA) and Welwyn Garden City Housing Association (WGCHA). The two legacy organisations share a combined 170-year history of providing homes and services to local people. HCHA was formed in 1911 specifically to provide affordable housing in Letchworth, the world's first Garden City whilst WGCHA was established for the same purpose in Welwyn Garden City exactly fifty years later.

Throughout the Groups history, it has operated in and around the Letchworth Garden City and Welwyn Garden City areas, putting the residents and their quality of life at the heart of the business.

Our basis for VFM is to obtain the right balance between quality and cost by getting the most from our assets and staff, by operating efficiently and effectively and continuing to identify and implement improvements. VFM is key to the decision-making process at First Garden Cities Homes and as the association grows and becomes more complex, costs are managed to maximise the resources available to increase the number of homes, whilst continuing to invest in existing homes.

Adding Social Value is important and defined as making a positive difference to the lives of our residents and the wider communities in which they live. As an organisation with social objectives, surpluses are reinvested in new homes and improving properties and services. The organisation is clear about its priorities, which extend significantly beyond just being a landlord with an overarching ambition to continue to make a real, demonstratable difference to our residents' lives by:

- Delivering homes and services to our residents
- Making the most efficient use of our resources
- Minimising our impact on our environment
- Making a positive impact on our local communities

2. Governance and Corporate Strategy 2022 – 2027

Achieving good value is embedded in the organisation from the top down through our strong governance arrangements. The Board lead on VFM and, with the Directors and the broader Leadership Team, continue to develop and monitor our VFM Strategy and gain a greater understanding of the cost of each activity that is undertaken to shape future activities and services. The financial regulations, policies and procedures also incorporate VFM principles which help to ensure competitive procurement of goods and services. This approach reaches all members of staff through organisational and departmental targets and work plans which are devolved into individual staff targets. In addition, our risk management and counter-fraud arrangements further minimise loss and waste.

A key part of our approach is to involve residents and other stakeholders as much as possible, to ensure that the services provided are relevant and effective in meeting local needs and aspirations. As part of the Resident Experience Strategy, there is co-operation with our vibrant Resident Partnership Group (RPG) which brings together residents from both legacy organisations. As part of the commitment to the new code of governance the Board are taking major steps to ensure residents have a greater role and voice in the strategic direction of the group.

The organisation continues to work with and consult local partners through a range of formal and informal meetings, networks, forums and events, and has built excellent working relationships such as our membership of the Amplius Living development consortium as a key partner. Each year the VFM statement, as part of our Annual Report, is circulated to a number of partner agencies and contacts.

First Garden Cities Homes Board consists of a diverse group of professionally and suitably qualified members and we have a committee structure that provides effective oversight of performance and delivery of strategic objectives. The Board ensures that business planning and decision-making reflects the impact on efficiency and effectiveness.

First Garden Cities Homes Corporate Strategy (2022 – 2027) supports our approach to VFM and social value with its key objectives as follows:

We will be great at:

- Service and support to residents
- Supported housing
- Asset Management and statutory compliance
- Developing new homes

We will be good at:

- Management of finances and resilience
- Assisting with homelessness
- Community involvement and providing extra services

3. First Garden Cities Homes 2024/25 VFM Achievements

In line with last year's planned efficiency targets we delivered the following:

The introduction of the Kefron system for invoice handling has been a success with teams being able to identify and code invoices with improved efficiency which has resulted in a reduction in the time it takes to pay our contractors and close to our target of 95% of authorisation within 10 days. This assists with contract management and performance, which will result in service benefits for residents.

In terms of zero-carbon strategy we have, through the results of the partial stock condition survey, been able to identify the last EPC ratings for our properties through a beacon process to enable a more defined strategy. We have commenced by installing two air source heat pumps where the property has oil boilers and installed solar panels to lower energy costs for the residents.

Legal and professional fees, particularly in relation to development, have reduced on account of membership to the legal consortium, Housing Associations Legal Alliance (HALA), saving in the region of £0.010 million.

Our offices in Welwyn Garden City were closed during the year, with staff only using it as a temporary base. Savings in utility and council tax alone will save c£0.015 million.

In addition to the planned actions, we have reduced the amount of consultancy support required through recruitment of key personnel, which includes the preparation and update of the Business Plan resulting in savings of c£0.050 million, which has increased surpluses for re-investment and provide greater monitoring.

Our development partners have provided funding to allow us to provide seated exercise sessions for older residents and social events for residencies close to new developments and the surrounding area. Furthermore, community grants from local councils have enabled us to run older people social sessions, warm space in the winter months, family events focused on younger residents and sports events. Whilst these grants and funding fully finance these programmes the benefit to residents is that it improves their health and well being.

In other key performance areas such as repairs, an average of 98.6% emergency jobs and 93.6% of other jobs were completed in time. Gross resident arrears were 1.67% as an average across the year with bad debt provision equivalent to 0.14% and void loss at 0.81% for the year.

4. Planned and in progress for 2025/26

Actions identified previously but yet to deliver are as follows:

The implementation of our integrated housing management and finance system went live in May 2025 with the opportunity to save costs from using one rather than two systems and the related efficiency savings through staff time. It will also improve digital communications with residents and incorporates a customer relations management system to track communications and actions in one place.

Future actions include:

Increasing our work on Zero Carbon Strategy to replace all of our 'off grid' oil heating systems with air source heat pumps complimented by solar panels to reduce residents running costs. More detailed plans will be developed to ensure that all relevant homes are brought up to a minimum of EPC C through a series of energy improvements. In respect of our listed and conservation plans, a separate strategy is being developed to improve the efficiency of these home. The inclusive measure above, should result in savings to residents on their energy costs.

Our Residents Partnership Group (RPG) gives residents a voice to influence the way services are shaped and delivered. Now established they will consider performance against targets in terms of achieving VFM providing feedback to the association.

Working with our advisors, and following the annual Business Plan update, the Treasury Strategy and Policy will be updated to ensure the most efficient use of the financial capacity available and meet the targets in our Corporate Strategy. This will includes seeking new finance at fixed rates which are lower than our current flexible arrangements, thus increasing financial capacity for reinvestment.

There is a planned programme to tender for new contracts in the Housing Management and Asset Management area with the emphasis on improving performance whilst at similar or lower costs levels.

The way in which the repairs service is delivered will be reviewed for both external contracts but also the in-house delivery team. The review will focus on capacity, efficiency but also costs.

The recruitment of a new Rent and Service Charge Manager to assist in assessing our service costs in greater detail that are then recharged to residents. It is recognised that a single point of contact for shared owners would be beneficial in order to increase satisfaction levels, and it is anticipated that this post with deliver this.

5. Understanding costs and performance and how this compares with others

Understanding and controlling our costs is central to securing VFM. Internal budgeting and budgetary control processes, together with our thirty-year financial plan, help to manage the finances both on a daily basis and in a planned and proactive way into the future.

A relevant peer group as has been selected in order to compare performance to a group of similar organisations, as well as to the sector as a whole. This is mainly focused on relative size with a peer group of six Associations.

Association	Homes Owned @31 March 2024
Orwell Housing Association Limited	3,987
Joseph Rowntree Housing Trust	2,183
First Garden Cities Homes	2,306
Islington and Shoreditch Housing Association	2,363
The Pioneer Housing and Community Group	2,437
Golden Lane Housing Ltd	2,885
Prima Housing Group Ltd	2,677

5.1 Performance compared to the selected peer group.

The following table shows our annual performance statistics (2023/24) against our selected peer group:

The core VFM metrics have been utilised, calculated in accordance with new guidance from our regulator. An explanation of the calculation of each of the metrics can be found at <https://www.gov.uk/government/publications/value-for-money-metrics-technical-note> . The performance for the year using these metrics is analysed in the following sections.

In addition, it shows our out-turn position for 2024/25 for comparison.

FIRST GARDEN CITIES HOMES LIMITED

VALUE FOR MONEY

For the year ended 31 March 2025

		Orwell Housing	Joseph Rowntree	Islington & Shoreditch	Pioneer Housing	Golden Lane	Prima Housing	Peer Group Median	FGCH Group	FGCH Group
		2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2024/25
1	Re-investment	7.8%	6.5%	3.1%	7.1%	11.8%	9.2%	8.5%	7.0%	9.7%
2a	New supply (SH only)	2.6%	1.3%	0%	1.1%	9.5%	0.5%	2.7%	1.0%	4.1%
2b	New supply (Non SH)	0.31%	0%	0%	0.15%	0%	0%	0.0%	0%	0%
3	Gearing	41.9%	22.4%	27.3%	36.1%	44.6%	2.3%	41.2%	36.5%	42.4%
4	EBITDA MRI	125%	12%	(66%)	181%	138%	81%	117%	167%	221%
5	Headline SH	£8,464	£9,561	£10,821	£4,397	£10,991	£5,671	£8,564	£5,432	£4,961
5a	Management cost per unit	£1,994	£1,657	£1,696	£968	£2,657	£1,017	£1,645	£1,833	£2,359
5b	Service charges	£824	£902	£2,375	£584	£1,281	£467	£808	£635	£490
5c	Maintenance	£1,263	£1,736	£3,265	£1,712	£4,651	£1,640	£1,801	£1,209	£1,542
5d	Major repairs	£666	£1,609	£3,430	£1,134	£488	£2,214	£1,442	£1,699	£623
5e	Other	£3,717	£3,656	£55	£0	£406	£340	£374	£43	£0
6a	Operating margin SH	14.3%	(6.1%)	(10.0%)	25.7%	12.5%	23.0%	18.6%	26.8%	30.1%
6b	Operating Margin Overall	10.5%	(0.4%)	(4.0%)	15.3%	12.5%	25.3%	21.0%	28.0%	30.3%
7	Return on Capital employed	1.9%	2.3%	2.3%	2.3%	3.3%	3.6%	2.8%	3.1%	3.7%

6.0 Commentary of performance

In addition to this summary report First Garden Cities Homes Limited sets and reports at a number of levels to the Board for a wide range of Key Performance Indicators (KPI's) that are designed to monitor performance and encourage improvements in delivering Value for Money in the round.

The reinvestment percentage measures the total investment in properties as a proportion of the property holding; the investment represents the development of new homes and works to maintain the condition of the existing properties.

Reinvestment remains marginally below our peers but has improved over previous years as our development programme continues grow momentum. This will continue to improve with the delivery of 222 new homes over the next two to three years with a split two thirds of these at either Affordable or Social Rent and one third as Shared Ownership homes. Some of these will be land led schemes but are also expecting some to result from planning consents on other developers' sites. In addition, investment in our homes will continue to increase, particularly in relation to energy efficiency.

VALUE FOR MONEY

For the year ended 31 March 2025

Gearing, which is the ratio of debt to equity, is defined as Net Debt by the funders and is lower than the Peer Group. There is significant headroom in terms of the security available for further borrowing and we are comfortably within the funders covenant for gearing, which is set at 65% and our golden rule of 55%.

Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover percentage measures our ability to generate cash to meet interest payment obligations. This compares extremely favourably to the funders covenant, which is set at 110% and our golden rule of 120% and reflects the capacity to grow the Association, if required.

The headline social housing cost per unit 2023/24 was considerably lower than the peer group, based on the data available publicly, and our cost have reduced further in 2024/25 on account of the reduction in capital expenditure in-year. The rest of the sector have witnessed continued increases to costs principally due to inflation increases and additional investment requirements in stock and we anticipate to see increases due to investment in energy efficiency programmes.

The operating margin overall, whilst reducing slightly from previous years, continues to be very healthy despite the financial pressures the business has incurred and higher than the sector generally.

The return on capital employed measures the amount of pre-tax surplus an organisation can generate from the capital employed in its business. It is a measure of efficient investment of capital and is in line with the sector and at a similar level of those included within the peer group.

7.0 Tenant Satisfaction Measures

From 2024 it was a regulatory requirement to submit a return to the Regulator of Social Housing (RSH) regarding performance against Tenant Satisfaction Measures (TSM's). Each Registered Provider (RP), following consultation as to the requirements of TSM's in 2023, must gather, submit and publish specific performance and survey data.

The results are published on the Association's website and can be found at: <https://www.fgch.co.uk/resident-satisfaction>

The key measures and the performance for both 2023/24 and 2024/25, relating to value for money, are as follows:

Measure	2024/25	2023/24
Overall Satisfaction	64%	75%
Satisfaction with repairs	76%	78%
Satisfaction that the home is well maintained	66%	70%
Homes that meet the Decent Homes Standard	100%	100%
Satisfaction that a safe home is provided	75%	76%
Homes where all required gas safety, fire and legionella risk assessments have been carried out	100%	100%

The overall satisfaction has reduced from the previous year. Analysis of the feedback provided by residents shows that the lack of communication by FGCH is the main driver for this in relation to both housing and repairs when we had promised to do so. We have taken steps to address this through training and the implementation of our new CRM system and anticipate that future results will demonstrate an improvement.

The Board of Management presents its report and financial statements for the year ended 31 March 2025.

BOARD OF MANAGEMENT

BOARD MEMBERS

Alan Humphreys
Alison Jeffers
Brian Ellis
Craig Horn
Joanne Savage
Matthew Evans
Moreen Pascal
Natasha Valladares
Neil Mawson (retired September 2024)
Richard Laval
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Michael Jolly Committee Co-optee (appointed October 2024)
Terry Noys Committee Co-optee (retired March 2025)

CODE OF GOVERNANCE

The Association has adopted the National Housing Federation's model Code of Governance, issued in 2020. The Association has an Audit and Risk Committee which meets at least four times during the year. The Board and Committee structure is governed and supported by Rules, Standing Orders and Financial Regulations and Service Level Agreements that provide a structured approach to decision making. It also ensures closer monitoring of activities across the key operational departments.

REGULATOR OF SOCIAL HOUSING JUDGEMENT

In January 2025 the Regulator of Social Housing (RSH) conducted an inspection of First Garden Cities Homes Limited and published the results in June 2025 with the following rating:

Financial Viability V2

The association received a regrade from V1 on account of uncertainty around the level of decarbonisation investment needed. A V2 rating does indicate that the association meets the required financial viability standards but needs to management material risks to ensure continued compliance. The Viability grading will be reviewed via subsequent stability checks by the RSH and the association has greater certainty over its obligations for future investment, especially with regards to energy efficiency, following the latest consultation issued by the Government.

Governance G2

The association received a downgrade from G2 due to weaknesses in procurement. A G2 rating means the association meets the RSH's governance requirements but needs to improve some aspects of its governance arrangements to ensure continued compliance. A plan has been developed in order to address the issue in order to restore the G1 rating.

Consumer C2

This is a new grading and means that the association is generally meeting consumer standards, but there are some weaknesses that need improvement. The key areas for the association are in respect of stock condition data and complaint response time. Again, a plan has been developed to address these issues in order to achieve a C1 rating.

RISK MANAGEMENT STRATEGY

The Association's Risk Management Strategy operates as part of the assurance process and is focussed on identifying risks that might impede achievement of the 30-year Business Plan and ensuring that controls are in place that mitigate and minimize the potential effects of these risks on the business.

The approach is one that involves the identification of risks on a Risk Register. The Risk Register describes the risk and its potential impact on the business. It also describes the controls in place or in development to mitigate each risk and identifies the individual responsible for the maintenance of those controls.

Each quarter, the Leadership Team present an updated Risk Register to Audit and Risk Committee and Board for their consideration and approval.

As part of its planning and considerations the Board consider a range of possible impacts which are then addressed through a wide range of Scenario testing, Individual stress impacts and a set of Multi Variant Stress tests. Potential breaches in banking covenant tests and internal Golden Rules are then considered and specific resolutions to the potential breaches identified. A general wider set of mitigation actions are identified and through close monitoring of current performance any signs of movement towards breach conditions can be acted on in sufficient time to ensure no actual breach would occur.

BOARD MEMBERS AND THEIR INTERESTS

The Association maintains, by annual review, a register of members' interests which is held at the Association's offices. Each Board member holds one share in the Association.

Board membership was open to everyone who wishes to take an active interest in the Association's work. This included individuals within the communities that the Association serves and with an interest in meeting the social housing needs of those communities. The Association aims to provide a pool of actual and potential Board Members with the skills, commitment and enthusiasm to understand the complex affairs of the Association. Every application will be considered by the Board using the above criteria. The Board uses annual appraisals and skills matrix to ensure there is the right mix of skills and experience on the Board.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period the Association made no political contributions, and any charitable contributions are made within the Association's normal activities.

STATEMENT OF THE BOARD'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Societies' law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and the surplus or deficit of the Association for that period.

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2025

In preparing these accounts the Board are required to: -

- Select suitable accounting policies, and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice for registered social housing providers have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association and ensures that the accounts 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 also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Association's accounting records, cash holdings and all its receipts and remittances.

BOARD STATEMENT ON INTERNAL CONTROLS

The Board is responsible for the Association's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Board ensures that the process for identifying, evaluating and managing the significant risks faced by the Association is ongoing. These risks are regularly reviewed by the Board.

The Board discharges its responsibilities for internal controls through the following key procedures:

- A commitment to quality and competence with an appropriate organisational structure with clearly defined lines of responsibility and delegation of authority, which combine to create an appropriate control environment
- Procedures to identify major business risks in a timely manner
- Information systems for detailed financial reporting, budgeting and planning against which performance is monitored. Performance indicators are used to identify trends in current financial and non-financial data. Financial control procedures based upon clearly defined responsibilities and authorities of the Board, the committees, and delegation to staff members
- The Board monitors that there are appropriate control procedures in place and that these procedures are being followed through the work of both internal and external audit. The Board delegates this review to the Audit and Risk Committee.

The Board has received an annual report on internal control from the Chief Executive. On behalf of the Board, the Audit and Risk Committee has reviewed the effect of the systems of internal control for the period from 1st April 2024 to the date on which these accounts were approved. The review revealed no material weaknesses in internal control that required disclosure.

GOING CONCERN

Following a detailed review of future forecasts and projections, taking account of the uncertainties detailed below, the Board has a reasonable expectation that the Group will be able to operate within the level of its current facilities for the foreseeable future.

The current economic, political and societal conditions continue to create uncertainty over the extent of arrears and the future recoverability of debts, housing market price fluctuations and the availability of mortgage financing and source availability and price instability of materials. However, following a detailed review of future forecasts and projections, taking account of these uncertainties, the Group will be able to operate within the level of its current facilities.

At the date of signing this report, the Board has considered the level of committed expenditure, availability of committed funds for at least two years and agree that it is a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITOR

In the case of each of the persons who are Board members of the Association at the date when this report was approved;

- So far as each of the Board members is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- Each of the Board members has taken all the steps that they ought to have taken as a Board member to make them aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 11th September 2025.

AUDITORS

A resolution to re-appoint Crowe U.K. LLP as external auditor will be proposed at the annual general meeting.

COMPLIANCE WITH THE RSH GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Board confirms that the Association did comply with the requirements of the Governance and Financial Viability Standard as set out by the Regulator of Social Housing (RSH) and applicable from 1st April 2019.

The Strategic Report and Report of the Board of Management were approved by the Board on 31st July 2025 and signed on its behalf by:



Richard Laval
Chair

Opinion

We have audited the financial statements of First Garden Cities Homes Limited (the "Association") and its subsidiary (the "Group") for the year ended 31 March 2025 which comprise the consolidated and Association Statement of Comprehensive Income, the consolidated and Association Statement of Financial Position, the consolidated and Association Statement of Changes in Reserves, the consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2025 and the Group and Association's surplus or deficit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of controls over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 10, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and 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 the Board either intends to liquidate the Group or Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST GARDEN CITIES HOMES LIMITED
For the year ended 31 March 2025

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of non-social housing income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of non-social housing income and reading minutes of meetings of those charged with governance.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Crowe U.K. LLP

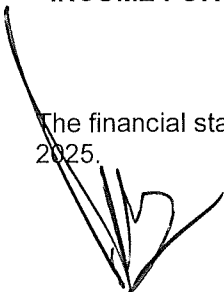
Crowe U.K. LLP
Chartered Accountants and Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

Date 18.09.2025

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2025

	Notes	Group 2025 £'000	2024 £'000	Association 2025 £'000	2024 £'000
TURNOVER	3	21,257	17,821	21,182	17,749
Operating costs	3	(14,691)	(12,832)	(14,606)	(12,795)
Surplus (loss) on disposal of property	5	(135)	(118)	(135)	(118)
OPERATING SURPLUS		6,431	4,871	6,441	4,836
Finance income	6	164	98	193	128
Interest payable and financing costs	7	(2,806)	(2,717)	(2,806)	(2,717)
Fair value adjustment for investment prop	28	-	-	-	-
Gain on financial assets at fair value through the Statement of Comprehensive Income	29	3	3	-	-
SURPLUS FOR THE YEAR		3,792	2,255	3,828	2,247
Other comprehensive income (Pensions)	24	94	(349)	94	(349)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,886	1,906	3,922	1,898

The financial statements were approved by the Board on 31st July 2025 and were signed on 11th September 2025.



Richard Laval
Board Chair



Alan Humphreys
Audit & Risk Committee Chair



Simon Smith
Secretary

FIRST GARDEN CITIES HOMES LIMITED

STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2025

		Group		Association	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
	Notes				
INTANGIBLE ASSETS	11	14	25	14	25
TANGIBLE FIXED ASSETS					
Housing properties - cost less depreciation	12	168,366	151,623	167,495	150,760
Other property, plant & equipment	13	2,611	2,662	2,611	2,662
Investment in Subsidiary	23	0	0	0	0
		<u>170,991</u>	<u>154,309</u>	<u>170,120</u>	<u>153,447</u>
Investment Properties	28	2,292	2,292	2,292	2,292
CURRENT ASSETS					
First tranche shared ownership properties	14	2,548	1,017	2,548	1,017
Stock		41	35	41	35
Debtors	15	1,191	1,123	1,798	1,705
Investment	29	51	48		
Cash and cash equivalents		<u>3,035</u>	<u>6,512</u>	<u>3,035</u>	<u>6,512</u>
		6,866	8,736	7,422	9,269
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>(5,022)</u>	<u>(5,762)</u>	<u>(4,998)</u>	<u>(5,759)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>1,844</u>	<u>2,973</u>	<u>2,424</u>	<u>3,510</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>175,127</u>	<u>159,575</u>	<u>174,836</u>	<u>159,248</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	109,791	97,712	109,778	97,699
PENSION LIABILITY	24	<u>1,339</u>	<u>1,753</u>	<u>1,339</u>	<u>1,753</u>
		<u>63,997</u>	<u>60,110</u>	<u>63,719</u>	<u>59,797</u>
CAPITAL AND RESERVES					
Called up share capital	19	0	0	0	0
Revenue reserve		<u>63,997</u>	<u>60,110</u>	<u>63,719</u>	<u>59,797</u>
		<u>63,997</u>	<u>60,110</u>	<u>63,719</u>	<u>59,797</u>

The financial statements were approved by the Board on 31st July 2025 and signed on 11th September 2025.

Richard Laval
Board Chair

Alan Humphreys
Audit & Risk Committee Chair

Simon Smith
Secretary

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

	Group	Association
2025	Revenue Reserves	Revenue Reserves
	2025 £'000	2025 £'000
Balance at 1 April 2024	60,110	59,797
Surplus for the year	3,886	3,922
Balance at 31 March 2025	<u>63,996</u>	<u>63,719</u>

	Group	Association
2024	Revenue Reserves	Revenue Reserves
	2024 £'000	2024 £'000
Balance at 1 April 2023	58,203	57,899
Surplus for the year	1,907	1,898
Balance at 31 March 2024	<u>60,110</u>	<u>59,797</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

Net Cash Generated from Operating Activities	2025	2024
	£'000	£'000
Surplus for the year	3,792	2,256
<u>Adjustments for non-cash items:</u>		
Depreciation charges	2,677	2,548
Amortisation of capital grant	(404)	(405)
Pension costs less contributions (receivable)/payable	(320)	(375)
Decrease / (increase) in debtors	(68)	(165)
(Decrease) / increase in creditors	(740)	3,391
Decrease / (Increase) in 1st tranche share-ownership properties	(1,531)	(901)
Decrease / (Increase) in stock	(6)	2
Surplus / (loss) on disposal of property	135	(2)
Gain on financial assets at fair value through Statement of Comprehensive Income	(3)	(3)
<u>Adjustments for investing or financing activities:</u>		
Interest payable	2,806	2,717
Interest Received	(164)	(99)
<u>Cash generated from Operations:</u>	6,174	8,964
<u>Less:</u>		
Interest received and other income	164	99
Interest paid	(2,806)	(2,434)
Net Cash Generated from Operating Activities	3,532	6,629
<u>Cash flows from financing activities</u>		
Loan drawdowns	12,500	11,250
Loan principal repayments	(89)	(7,806)
Letchworth Garden City Heritage Foundation lease repayments	66	(283)
Gain on financial assets at fair value through Statement of Comprehensive Income	3	3
Net cash flows from financing activities	12,480	3,164
<u>Cash flows from investing activities</u>		
Acquisition and construction of housing properties	(18,120)	(8,077)
Purchase of other tangible assets	(1,474)	(2,603)
Interest received	164	99
SHG and other capital grants receivable		5,075
Purchase of other fixed assets	(107)	(261)
Net cash flows from investing activities	(19,537)	(5,768)
Cash and cash equivalents at beginning of the year	6,560	2,536
Net increase / (decrease) in cash and cash equivalents	(3,525)	4,024
Cash and cash equivalents at end of the year	3,035	6,560

1 ACCOUNTING POLICIES

First Garden Cities Homes Limited is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Act 2014 and is registered with the Regulator of Social Housing as a social housing provider. It is a public benefit entity (PBE), as defined in Financial Reporting Standard 102 (FRS102) and applies the relevant paragraphs prefixed 'PBE' in FRS102. First Garden Cities Homes Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements.

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of current asset investments, in accordance with FRS102 issued by the Financial Reporting Council and comply with the Accounting Direction for private Registered Providers of Social Housing 2022, the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP) and the Housing and Regeneration Act 2008.

(b) Basis of preparation of consolidated financial statements

The group financial statements consolidate the financial statements of First Garden Cities Homes Limited and its subsidiary undertaking, "The St Saviour's Almshouses".

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the Going Concern basis in preparing its financial statements.

(c) Turnover

Turnover represents rental income and service charges receivable, first tranche sales of shared ownership properties, grants from local authorities, the Homes and Communities Agency and other income relating to the letting of properties.

(d) Impairment of Social Housing Properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. When the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

(e) Depreciation

Freehold land is not depreciated. Depreciation is charged so as to write down the cost of housing properties other than freehold land to their estimated residual value on a straight line basis over their expected useful economic lives at the following annual rates:

Housing properties - Pre 1980	50 years straight line
Housing properties - 1980 onwards	100 years straight line

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	50 years
Kitchens	20 years
Bathrooms	30 years
Windows	30 years
Doors	30 years
Thermal boarding	20 years
Central heating	30 years
Lift	30 years
Boilers	15 years

Leases, where they are capitalised, are depreciated over the life of the lease.

Other property, plant and equipment (PP&E)

Depreciation is calculated to write off the cost of other PP&E on a straight-line basis over their estimated useful lives as follows:

Furniture	10 years straight line
Office equipment and motor vehicles	5 years straight line
Computer equipment	3 years straight line

Leasehold office property is depreciated over the life of the lease.

Housing properties during construction are stated at cost and not depreciated. Housing properties are transferred to completed properties when they are ready for letting.

(f) Capitalisation of administration costs

Administration costs relating to development activities have not been capitalised as they are not directly attributable to bringing the property into use.

(g) Interest payable and financing costs

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the Statement of Comprehensive Income.

(h) Works to existing properties

The Association capitalises expenditure on housing properties which increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs or a significant extension in the life of a property.

(i) Sales of housing properties

The surplus or deficit on the disposal of housing properties, including second or subsequent tranches of shared ownership properties, is accounted for in the Statement of Comprehensive Income in the period in which the disposal occurs as the difference between the net sale proceeds and the net carrying value.

First tranche sales proceeds from shared ownership sales are recognised in the Statement of Comprehensive Income as turnover with the appropriate proportion of the cost of the properties as cost of sales. All shared ownership properties, including those under construction, are proportionally split between fixed assets and current assets, the split determined by the percentage of the property to be sold under the first tranche sale, which is shown as a current asset, with the remainder classified as a fixed asset.

(j) Social Housing Grant (SHG) and other grants

Where grants are received from government agencies such as Homes England, local authorities, devolved government agencies and health authorities which meet the definition of government grants, they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as 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 expenses 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 relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. 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.

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

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

For shared ownership staircasing sales, when full staircasing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not recognised as a provision. On subsequent staircasing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is made at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

(k) Pension costs

Multi-employer pension scheme – Social Housing Pension Scheme

The Group participates in an industry wide multi-employer defined benefit pension scheme. Previously the group operated a defined benefit scheme, which has since closed and there are no active employees contributing to this. There are, however, liabilities recognised in the Statement of Financial Position for the net present value of the deficit contributions payable by the employer in relation to past employees.

(l) Stock

Shared ownership properties under construction are stated at the lower of cost and net realisable value.

(m) Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and rewards are transferred.

If the arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments, which meet the necessary conditions in FRS102, are initially recognised at fair value adjusted for any directly attributable transaction costs and subsequently measured as amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A finance liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Financing transactions

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements, the arrears are measured at present value of the future payments discounted at an appropriate market rate of interest.

Heritage Foundation leases

Where the term for leases represents a major part of the economic life of the asset, the Group recognises its rights of use and obligations under finance leases as assets and liabilities in the statement of financial position at amounts equal to the present value of the minimum lease payments, determined at the inception of the lease. The present value of the minimum lease payments is calculated using the Group's weighted average cost of capital. The assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. The capital element of lease obligations is recorded as a liability on inception of the arrangement.

Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(n) Taxation

The Group's activities are charitable and conducted through the Registered Provider which has charitable status. No taxation is payable on activities relating to charitable purposes.

(o) Value Added Tax

The Group is partially exempt in relation to Value Added Tax (VAT), and accordingly can recover part of the VAT incurred on expenditure. At year-end VAT recoverable or payable is included in the statement of financial position. Irrecoverable VAT is accounted for in the statement of comprehensive income.

(p) Debtors and bad debt provision

Short term debtors are measured by transaction price less any impairment.

Former Resident Arrears

A provision of 100% is made against all General Needs and Supported Housing former resident arrears.

Current Resident Arrears

A provision is made ranging from 20% to 100% on the debt build up from a period of 2 months.

2 SIGNIFICANT MANAGEMENT JUDGEMENTS & KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical evidence and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements:

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

Housing properties are assessed for indicators of impairment at each balance sheet date. In making this judgement management consider the detailed criteria set out in the SORP. Where indicators of impairment are identified, a detailed assessment is undertaken to compare the carrying value of the assets or cash generating homes for which impairment is indicated to their recoverable amount. The recoverable amount is the higher of the fair value less costs to sell or value in use of an asset or cash generating home.

Capitalisation of works to existing properties.

The Group capitalises improvement expenditure in accordance with the accounting policy on housing properties. Judgement is exercised around areas such as which costs to include in the amount capitalised, how much cost to de-recognise on replacement, the number of different components and their assigned useful economic lives.

Capitalisation of property development costs

The Group capitalises development expenditure in accordance with the accounting policy on housing properties. Judgement is exercised over the likelihood that projects will continue, setting the period over which interest can be capitalised and establishing which development costs should be capitalised, and which costs should be written off.

Estimation uncertainty:

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Depreciation of housing properties and components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives. Management estimates these lives using assumptions reflecting historical experience and current trends.

Letchworth Garden City Heritage Foundation leases

The Group carries its extended Heritage Foundation leases as finance leases based on a discounted cash flow model. The calculated amount of the finance lease liability therefore requires estimates and judgements, of which the most sensitive relate to the quantum of the cash flows and the interest rate used to establish the present value of the leases.

Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on several factors, including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

3 TURNOVER AND OPERATING COSTS

	Group 2025			
	Turnover £'000	Operating Costs £'000	Other Operating Items £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings (note 4)	18,639	(12,952)	-	5,687
<u>Other social housing activities</u>				
First-tranche shared ownership sales	2,611	(1,739)	-	872
<u>Activities other than social housing activities</u>				
Other income	7	-	-	7
Surplus on disposal of property (note 5)	-	-	(135)	(135)
Total	21,257	(14,691)	(135)	6,431

	Association 2025			
	Turnover £'000	Operating Costs £'000	Other Operating Items £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings (note 4)	18,564	(12,867)	-	5,697
<u>Other social housing activities</u>				
First-tranche shared ownership sales	2,611	(1,739)	-	872
<u>Activities other than social housing activities</u>				
Other income	7	-	-	7
Surplus on disposal of property (note 5)	-	-	(135)	(135)
Total	21,182	(14,606)	(135)	6,441

3 TURNOVER AND OPERATING COSTS

	Group 2024			
	Turnover £'000	Operating Costs £'000	Other Operating Items £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings (note 4)	16,982	(12,431)	-	4,552
<u>Other social housing activities</u>				
First-tranche shared ownership sales	625	(401)	-	224
<u>Activities other than social housing activities</u>				
Other income	214	-		214
Surplus on disposal of property (note 5)	-	-	(118)	(118)
Total	17,822	(12,832)	(118)	4,871

	Association 2024			
	Turnover £'000	Operating Costs £'000	Other Operating Items £'000	Operating Surplus/ (Deficit) £'000
Social housing lettings (note 4)	16,910	(12,394)	-	4,516
<u>Other social housing activities</u>				
First-tranche shared ownership sales	625	(401)	-	224
<u>Activities other than social housing activities</u>				
Other income	214	-	-	214
Surplus on disposal of property (note 5)	-	-	(118)	(118)
Total	17,750	(12,795)	(118)	4,836

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

4 INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	Group						2025	2024
	Affordable Rent £'000	General Needs £'000	Housing for older people/ Sheltered £'000	Market Rent £'000	Shared Ownership £'000	Supported housing £'000	Total £'000	Total £'000
Income								
Rent receivable	2,853	8,765	3,587	29	956	374	16,564	15,040
Service charges Income	1	217	1,143	0	99	99	1,559	1,423
Net rents receivable	2,854	8,982	4,730	29	1,055	473	18,123	16,463
Charges for support services	1	7	95	0	1	8	112	115
Amortisation government grants	31	195	147	0	10	21	404	405
Total income from social housing lettings	2,886	9,184	4,973	29	1,066	502	18,639	16,983
Expenditure								
Management	591	2,734	1,551	12	399	161	5,448	4,221
Service charges costs	86	275	685	0	70	44	1,160	1,461
Routine maintenance	108	782	420	1	18	60	1,389	1,479
Major repairs expenditure	188	1,453	568	5	6	40	2,260	2,614
Bad debts	5	14	4	0	1	2	26	128
Depreciation of housing properties	585	989	731	8	154	69	2,536	2,401
Other costs	17	77	26	0	10	3	133	127
Operating costs on social housing lettings	1,581	6,324	3,985	26	658	379	12,952	12,431
Operating surplus on social housing lettings	1,304	2,860	988	3	408	122	5,686	4,552
Void losses	24	29	40	1	2	21	117	68

Leasing costs of £35,711 are included within the expenditure table above.

	Association						2025	2024
	Affordable Rent £'000	General Needs £'000	Housing for older people/ Sheltered £'000	Market Rent £'000	Shared Ownership £'000	Supported housing £'000	Total £'000	Total £'000
Income								
Rent receivable	2,853	8,765	3,512	29	956	374	16,489	14,968
Service charges Income	1	217	1,143	0	99	99	1,559	1,423
Net rents receivable	2,854	8,982	4,655	29	1,055	473	18,048	16,391
Charges for support services	1	7	95	0	1	8	112	115
Amortisation government grants	31	195	147	0	10	21	404	404
Total income from social housing lettings	2,886	9,184	4,898	29	1,066	502	18,564	16,910
Expenditure								
Management	591	2,734	1,542	12	399	161	5,439	4,216
Service charges costs	86	275	685	0	70	44	1,160	1,461
Routine maintenance	108	782	372	1	18	60	1,341	1,467
Major repairs expenditure	188	1,453	568	5	6	40	2,260	2,614
Bad debts	5	14	4	0	1	2	26	128
Depreciation of housing properties	585	989	703	8	154	69	2,508	2,381
Other costs	17	77	26	0	10	3	133	127
Operating costs on social housing lettings	1,581	6,324	3,900	26	658	379	12,867	12,394
Operating surplus on social housing lettings	1,304	2,860	998	3	408	122	5,696	4,517
Void losses	24	29	40	1	2	21	117	68

Leasing costs of £35,711 are included within the expenditure table above.

5 SURPLUS/LOSS**ON DISPOSAL OF PROPERTY**

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Increase in shared ownership	196	-	196	-
Cost of sales: increase in shared ownership	(208)	-	(208)	-
	(12)	-	(12)	-
Disposal proceeds on other property sales	-	-	-	-
Cost of sales: on other property	-	-	-	-
	-	-	-	-
Carrying value of fixed assets - components	(123)	(118)	(123)	(118)
Disposal proceeds on other fixed assets	-	-	-	-
	(135)	(118)	(135)	(118)

**6 INTEREST RECEIVABLE
AND SIMILAR INCOME**

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Interest receivable from short term bank deposit and bank deposits	164	98	193	128

7 INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans:				
Interest payable	2,786	2,295	2,786	2,295
Defined benefit pension charge	76	75	76	75
Amortisation of loan fees including loan fee write off for repaid loans	77	62	77	62
Unwind lease liability discount	351	348	351	348
Less: interest capitalised on developments	(484)	(63)	(484)	(63)
	2,806	2,717	2,806	2,717
Interest is capitalised at	6.13%	6.29%		

8 AUDITOR'S REMUNERATION

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
In their capacity as auditors	<u>50</u>	<u>47</u>	<u>50</u>	<u>47</u>

9 EMPLOYMENT COSTS - GROUP AND ASSOCIATION

	2025	2024
	No.	No.
The average number of persons (excluding Board members) employed during the year (full time equivalents) was:		
Office staff	37.5	37.0
Scheme Managers	11.0	9.5
Direct Labour Operatives	7.3	6.7
Cleaning Staff	5.6	5.7
	<u>61.4</u>	<u>58.9</u>

The definition of a full-time equivalent staff post is based on a 37.5 hour week for all staff.

	2025	2024
	£'000	£'000
Staff costs (for above persons):		
Wages and salaries (excluding temporary staff costs)	2,391	2,276
Social security costs	248	231
Other pension costs	313	226
Redundancy and pay in lieu	-	23
	<u>2,952</u>	<u>2,756</u>
	2025	2024
	No.	No.
Salary Band £		
60,000 - 69,999	-	-
70,000 - 79,999	5	5
80,000 - 89,999	-	-
90,000 - 99,999	-	-
100,000 - 109,999	1	2
110,000 - 119,999	-	-
120,000 – 129,999	1	1

10 BOARD AND EXECUTIVE DIRECTORS' EMOLUMENTS

	2025 £'000	2024 £'000
The aggregate emoluments paid to or receivable by Directors who are executive staff members	<u>465</u>	<u>431</u>

The emoluments paid to or receivable by Directors who are not executive staff members

	2025 £'000	2024 £'000
R Laval	10	9
A Humphreys	6	6
B Ellis	6	5
A Jeffers	6	6
M Evans	5	3
C Horn	5	2
T Allison	5	-
M Pascal	4	3
J Savage	3	3
N Valladares	3	2
S McLean	3	5
S Latson	2	1
T Noys	2	1
A Mongiardino	2	-
LA Shulman	2	-
N Mawson	2	2
M Jolly	1	-
DJ Ames	1	-
Y Bolaji	-	3
S Montgomery	-	2
I Morrison	-	2
	<u>66</u>	<u>55</u>

The emoluments paid to the highest paid Director of the Association
(including pension contributions)

<u>146</u>	<u>141</u>
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Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Executive team. The Chief Executive is an ordinary member of the pension scheme. No enhanced or special terms apply. He was paid a salary exclusive of pensions of £129,299.

Directors' emoluments are exclusive of pension contributions.

11 INTANGIBLE ASSETS

Group and Association - computer software

	2025	2024
	£'000	£'000
COST		
At 1 April 2024	85	63
Additions	-	21
Write off	(2)	-
At 31 March 2025	<u>83</u>	<u>85</u>
DEPRECIATION		
At 1 April 2024	59	53
Charge for the year	10	6
Write off	-	-
At 31 March 2025	<u>69</u>	<u>59</u>
NET BOOK VALUE		
At 31 March 2024	<u>25</u>	<u>10</u>
At 31 March 2025	<u>14</u>	<u>25</u>

12 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

Group	Housing properties completed schemes £'000	Heritage Foundation lease asset £'000	Housing properties schemes in development £'000	Shared ownership completed schemes £'000	Shared ownership schemes in development £'000	Total £'000
COST						
At 1 April 2024	152,541	10,782	5,999	14,040	678	184,039
Additions in the year	-	-	12,854	-	8,021	20,875
Works to existing properties	1,474	-	-	-	-	1,474
Transfer to completed homes	9,940	-	(9,940)	3,430	(3,430)	-
Capitalised Interest	-	-	320	-	164	484
Transfer to current assets	-	-	-	-	(1,482)	(1,482)
Reclassification to 1st tranche sale	-	-	-	-	(1,651)	(1,651)
Disposals	(879)	-	-	(225)	-	(1,105)
At 31 March 2025	163,075	10,782	9,233	17,245	2,300	202,636
DEPRECIATION						
At 1 April 2024	31,336	604	-	476	-	32,416
Written off on disposal	(741)	-	-	(11)	-	(751)
Charge for the year	2,459	86	-	59	-	2,605
At 31 March 2025	33,055	690	-	525	-	34,270
NET BOOK VALUE						
At 31 March 2024	121,205	10,178	5,999	13,563	678	151,623
At 31 March 2025	130,021	10,092	9,233	16,720	2,300	168,366

12 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

Association	Housing properties completed schemes £'000	Heritage Foundation lease asset £'000	Housing properties schemes in development £'000	Shared ownership completed schemes £'000	Shared ownership schemes in development £'000	Total £'000
COST						
At 1 April 2024	151,443	10,782	5,999	14,040	678	182,942
Additions in the year	-	-	12,854	-	8,021	20,875
Works to existing properties	1,439	-	-	-	-	1,439
Transfer to completed homes	9,940	-	(9,940)	3,430	(3,430)	-
Capitalised Interest	-	-	320	-	164	484
Transfer to current assets	-	-	-	-	(1,482)	(1,482)
Reclassification to 1st tranche sale	-	-	-	-	(1,651)	(1,651)
Disposals	(862)	-	-	(225)	-	(1,087)
At 31 March 2025	161,960	10,782	9,233	17,245	2,300	201,521
DEPRECIATION						
At 1 April 2024	31,103	604	-	476	-	32,183
Written off on disposal	(734)	-	-	(11)	-	(745)
Charge for the year	2,442	86	-	59	-	2,588
At 31 March 2025	32,811	690	-	525	-	34,026
NET BOOK VALUE						
At 31 March 2024	120,341	10,179	5,999	13,563	678	150,760
At 31 March 2025	129,150	10,092	9,233	16,720	2,300	167,495

13 TANGIBLE FIXED ASSETS - OTHER**Group**

	Land & Buildings £'000	Furniture & Equipment £'000	Lease Incentive £'000	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
COST						
At 1 April 2024	2,580	179	113	852	173	3,897
Additions	-	-	-	107	-	107
Reclassification	-	-	-	(95)	-	(95)
Disposals	-	-	-	-	-	-
At 31 March 2025	2,580	179	113	864	173	3,909
DEPRECIATION						
At 1 April 2024	283	121	18	681	132	1,235
Charge for the year	17	8	4	24	10	63
Reclassification	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 March 2025	300	129	22	705	142	1,298
NET BOOK VALUE						
At 31 March 2024	2,297	58	95	171	41	2,662
At 31 March 2025	2,280	50	91	159	31	2,611

14 1st TRANCHE SHARED OWNERSHIP PROPERTIES

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Properties in the course of development	<u>2,548</u>	<u>1,017</u>	<u>2,548</u>	<u>1,017</u>

15 DEBTORS

Amounts falling due within one year:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Rental debtors	906	936	903	933
Less: provision for bad debts	<u>(349)</u>	<u>(400)</u>	<u>(349)</u>	<u>(400)</u>
	557	535	554	533
Prepayments and accrued income	535	468	535	468
Amounts owed from subsidiary	-	-	610	584
Other	<u>99</u>	<u>120</u>	<u>99</u>	<u>120</u>
	<u>1,191</u>	<u>1,123</u>	<u>1,798</u>	<u>1,705</u>

16 CREDITORS

Amounts falling due within one year

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Loan instalments	160	160	160	160
Loan interest payable	865	712	865	712
Heritage Foundation lease	283	283	283	283
Rent creditors	536	562	536	562
Trade creditors	1,605	1,554	1,586	1,554
PAYE and National Insurance	61	73	61	73
Pension creditor	64	58	64	58
Government grants (note 18)	404	405	404	404
Other creditors	493	350	491	349
Accruals & Deferred Income	<u>551</u>	<u>1,605</u>	<u>548</u>	<u>1,603</u>
	<u>5,022</u>	<u>5,762</u>	<u>4,998</u>	<u>5,759</u>

17 CREDITORS

Amounts falling after more than one year

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Housing loans	63,270	50,853	63,270	50,853
Heritage Foundation lease	10,909	10,843	10,909	10,843
Government grants (note 18)	35,612	36,016	35,599	36,003
	109,791	97,712	109,778	97,699
Loans repayable by instalments:				
Between one and two years	160	160	160	160
Between two and five years	22,480	9,980	22,480	9,980
In five or more years	41,080	41,240	41,080	41,240
Less; loan issue costs	(450)	(527)	(450)	(527)
	63,270	50,853	63,270	50,853
Analysis of undiscounted lease payment obligation:				
Between one and two years	283	283	283	283
Between two and five years	1,194	1,194	1,194	1,194
In five or more years	48,287	48,287	48,287	48,287
	49,765	49,765	49,765	49,765

18 DEFERRED INCOME – GOVERNMENT GRANTS

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
At 1 April 2024	36,420	31,751	36,407	31,737
Amortisation to statement of comprehensive income	(404)	(405)	(404)	(404)
Grants receivable	-	5,075	-	5,075
At 31 March 2025	36,016	36,420	36,003	36,407
Due < 1 year	404	404	404	404
Due > 1 year	35,612	36,016	35,599	36,003
Original value of grant	43,567	43,567	43,550	43,550

19 CALLED UP SHARE CAPITAL

	2025 £	2024 £
Allotted, issued and fully paid		
At 1 April 2024	25	25
Issued during the year	-	-
Written off	(5)	-
	<u>20</u>	<u>25</u>
At 31 March 2025		

The above shares carry equal voting rights but do not provide any rights to dividends. They also have no rights to a distribution upon winding up of the Association or any provision for the redemption of the shares.

20 CAPITAL COMMITMENTS

	2025 £'000	2024 £'000
Capital expenditure contracted for but not provided for in the financial statements	<u>12,535</u>	<u>18,379</u>

21 CONTINGENT LIABILITIES

As at 31 March 2025, there were no known contingent liabilities.

22 LEGISLATIVE PROVISIONS

The Association is incorporated under the Co-operative and Community Benefit societies Act 2014 and is regarded as the ultimate parent of 'The St Saviour's Almshouses', a registered charity.

23 INVESTMENT IN SUBSIDIARY

	2025 £	2024 £
Share capital of Garden Cities Homes Limited (100 shares at £1 each)	<u>100</u>	<u>100</u>

Garden City Homes is the only subsidiary of the Association and was dormant throughout 2024/25. At the year-end, its total aggregate amount of share capital and reserves was £100 (2024 : £100). There are no immediate plans for it to commence trading but the Association may use it as a vehicle to build homes for profit in the future.

24 PENSION OBLIGATIONS

The company participates in the Social Housing Pension Scheme (the Scheme), a multiemployer 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.

24 PENSIONS OBLIGATIONS

	2025	2024
	£'000	£'000
Fair value of plan assets	7,500	7,588
Present value of defined benefit obligation	8,839	9,341
Surplus (deficit) in plan	(1,339)	(1,753)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(1,339)	(1,753)
Net defined benefit asset (liability) to be recognised		

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	2025	2024
	£'000	£'000
Impact of asset ceiling at start of period	-	-
Effect of the asset ceiling included in net interest cost	-	-
Actuarial losses (gains) on asset ceiling	-	-
Impact of asset ceiling at end of period	-	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2025	2024
	£'000	£'000
Defined benefit obligation at start of period	9,341	9,324
Current service cost	-	-
Expenses	10	10
Interest expense	446	447
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	452	65
Actuarial losses (gains) due to changes in demographic assumptions	-	(117)
Actuarial losses (gains) due to changes in financial assumptions	(962)	4
Benefits paid and expenses	(448)	(392)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Exchange rate changes	-	-
Defined benefit obligation at end of period	8,839	9,341

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	2025	2024
	£'000	£'000
Fair value of plan assets at start of period	7,588	7,620
Interest income	370	372
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(416)	(397)
Employer contributions	406	385
Member contributions	-	-
Benefits paid and expenses	(448)	(392)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	7,500	7,588

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2024 to 31 March 2025 was (£46,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	2025	2024
	£'000	£'000
Current service cost	-	-
Expenses	10	10
Net interest expense	76	75
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit costs recognised in Statement of Comprehensive Income (SOCI)	86	85

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	2025	2024
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(416)	(397)
Experience gains and losses arising on the plan liabilities - gain (loss)	(452)	(65)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-	117
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	962	(4)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	94	(349)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in Other Comprehensive Income - gain (loss)	94	(349)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

ASSETS

	2025	2024
	£'000	£'000
Global Equity	840	756
Absolute Return	-	296
Distressed Opportunities	-	267
Credit Relative Value	-	249
Alternative Risk Premia	-	241
Liquid Alternatives	1,391	-
Emerging Markets Debt	-	98
Risk Sharing	-	444
Insurance-Linked Securities	23	39
Property	376	305
Infrastructure	1	766
Private Equity	7	6
Real Assets	898	-
Private Debt	-	299
Opportunistic Illiquid Credit	-	297
Private Credit	918	-
Credit	287	-
Investment Grade Credit	231	-
High Yield	-	1
Cash	102	150
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	2	49
Secured Income	125	227
Liability Driven Investment	2,271	3,088
Currency Hedging	12	(3)
Net Current Assets	16	13
Total assets	7,500	7,588

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

KEY ASSUMPTIONS

	31 March 2025	31 March 2024
	% per annum	% per annum
Discount Rate	5.77%	4.88%
Inflation (RPI)	3.11%	3.20%
Inflation (CPI)	2.78%	2.74%
Salary Growth	3.78%	3.74%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

Life expectancy at age 65

	(Years)	(Years)
Male retiring in 2025	20.5	20.5
Female retiring in 2025	23.0	23.0
Male retiring in 2045	21.7	21.8
Female retiring in 2045	24.5	24.4

HOMES IN MANAGEMENT AND DEVELOPMENT - GROUP AND ASSOCIATION			
25	2025	2024	
	Closing homes	Additions (disposal)	Opening homes
In management at the end of the year			
General Needs	1,369	17	1,352
Affordable Rent	296	26	270
Supported Housing	45	-	45
Housing for Older People	463		463
Intermediate Rent	1	-	1
Shared Ownership Housing	183	16	167
Leasehold in management	4	1	3
Market Rent accommodation	5	-	5
Total Owned	2,366	60	2,306
Managed	4	-	4
Not Owned but managed	4	-	4
Total Owned and managed	2,370	60	2,310
Freehold	1,313		1,258
Leasehold	1,053		1,048
Total	2,366		2,306
Homes in development at the year end	99		124
	2025		2024
Analysis of mortgaged properties			
Homes charged as security for loans made to the Association	964		964
Unencumbered properties	1,331		1,271
Shared ownership properties	71		71
	2,366		2,306

26 OPERATING LEASE COMMITMENTS

The Group and the Association had minimum lease payments under non-cancellable operating leases as set out below:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Amounts payable as lessee				
Between one and two years	36	-	36	-
Between two and five years	105	-	105	-
In five or more years	-	-	-	-
	141	-	141	-

27 RELATED PARTY TRANSACTIONS

Shareholders of the Association include 9 Board Members. There are currently no members of the Board that are residents of the Association.

In 2012/13, the Association became sole trustee of "The St Saviour's Almshouses", an unincorporated charity and registered social housing provider responsible for the management of a scheme of almshouses known as The Cloisters, Hitchin. As Trustee, the Association has title to the land on which the properties are built, in trust for the Charity and is required to administer and manage the properties (note 30).

28 INVESTMENT PROPERTIES

	Group		Association	
	2025	2024	2024	2023
	£'000	£'000	£'000	£'000
Opening balance	2,292	2,292	2,292	2,292
Revaluation impact	-	-	-	-
Investment value	2,292	2,292	2,292	2,292

The valuation is based on the advice of a professional valuation from a suitably qualified person (BSc, FRICS, RICS & Registered Valuer). The valuation was provided in January 2025.

29 CURRENT ASSET INVESTMENTS

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
397 NAACIF Accumulation shares				
At 1 April	48	45	-	-
Revaluation	3	3	-	-
At 31 March	51	48	-	-

30 RELATED PARTIES - TRUST

	Financial Support Received 2025 £'000	Financial Support Provided 2025 £'000	Debtor/(Creditor) as at 31 March 2025 £'000
Regulated			
First Garden Cities Homes Ltd	(133)	159	610
Non-Regulated			
St Saviour's Almshouses	(159)	133	(610)

	Financial Support Received 2024 £'000	Financial Support Provided 2024 £'000	Debtor/(Creditor) as at 31 March 2024 £'000
Regulated			
First Garden Cities Homes Ltd	(80)	65	584
Non-Regulated			
St Saviour's Almshouses	(65)	80	(584)

31 CONSOLIDATION OF SUBSIDIARY

The Association has not undertaken a consolidation of the accounts of Garden City Homes as that entity does not have any assets, liabilities or activity and therefore the consolidated accounts would not differ from the accounts of First Garden Cities Homes Limited.

32 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2024 £'000	Cash flows £'000	Other non- cash movements £'000	At 31 March 2025 £'000
Cash and cash equivalents	6,512	(3,477)	0	3,035
Bank Loans due within one year	(160)	-	-	(160)
Bank loans due greater than one year	(50,853)	(12,411)	(6)	(63,270)
Finance lease obligations	(11,126)	(66)	(0)	(11,192)
Total	(55,627)	15,954	(6)	(71,587)