

The background of the cover is a photograph of a large, green-painted steel truss bridge. The bridge's complex lattice of beams and supports is visible, with a walkway and railing running along its side. The image is partially obscured by green and yellow geometric shapes that frame the text.

gentoo

Financial Statements

2024-25

www.gentoogroup.com

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Strategic report



Principal activities

Our principal activities are the provision of social and affordable homes to those who have a housing need, and the wider regeneration of our communities. We also deliver new build housing development for both sale and rent.

Group structure

Gentoo Group Limited is a charitable Community Benefit Society registered with the Financial Conduct Authority (FCA) and a not-for-profit Private Registered Provider (PRP) regulated by the Regulator of Social Housing (RSH). The Group has exempt charitable status and is treated as charitable by HM Revenue and Customs (reference number EW41411) and is also a Public Benefit Entity.



Strategic report

Corporate Strategy

Our core purpose is to provide warm, safe and decent homes for our customers of today and tomorrow.

Our vision is to become the best provider of social homes in the country.



The safety of our customers and colleagues will always be our number one priority. We have identified the following additional priorities which will guide the delivery of our services:



We know our customers



We provide great homes



We help communities to thrive




We are a great place to work



We spend our money wisely



We are well governed



Our values were designed by our colleagues. They set out what we stand for and what we as Gentoo want to be known for. They are what make us, us:



We care about people



We take accountability



We shape the future



We bring leadership



We deliver

Since the year-end our Board has approved a new ten-year Corporate Strategy. This new strategy, developed in consultation with our customers, colleagues and Board, is framed around six themes, including our new vision. Each theme, set out below, is accompanied by tailored strategic objectives:



The best provider of social homes in the country



A housing provider that listens and sorts things out



Helping our communities to thrive



Achieving growth through partnerships and innovation



Embracing modern technology and data



A professional, caring, great place to work

The Government's June 2025 Spending Review, in setting out a ten-year rent settlement combined with increased funding for affordable development, represents a huge opportunity for Gentoo, providing us with additional resources to deliver our new Corporate Strategy.



Strategic report

Operating review

2024/25 continued to pose a range of challenges for Gentoo and the social housing sector. Lower cost inflation and the return of the rent increase formula of Consumer Prices Index (CPI) plus 1% were welcome indicators of improved operating stability.

Set against these, however, were the ongoing challenges of the investment needs of our existing customers' homes and the viability challenges of building new affordable homes for our future customers.

Delivering our building safety and energy efficiency objectives were additional key

priorities during the year. Our customers continue to face the cost of living challenges referred to in this review in previous years and these are reflected in increased demand for all the services we offer.

2024/25 represented the final year of delivery of the Group's outgoing Corporate Strategy. A review of 2024/25, with an assessment against the old Strategy's priorities, blended with the new Strategy's themes, is included opposite.





We know our customers

During the year we made good progress on our objective of knowing our customers, understanding their needs and assessing where, and how, our performance in serving our customers needs to improve.

Our Tenant Satisfaction Measures (TSM) performance was stable and the TSM process is helping us to understand the improvements we need to make. 76% of our customers expressed themselves satisfied with our overall service. Our commitment now is in improving the consistency and quality of the services we provide. Modernisation of our ways of working, embracing the opportunities of new technology and harnessing the talent and commitment of our colleagues will be the ingredients to achieve the level of service and satisfaction our customers deserve.

Our new Corporate Strategy theme of being *“a housing provider that listens and sorts things out”* is centred around our target of delivering 90% customer satisfaction with our overall service. We know our customers and are committed to giving them a personal and caring service. Our plan is that all our customers will find it quick and easy to ask us for help when they need it. We will be easy to contact, promise to listen properly and always aim to resolve issues at the first time of asking. When things are more complex, and take longer to fix, we will keep our customers updated on progress.



We provide great homes

Against the backdrop of increased customer demand for our responsive maintenance services, our stock investment programme was delivered during the year, with our customers' homes benefitting from £41.6m of enhancements.

We continue to progress the energy efficiency improvements to our customers' homes, with 78.7% meeting an energy performance rating of C or above at the end of the year.

In the face of challenging market conditions, the Group's market sales subsidiary, Gentoo Homes, delivered 107 sales during the year, at sites across the North East. Affordable development delivery saw an improvement on previous years with 129 new homes

completed, with a programme in build that will further increase 2025/26 completions.

The new Corporate Strategy's theme of *“achieving growth through partnerships and innovation”* reflects our ambitions for growth and playing our part in helping to address the growing demand for new affordable homes. We are committed to developing long term partnerships to achieve sustainable growth, using traditional, and exploring new, models.



We help communities to thrive

The scope of our partnership working during the year was typically broad. Sunderland City Council continues to be a core partner, with our work together spanning grounds maintenance, estate services, community safety, safeguarding and other activities.

Our activities with other partners range from employability, health, wellbeing and social welfare and domestic abuse.

We continue to collaborate with colleagues in the North East Housing Partnership (NEHP) on agendas including health care and homelessness, employability and inclusion and net zero. Our determination to increase the supply of new affordable homes in Sunderland, and across the wider North East Combined Authority area, is reflected in the NEHP's regeneration, development and placemaking workstream.



We are a great place to work

Our colleagues are our most important asset and the key resource to deliver our vision. Our organisation is full of professional, caring and hardworking people. By building a culture of collaboration, learning and continuous improvement we are creating a fulfilling workplace for talented colleagues to provide exceptional services for each other and our customers.

The improvements in our workplace culture were reflected in our achievement of Great Place To Work status during the year, with the

survey telling us that 79% of our colleagues would recommend Gentoo as a great place to work.

The new Corporate Strategy's theme of "*embracing modern technology and data*" aims to further empower our people to deliver our vision. We aim to equip our colleagues with the technology, data and skills they need to provide exceptional services to our customers, as standard.





We spend our money wisely

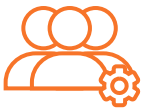
In the face of a range of challenges, and an ambitious Corporate Strategy, Gentoo's Board continues to ensure that maintaining and improving the Group's financial resilience is a key priority.

The Board's annual Financial Resilience Workshop continues to scrutinise the Group's financial capacity, acknowledge the strategic trade-offs we face and prioritise investment of the Group's resources in improving our customers' existing homes.

Key metrics around operating margin and interest cover, included elsewhere in this report, are understood and owned by

colleagues across the Group. Financial performance during the year, in absorbing the impact of a significant property impairment, reflects ongoing improvements in the core business and the Group's increased ability to focus on making the long term decisions necessary for a successful future.

Strong core landlord performance, in relation to income collection and voids and arrears management, continues to be the platform that enables the Group to invest in our customers' homes and the services we provide.



We are well governed

Our Board and Committee structure operated well throughout the year. Our Customer Committee, established in 2023, continues to advance the interests of our customers in all that we do, and exercises real influence as an integral part of our governance structure.

An addition to our governance structure during the year was our Investment Committee, consisting of non-executives, which met for the first time in July. This

Committee's remit is to ensure a strategic focus is applied to our investment activities and it has oversight of the Group's big strategic investment decisions.

We have embraced the new regulatory regime, and we see the introduction of the new consumer standards and Tenant Satisfaction Measures as complementing our vision and strategic priorities. We continue to seek and employ the learnings available from sector best practice and have assigned particular priority to how we address our customers' complaints.

Our commitment to good governance was reflected by a positive inspection from RSH, which reported in August 2024 and confirmed our existing governance (G1) and viability (V2) ratings. RSH also confirmed that we had achieved the top C1 rating for our compliance with the consumer standards, the largest RP in England to be awarded C1 at that time.



Strategic report

Financial review

Financial performance

Detailed results for the year are highlighted in the Consolidated Statement of Comprehensive Income on page 54 and the notes to the financial statements on pages 62 to 106. The table below summarises these results:

	2024/25 £m	2023/24 £m	2022/23 £m	2021/22 £m
Turnover	187.5	177.6	182.7	168.7
Cost of sales and operating expenditure	(151.3)	(137.8)	(156.6)	(143.9)
Other operating income	0.1	-	0.1	0.3
Surplus on disposal of tangible assets	1.7	1.2	3.9	1.8
Operating surplus	38.0	41.0	30.1	26.9
Net interest charges	(27.7)	(28.5)	(22.0)	(20.1)
Revaluation of fixed asset investments	-	-	-	(1.4)
Fair value adjustment for investment property	-	(0.1)	(0.6)	(1.0)
Fair value adjustment	-	(0.3)	0.1	0.1
Taxation	-	-	0.1	(0.2)
Surplus for the year	10.3	12.1	7.7	4.3



The Group's operating surplus of £38.0m includes an impairment charge of £6.6m of which £6.1m relates to the reduction in carrying value of three high rise residential buildings whilst a consultation is in progress as to the future of these properties. Underlying operating surplus excluding impairment was £44.5m, which has increased during the year due to continued good income collection and strong operating performance.

Turnover has increased by £9.9m. This is primarily due to increased income from social housing lettings of £11m, resulting from the capped 7.7% 2024/25 rent increase. Offsetting this increase is a £1.5m reduction in non-social housing income, primarily in relation to reduced properties developed for outright sale activity.

Cost of sales and operating expenditure have increased by £13.5m. As with turnover, £8m of the increase relates to increased social housing activities, and a £6.6m impairment recognised during the year, offset by a £1.3m reduction in non-social housing cost of sales, primarily in relation to reduced properties developed for outright sale activity.

Operating surplus has benefited from a £1.7m surplus on disposal of tangible assets, namely Right to Acquire and other asset surpluses. The surplus for the year is after £27.7m of net interest charges.

Financial position

The detailed Consolidated Statement of Financial Position is on page 56 and supporting details can be found in the notes to the financial statements on pages 62 to 106. The table below summarises the year-end financial position:

	2024/25 £m	2023/24 £m	2022/23 £m	2021/22 £m
Intangible fixed assets	3.1	1.9	1.0	-
Net book value of tangible assets – housing properties	1,148.9	1,098.9	1,064.8	1,044.1
Other tangible fixed assets and investments	21.3	23.0	24.6	26.1
Debtors due after one year	28.8	29.2	28.7	28.5
Net current assets	31.7	47.2	51.9	38.2
Total assets less current liabilities	1,233.8	1,200.2	1,171.0	1,136.9
Creditors due after one year	(592.6)	(569.0)	(551.9)	(526.9)
Pension liability	-	-	-	-
Net assets	641.2	631.2	619.1	610.0
Revaluation reserve	139.2	140.1	141.6	144.1
Revenue reserve	502.0	247.4	226.6	207.8
Other reserve	-	243.7	250.9	258.1
	641.2	631.2	619.1	610.0

The increase in housing property assets of £50.0m reflects our ongoing priority of investing in our existing customers' homes and building new homes for our future customers. £83.7m of this investment took place in the year, with depreciation of £24.3m, asset disposals of £3.3m and impairment of £6.1m.

Net current assets have decreased by £15.5m. This was largely due to £7.5m of land held for development being transferred to housing properties under construction during the year, as new affordable development sites became operational and, £6.4m being transferred to Gentoo Homes for development.

The £23.6m increase in creditors due after one year relates to net increases in borrowing facilities of £24.6m and an increase in deferred capital grant of £5.3m, offset by £6.1m other creditors reclassified to creditors due within one year. A pension asset at 31 March 2025 of

£216.0m has not been recognised in the Statement of Financial Position (see note 25). The other reserve has been transferred to the revenue reserve during the year (see note 1.23).



Strategic report

Financial review (continued)

Capital structure and treasury activity

At 31 March 2025 the Group's total borrowing facilities, excluding transaction fees, were £657.9m (2024: £664.0m). Of this, £545.9m (2024: £521.0m) was drawn.

£112.0m (2024: £143.0m) of the total borrowing facilities is undrawn, secured and immediately available to fund the Group's activities. These consist of Revolving Credit Facilities of £107.0m (2024: £138.0m) and an overdraft of £5.0m (2024: £5.0m) (see note 22). These facilities are secured by specific charges on the social housing assets of the Group.

The objective of the Group's Treasury Management Policy is to ensure the Group has access to sufficient liquidity to meet all liabilities as they fall due. The Policy seeks to maintain a balance between variable rate and fixed rate debt with fixed rate loans helping to manage the Group's exposure to adverse

future interest rate fluctuations. The proportion of fixed rate debt at 31 March 2025 was 73.8% (2024: 79%).

The Group's lending arrangements require compliance with a range of financial and non-financial covenants. Performance against key loan covenants are monitored by adherence to the Group's Golden Rules, which are reported to Board on at least a quarterly basis. Recent reports confirm ongoing compliance by the Group with these covenants.

The Group had cash and cash equivalents of £22.3m (2024: £16.8m) and an unutilised overdraft of £5.0m (2024: £5.0m) at 31 March 2025.

The Group had available liquidity at 31 March 2025 of £134.2m (2024: £159.8m), consisting of revolving credit facilities of £107.0m (2024: £138.0m) and cash balances and overdraft of £27.2m (2024: £21.8m).



Financial risk management

The Treasury Management Policy reflects good practice and is approved annually by Group Board. The Policy addresses key financial risks, including credit, liquidity and interest rate risks.

Credit risk

We limit the amount invested with individual counterparties to ensure that the credit risk on investments is spread over several institutions. All institutions must meet high credit criteria and are approved by the Executive Director of Finance. The Policy includes a list of approved investment instruments.

Liquidity risk

We have sufficient committed loan facilities in place to deliver our business plan until January 2029. These facilities are held with a range of high calibre lenders with the duration of loans structured to manage and minimise re-financing risk.

Interest rate risk

We borrow at both fixed and variable interest rates. Prudent assumptions are used when considering our mix of fixed and variable debt. Our fixed rate debt includes fixed rate loans embedded within our loan agreements. These basic embedded fixed rate loans are not subject to cash calls required by stand-alone swaps. Our debt requirements are reviewed at least annually, following approval of the Business Plan.

Cash

The Group's policy is to hold a minimum cash balance of £10m ensuring that loan facilities are in place to fund future requirements. Short term cash balances are placed on short term deposits at competitive rates. During the year the Group generated cash of £72.2m (2024: £70.0m) from operating activities. Net cash of £60.8m (2024: £50.3m) was invested in the year with net cash for financing activities of £5.9m (2024: £24.8m) in the year.



Strategic report

Performance and value for money

Our approach to value for money

Our approach to value for money (VfM) is about being effective in how we plan, manage and operate our business. It means spending our money wisely so we can provide warm, safe and decent homes for our customers of today and tomorrow.

Value for money is integral to the delivery of our Corporate Strategy. By spending our money wisely and being well governed, we can create more value that will enable us to know our customers, provide great homes, help communities to thrive and be a great place to work. This means we:

- Minimise our costs without compromising on the quality of our homes and services.
- Seek to do more for less, ensuring we get the best return on our resources.
- Use our resources to achieve our strategic priorities and deliver our core purpose and vision.
- Use our resources fairly to help improve the lives of those who live in our communities.
- Use our resources with integrity and accountability, ensuring we are open and transparent.

We have established five priorities that help us manage our resources, spend our money wisely and achieve value for money in everything we do:

- We maximise social value to create more opportunities for those who live in our communities, helping them to thrive.
- We use data and information to help make the best use of our resources and ensure we spend our money wisely.

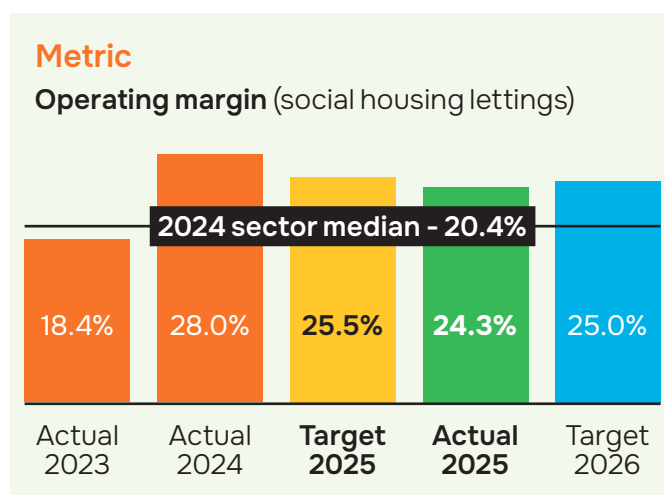
- We maximise opportunities through procurement to provide the best possible products, systems and services for our customers and colleagues, at the best possible price.
- We invest in our colleagues and how they work, so we can deliver effective and efficient services to our customers.
- We seek opportunities to partner with others, when doing so will improve the lives of our customers and their communities.

Our Board is responsible for ensuring we deliver value for money and get the best possible return from every pound we spend. Our Board considers how the financial impact of its decisions helps us deliver our core purpose, vision and priorities for our customers. Our Board monitors value for money through a range of strategic and financial measures, including those required by the Regulator of Social Housing.



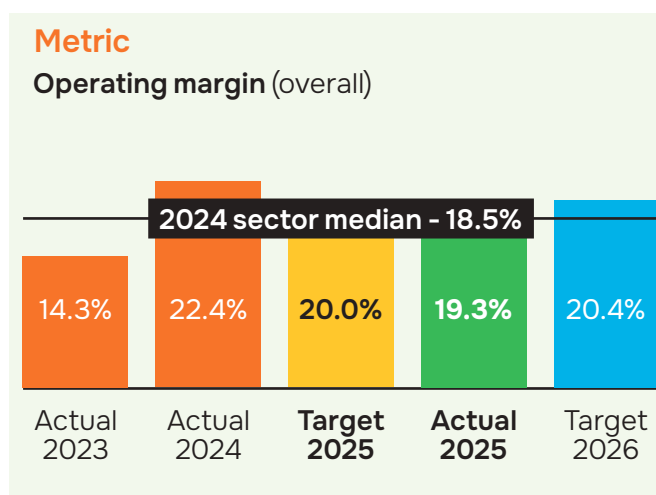
VfM metrics

The tables below report the Group's performance against a suite of VfM measures defined by the Regulator of Social Housing. These measures are benchmarked against housing associations in England (both LSVT and traditional) with more than 1,000 units, which we consider offers meaningful comparison with the Group's performance (Source: Regulator of Social Housing's "Value for money metrics and reporting – annex to the Global Accounts 2024"). Our VfM metric performance is regularly reviewed by our Risk and Audit and Investment Committees.



Operating margin shows the profitability and efficiency of an organisation before deduction of items such as interest costs.

The Corporate Strategy stipulates targets of 25% and 20% for operating margin on social housing lettings and overall operating margin respectively for 2024/25. Despite improved budgetary discipline and strong core landlord performance, combined with reductions in depreciation and a capped 7.7% rent increase, the Group's operating margins have decreased during 2024/25.



This was due to the recognition of a £6.1m impairment charge for housing properties whilst a consultation is in progress as to the future of three high rise residential buildings. Excluding this impairment charge, the margins for the year would have been 28.4% and 22.8% for operating margin on social housing lettings and overall operating margin respectively.

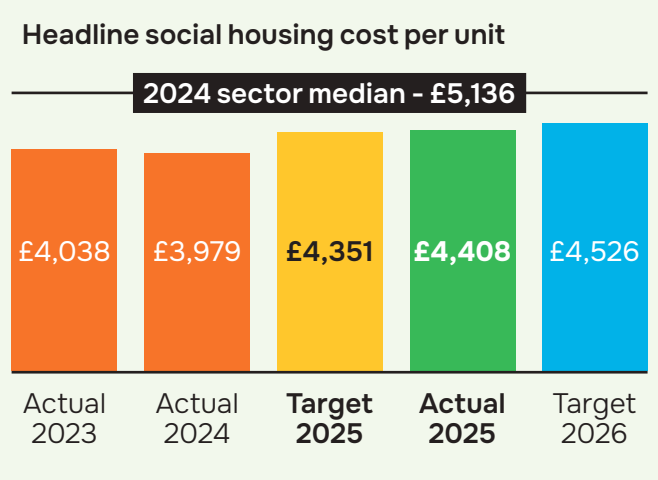
Operating margins are expected to recover in 2026, consolidating the strong underlying performance in 2025, but will continue to be constrained by Gentoo's objectives in relation to its customers, alongside its ongoing investments in building safety and energy efficiency.



Strategic report

Performance and value for money (continued)

VfM metrics (continued)



The headline social housing cost per unit (SHCPU) includes management costs, routine maintenance costs, planned maintenance costs, capitalised repairs (i.e. stock investment) costs, charges for support

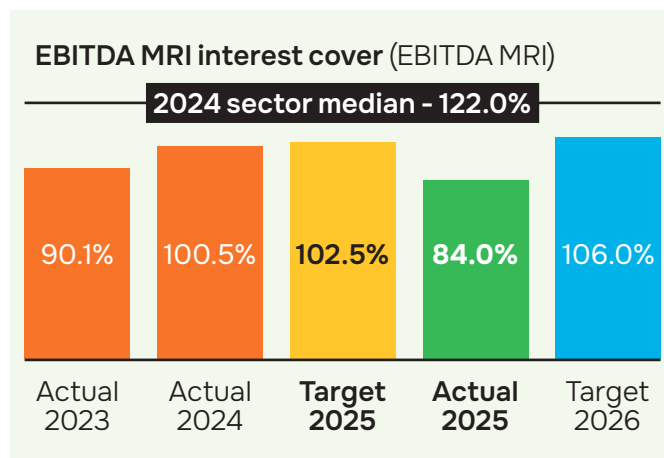
services and other social housing costs. These costs are then divided by the number of units owned or managed.

2025 actual performance reflects continued good budgetary control and staffing savings across a number of departments, partially offset by greater than budgeted stock investment costs. Conscious of the significant regional variations in this metric, the Group obtains additional assurance on it by comparing its performance with the 2024 median for its North East peer group of £4,574.

2026’s modestly increased target reflects inflationary uplifts in costs and continued planned levels of stock investment, building safety and energy efficiency programmes.



VfM metrics (continued)



EBITDA MRI is an abbreviation for earnings before interest, tax, depreciation, amortisation, with major repairs included. It is a key indicator of liquidity and investment capacity, measuring the extent to which the Group's cash surplus exceeds its interest costs.

The Group's recent EBITDA MRI IC performance reflects the impact of increased stock investment. Reduced operating

performance, further impacted by greater than budgeted stock investment costs, recognised impairments and increased major repairs capitalised in the year, have led to an actual result significantly below target. Excluding the non-recurring impairments recognised in the year, the actual 2025 EBITDA MRI IC is 105.2% as reflected in our targets. Future EBITDA MRI IC performance will continue to be impacted by ongoing stock investment and debt servicing costs.

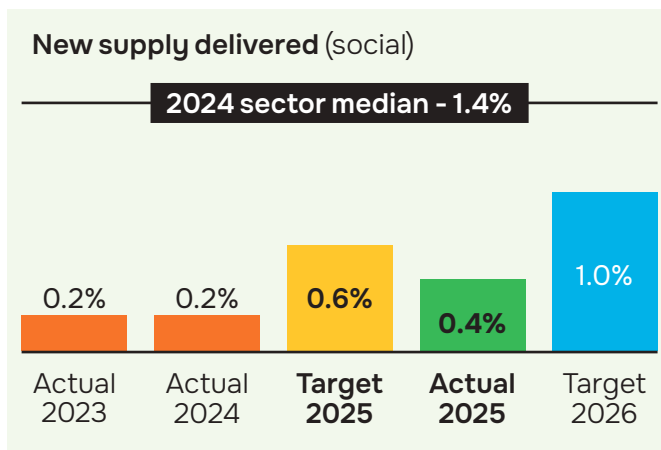
The Group's EBITDA MRI IC performance compares unfavourably to its North East peer group's 119.2% 2024 median. This reflects the Group's servicing costs on high legacy debt levels and ongoing levels of stock investment. Sustained improvement in underlying operating margins, demonstrated in the last two years, are targeted to deliver an acceptable EBITDA MRI interest cover outcome in the medium term.



Strategic report

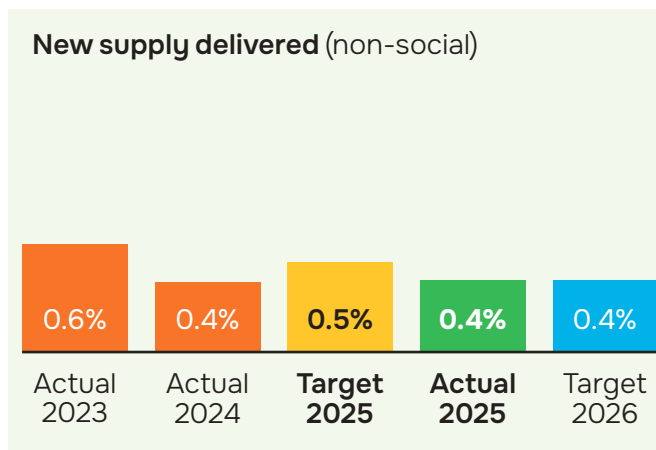
Performance and value for money (continued)

VfM metrics (continued)



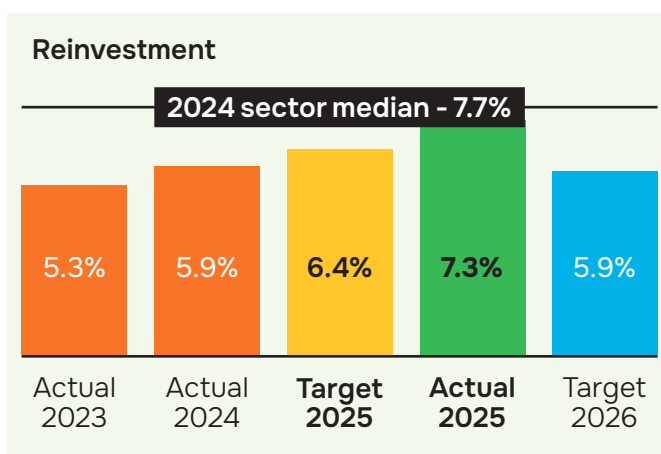
The new supply metrics show the number of new social and non-social housing units acquired or developed during the year as a percentage of total social and non-social housing units owned at the year end.

New supply delivered (social) fell below the 2024/25 target. This was due to operational delays on one of the Group's affordable development schemes. Planned completion of these, and progression of other schemes in 2025/26, explain the increase in the target figure. Overall levels of new social supply,



compared to sector averages, also reflect the Group's current prioritisation of investment in existing stock.

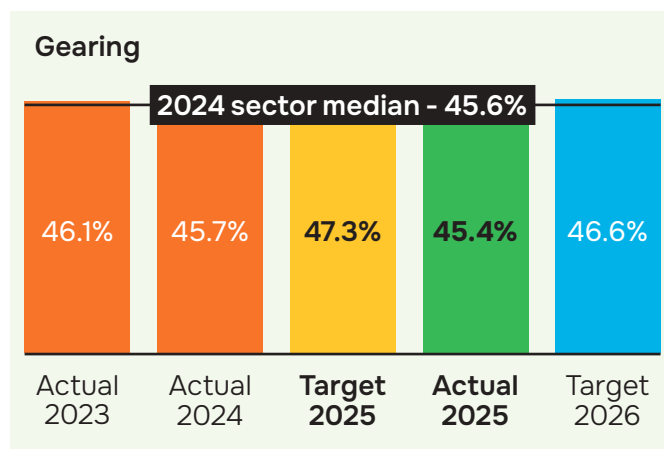
New supply delivered (non-social) reflects the Group's housebuilding subsidiary, Gentoo Homes. The number of homes developed for the year was behind target for 2025, reflecting a continued challenging housing market although improvements were observed in the second half of the year. The 2026 target is based on 131 sales being achieved.



The reinvestment metric shows investment in properties (existing stock and new supply) as a percentage of the value of total properties owned.

The Group's reinvestment levels have been typically lower than the peer group due primarily to its relatively modest affordable homes programme. 2024/25's actual reinvestment levels of 7.3% are higher than target, reflecting increased capital expenditure on existing stock totalling £42m and £41m on the affordable homes programme. The 2026 target of 5.9% includes capital expenditure on existing stock of £38m and investment of £28m on the affordable homes programme.

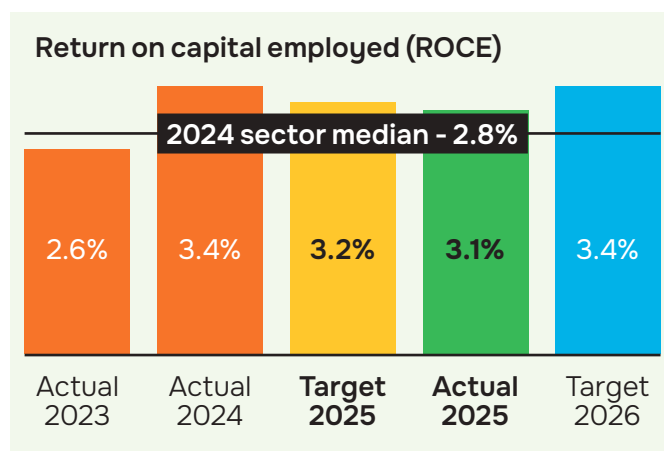
VfM metrics (continued)



The gearing metric measures how much debt an organisation holds as a percentage of its

assets, demonstrating the degree of its reliance on debt finance.

Gearing levels are broadly in line with peers and show a favourable performance against target due to higher capital spend on new and existing properties. Net debt levels were also lower at year end compared to budget due to movements in working capital. The 2026 target reflects an increase in debt through the year, due to capital investment in new and existing homes, and reduced fixed asset disposal proceeds from Right to Buy and Right to Acquire schemes.



Return on capital employed compares operating surplus to total assets less current liabilities and is a measure of how efficiently an organisation's resources are invested.

ROCE has decreased from prior year and target due to reduced operating surplus performance in 2024/25 impacted by the impairments recognised in the year.

Directors' remuneration and management costs metrics

The Regulator of Social Housing's Transparency, Influence and Accountability Standard requires all Registered Providers to provide customers with accessible information about their Directors' remuneration and

management costs. The following table summarises the amount paid in the year relative to the total social housing units owned and managed by the Group:

	2025	2024
Remuneration payable to highest paid Director relative to landlord size	£6	£6
Aggregate remuneration paid to Directors' relative to landlord size	£32	£24
Management costs relative to landlord size	£4,408	£3,979

Strategic report

Performance and value for money (continued)

Strategic Priorities

The Corporate Strategy 2023 to 2025 established a set of key performance metrics. These metrics are designed to demonstrate the Group’s progress in delivering against the Strategy’s key priorities.

Priority 1: *we know our customers*

We are committed to working with our customers to review and improve how we engage with them. We will prioritise the collection of meaningful and robust satisfaction data from our customers to test the delivery of our strategy and ensure our

customers play a full role in shaping our services.

The customer satisfaction measures below are the Group’s 2024/25 results for three of the Regulator of Social Housing’s Tenant Satisfaction Measures (TSMs). These results were obtained by the Group’s appointed third party research organisation. Actual performance against these metrics in 2024/25 consolidated performance in the previous year but fell below the target of 90% set for each measure. Our new Corporate Strategy sets out the approach we will take to deliver against these targets.

	Target 2025	Actual 2025	Target 2026
% of customers who are satisfied with Gentoo’s overall service	90%	76%	90%
% of customers who are satisfied with Gentoo’s repairs service	90%	78%	90%
% of customers who are satisfied that Gentoo makes a positive contribution to their neighbourhood	90%	68%	90%
% of customers who say they agree that Gentoo treats them fairly and with respect	90%	80%	90%



Strategic Priorities (continued)

Priority 2: we provide great homes

Our landlord health and safety compliance responsibilities are integral to our core purpose of providing safe and decent homes for our customers of today and tomorrow. We are committed to increasing the number of homes we acquire and build, with a particular focus on improving the supply of affordable homes.

The Group's actual performance on key landlord health and safety measures is strong, including improvements in the clearance of remedial actions. Good progress continues to be made in improving the energy efficiency of our customers' homes as we plan for the 2030 deadline for our stock meeting an energy performance rating of C or above.

	Actual 2024	Target 2025	Actual 2025	Target 2026
% of properties with a current Landlord Gas Safety record	100%	100%	100%	100%
% of domestic properties with a current electrical installation condition report (transition from 8-year to 5-year inspection cycle)	96.55%	100%	99.99%	100%
% of non-domestic properties with a current fire risk assessment (transition from 5-year to 3-year inspection cycle)	100%	100%	100%	100%
Number of overdue remedial actions arising from a Landlord Gas Safety Check	0	0	0	0
Number of overdue remedial actions arising from a domestic electrical installation condition report	48	0	13	0
Number of overdue actions arising from a fire risk assessment	2	0	6	0
% of homes that meet the requirements of the Decent Homes Standard	99.93%	100%	99.97%	100%
% of homes with an energy performance rating of C or above	72.99%	75%	78.70%	80%
Number of new homes acquired or built for affordable rent and shared ownership	63	216	129	266
Number of new homes sold by Gentoo Homes	112	135	107	131

Strategic report

Performance and value for money (continued)

Strategic Priorities (continued)

Priority 3: *we help communities to thrive*

We continue to prioritise the numerous partnership we have built over the years with a range of agencies. We have increased our collaboration with other housing providers, local authorities, and other stakeholders to support the objectives of the North East Combined Authority. We will prioritise

improvement in the TSMs that reflect our performance in our communities, including our customers' satisfaction with our approach to handling anti-social behaviour. We will work with our partners to reduce anti-social behaviour in our communities. We will also review our estates, open and shared spaces to ensure they meet the needs of our communities.



Strategic Priorities (continued)

Priority 4: *we are a great place to work*

Gentoo is full of professional, caring, and hard-working people. Through a culture of collaboration, learning, and continuous improvement, we are creating a fulfilling

workplace for our talented colleagues to provide exceptional services for each other and our customers. We will review our success with colleagues on maintaining our Great Place to Work accreditation.

	Target 2025	Actual 2025	Target 2026
% of colleagues who would recommend Gentoo as a great place to work	85%	79%	85%
Colleague turnover rate	10%	7.1%	10%
% of colleagues who believe Gentoo is committed to their health & safety	85%	89%	85%

Priority 5: *We spend our money wisely*

We continue to embed a comprehensive approach to value for money through all parts of our business, with our colleagues' ownership and understanding of key metrics improving. Our Board continue to prioritise the following metrics as the key measures of our progress in improving the operating efficiency of the Group:

- Operating margin (social housing lettings)
- Operating margin (overall)
- EBITDA MRI Interest Cover

The Group's performance during the year against these metrics is set out on pages 19-21.

Priority 6: *We are well governed*

We will continue to prioritise effective and intelligent governance, including reviewing our committee structure to ensure our customers' voice is at the heart of our decision making.



Strategic report

Performance and value for money (continued)

Streamlined Energy and Carbon Reporting (SECR)

There are qualifying conditions that require organisations to report their carbon emissions and energy usage. The Group is not required by legislation to include this information in its annual report. Without the intention of being the equivalent of legislatively compliant, the Group does elect to include some relevant disclosures below, given the increasing importance of the carbon reduction agenda. The methodology used to produce the Group's carbon footprint is in line with the Greenhouse Gas Protocol and follows an operational control approach to identifying what is included within the footprint.

Gentoo's carbon footprint 1 April 2024 – 31 March 2025

The Group emitted 2,585 tCO₂e (tonnes of carbon dioxide equivalent) for 2024/25 across scope 1 and 2 (2024: 2,788 tCO₂e). This includes Gentoo Homes' emissions. Adding Scope 3 business travel brings the total to 2,785 tCO₂e (2024: 2,981 tCO₂e).

An intensity ratio is used to determine the carbon emissions relative to a single common business metric and allows the Group's carbon footprint to be compared over time or with similar organisations.

For scope 1 and 2 emissions, this can be presented as 2,585 tCO₂e (2024: 2,788 tCO₂e) with an intensity ratio of 2.55 tCO₂e per total full-time equivalent employee (2024: 2.74 tCO₂e) and 13.79 tCO₂e per million £ turnover (2024: 15.69 tCO₂e).

When scope 3 emissions are included, this can be presented as 2,785 tCO₂e (2024: 2,981 tCO₂e) with an intensity ratio of 2.75 tCO₂e per total full-time equivalent employee (2024: 2.93 tCO₂e) and 14.85 tCO₂e per million £ turnover (2024: 16.78 tCO₂e).

For 1 April 2024 to 31 March 2025 the number of full-time equivalent employees was 1,012 (2024: 1,018) and turnover was £187m (2024: £178m).

Low carbon initiatives

Gentoo Group has several carbon efficiency initiatives in place including renewable energy, in the form of Solar Photo Voltaics (PVs) at the head office. These PVs provided an equivalent of 48,753 kWhs of energy towards the total demand of Gentoo Group usage (representing 0.81% of electricity consumed). This prevented 10.24 tCO₂e of carbon emissions had all the energy demands been met by the National Grid.

During this period Gentoo Group used a green tariff for all of the electricity supplied from the National Grid. This equated to 6,002,832 kWh supplied from renewable energy sources.

Electric vehicles are available for colleagues to use as pool vehicles. There were 16,375 business miles travelled in electric vehicles during this period across the whole Gentoo Group, with zero emissions. If these miles had been covered in an average car of unknown fuel type there would have been an estimated additional 1.1 tCO₂e emitted.

Environmental, Social and Governance (ESG)

The Group produced the first ESG report for 2022/23, and this was published in the Autumn of 2023. Production of the third report has already commenced, and this will be released in Autumn 2025.



Strategic report

Risk management

Risk management framework

Gentoo is committed to developing and implementing effective and efficient arrangements to identify, assess and control the significant risks that could affect Gentoo's ability to meet its strategic objectives. Our arrangements for risk management are detailed in our risk management framework, which is reviewed and approved annually by the Group Board.

Our risk management framework aims to embed risk management activities in the day-to-day management of operations. Gentoo's risk management framework is based on the following principles. Risk management is:

- an essential part of Gentoo's governance and leadership. It is fundamental to how Gentoo is directed, managed and controlled at all levels
- an integral part of Gentoo's activities. It supports decision making and the achievement of Gentoo's strategic objectives
- collaborative and promotes the involvement of stakeholders to enable their knowledge, views and perceptions to be considered
- based on the best available information and expertise. Gentoo takes account of historical and current information, future expectations and assumptions and any limitations and uncertainties when making decisions
- continually improved through learning, experience and horizon scanning for new and emerging risks

Risk appetite

The Group Board establishes Gentoo's risk appetite by determining and continuously assessing the nature and extent of the strategic risks that Gentoo is exposed to and is willing to take to achieve its objectives.

Gentoo's risk appetite provides a framework which enables it to make informed management decisions. It benefits Gentoo by:

- reducing the uncertainty associated with specific risks and risk categories
- improving consistency across governance mechanisms and decisions making
- supporting performance improvement
- focusing on priority areas within the Group
- informing resource prioritisation and allocation of additional financial commitments.

Risks are organised using defined categories to enable the development of a structured, integrated, and holistic view of risks.

Gentoo's risk management framework establishes a risk appetite scale that is applied to each risk category. The table across provides generic definitions for each level of Gentoo's risk appetite scale. It also shows the risk appetite for each risk category.

Risk appetite	Description	Risk Categories
Averse	<ul style="list-style-type: none"> • The avoidance of risk and uncertainty in the achievement of key deliverables or initiatives is a key objective. • Activities undertaken will only be those considered to carry no residual risk. 	<ul style="list-style-type: none"> • Governance and compliance • Customer safety • Occupational health and safety • Data integrity • Data protection • Cyber security
Minimalist	<ul style="list-style-type: none"> • Gentoo prefers very safe business delivery options that have a low degree of inherent risk. • The potential for benefit/return is not a key driver. • Activities will only be undertaken when they have a low degree of residual risk. 	<ul style="list-style-type: none"> • Legal
Cautious	<ul style="list-style-type: none"> • Gentoo prefers safe options that have a low degree of inherent risk and only limited potential for benefit. • Gentoo is willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives when it has identified scope to achieve significant benefit and/or achieve an opportunity. • Activities undertaken may carry a high degree of residual risk that is deemed controllable to a large extent. 	<ul style="list-style-type: none"> • Operational • Asset management • Corporate property • Financial and value for money • Commercial • Project and programme • Reputational • Environmental • Development of new homes for sale • Insurance • Supplier Management
Open	<ul style="list-style-type: none"> • Gentoo is willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. • Gentoo seeks to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. • Activities themselves may potentially carry, or contribute to, a high degree of residual risk. 	<ul style="list-style-type: none"> • People • Technology • Development of new homes for affordable rent • Development of new homes for partial sale • Strategy
Eager	<ul style="list-style-type: none"> • Gentoo is eager to be innovative and to choose options based on maximising opportunities and potential higher benefit, even if those activities carry a very high residual risk. 	



Risk management (continued)

Risk reporting

The Group Board ensures there are suitable and sufficient arrangements for reporting on risk management to the Group Board and Risk and Audit Committee to:

- communicate risk management activities and outcomes across Gentoo
- provide information to support decision making
- improve risk management activities
- ensure key stakeholders have sufficient oversight of risk management

The Group's Risk Management Framework is presented:

- annually to the Executive Team for review and consultation
- annually to the Risk and Audit Committee who shall make a recommendation to the Group Board for approval if they are satisfied that it is suitable and sufficient
- annually to the Group Board for approval based on the recommendation from the Risk and Audit Committee

The Group's Risk Appetite Statement is presented:

- annually to the Executive Team for review and consultation
- annually to the Risk and Audit Committee who shall make a recommendation to the Group Board for approval if they are satisfied that it is suitable and sufficient
- annually to the Group Board for approval based on the recommendation from the Risk and Audit Committee

Strategic risks

The Group Board and Executive Team are collectively responsible for ensuring that the Group identifies the significant risks that will affect Gentoo's ability to achieve its strategic objectives. The Risk and Audit Committee is kept updated on the impact of changes in the Group's internal and external operating environments on its strategic risks through the risk management report and other topic specific reports as discussed at the committee.

As of 31 March 2025, there are no strategic risks which are sitting outside of the Group's appetite. One strategic risk moved back into appetite, during the financial year, relating to cyber security. Over the last 12 months new controls have been put in place which have provided assurance that this risk now sits within the cautious zone of risk appetite.

One strategic risk has been superseded relating to a work-related fatality or serious injury occurring on a Gentoo Homes construction site. The Group Board and Risk and Audit Committee have received adequate assurance that this has been mitigated, as a result this risk will be superseded by a more generic health and safety related risk which could have a wider reaching impact. Risk and Audit Committee members have been assured that this was not proposed because of concerns over health and safety in Gentoo Group, but to more accurately reflect the oversight of health and safety in both Gentoo Group and Gentoo Homes. This new risk sits within the cautious zone of the Group's risk appetite.

Strategic report

Risk management (continued)

Strategic risks (continued)

A new strategic risk has been created following the findings identified in the structural assessments of the Group's ten large panel system (LPS) high-rise residential buildings. The new strategic risk states "A LPS high-rise residential building fully or partially collapses because of an explosion. This could lead to customers and other occupants dying or being injured." The Group Board and Risk and Audit Committee continue their oversight of this risk. Building safety cases have been

developed and detail how each building is safe for customers to occupy which includes the identification of risks and control measures. This new risk sits within the cautious zone of the Group's risk appetite.

The table below shows Gentoo's current strategic risks. It shows the risk description, risk position and a summary of key strategic controls.

Risk	Risk position	Strategic controls
<p>The Regulator of Social Housing downgrades the Group to a non-compliant governance, financial viability or consumer grading because the Group fails to comply with regulatory standards.</p> <p>This could result in damage to the Group's reputation, an adverse impact on the Group's funding and customers losing trust and confidence in the Group as their landlord.</p>	Within cautious zone of risk appetite	<ul style="list-style-type: none">• Constitutional Rules, Standing Orders and Financial Regulations are in place• Board and Committee have oversight of governance and financial performance• Adopted the NHF Code of Governance• Risk Management Framework• The Group has a set of Golden Rules to establish financial parameters which were approved by the Board• The Corporate Strategy approved by Group Board• Suite of governance policies which set out how the Group governs and controls specific areas• Board and Committee oversight of governance and financial performance

Risk management (continued)

Strategic risks (continued)

Risk	Risk position	Strategic controls
<p>Homes are not maintained in accordance with the Decent Homes Standard because the Group does not have the financial capacity to undertake the necessary repairs, maintenance and stock investment and/or does not undertake repairs and maintenance or stock investment to the required standard.</p> <p>This could result in a failure to comply with regulatory standards, receiving a severe maladministration notice, damage to the Group's reputation and customers losing trust and confidence in the Group as their landlord.</p>	Within comfort zone of risk appetite	<ul style="list-style-type: none"> • Business Planning • Stress testing and mitigations • Asset Management Strategy and Delivery Plan is in place • Stock condition data held within MRI • Responsive repairs function is in place • Supplier Relationship Management Framework • Capital major repairs programme
<p>The Group is unable to deliver its five-year investment plan because of an increase in supply chain costs, an inability of the supply chain to meet demand, significant unforeseen and unbudgeted building safety costs and other competing financial demands.</p> <p>This could result in investment priorities changing, re-prioritising budgets, damage to the Group's reputation and customers losing trust and confidence in the Group as their landlord.</p>	Within cautious zone of risk appetite	<ul style="list-style-type: none"> • The Group has a five-year business plan in place • The Group's business plan is regularly stress tested • Supplier Relationship Management Framework • Asset Management Strategy and Delivery Plan
<p>Core customer data is exploited, lost, corrupt or unavailable due to a cyber-attack.</p> <p>This could lead to a disruption of services to customers, colleagues being unable to perform core roles, regulatory action and prosecution and damage to the Group's reputation.</p>	Within cautious zone of risk appetite	<ul style="list-style-type: none"> • Data Governance Policy • Data Protection Policy • Information Security Policy • Disaster Recovery Plan • A layered protection strategy

Strategic report

Risk management (continued)

Strategic risks (continued)

Risk	Risk position	Strategic controls
<p>A customer is seriously injured or dies in their home because the Group fails to undertake the necessary landlord health and safety compliance checks and carry out safety critical repairs and maintenance.</p> <p>This could result in the prosecution of the Group and individual officers, a failure to comply with regulatory standards, damage to the Group's reputation and customers losing trust and confidence in the Group as their landlord.</p>	Within comfort zone of risk appetite	<ul style="list-style-type: none"> • Board, Committee and Executive oversight • Landlord health and safety compliance framework • Landlord health and safety compliance policies • Supplier Relationship Management Framework • Asset Management Strategy and Delivery Plan • Property Maintenance Compliance Team manage and oversee all key areas of compliance such as gas, electricity, remedial works and customer led repairs • Technical Assurance Team provides second line of assurance defence
<p>The Group is unable to build the planned number of affordable homes in Sunderland due to cost and inflation pressures, planning delays and refusals and an increase in competition from other house builders.</p> <p>This could lead to certain schemes becoming wholly unviable, delays to the programme and the Group retaining ownership of acquired land.</p>	Within cautious zone of risk appetite	<ul style="list-style-type: none"> • Board, Committee and Executive oversight • Business planning takes account of the planned development of affordable homes in Sunderland • Stress testing of the Group's business plan and mitigations • Affordable Homes Plan detailing the forecasted number of units to be delivered each year • Supplier Relationship Management Framework
<p>The Group's rent arrears increase significantly for two or more years because of high levels of inflation and the cost of living, increased void costs and government caps on rental income.</p> <p>This could lead to an increase in rent arrears and former customer arrears and a reduction of the Group's surplus and operating margin.</p>	Within comfort zone of risk appetite	<ul style="list-style-type: none"> • Arrears Management and Allocation Policy • Income Management Policy • Rent and Service Charge Policy • Void repairs including a lettable standard and Repairs and Maintenance Policy • Supplier Relationship Management Framework

Risk management (continued)

Strategic risks (continued)

Risk	Risk position	Strategic controls
<p>Works and services delivered by a tier 1 or 2 supplier are significantly impacted due to the supplier becoming insolvent or unable to fulfil the contract, and the Group having concentrated a significant volume of work with that supplier.</p> <p>This could lead to delays to ongoing and pipeline contracts, increased time and costs associated with appointing new suppliers and damage to the Group's reputation.</p>	<p>Within comfort zone of risk appetite</p>	<ul style="list-style-type: none"> • Supplier Relationship Management Framework • Supplier segmentation analysis to provide assurance that work is not concentrated to any one tier 1 or 2 supplier • Third-party systems to facilitate certain activities (e.g. CHAS, Creditsafe, Cyber Scorecard) • Third-party systems (Genbuy) to manage tender activity and supplier management • Constitutional Rules, Standing Orders and Financial Regulations • Responsible Procurement Policy • Procurement Strategy reviewed every five years, measured against a "Procurement Maturity Assessment"
<p>Strategic decisions are made to the detriment of customers because the Group fails to give due consideration to the impact of decisions on customers and communities and fails to embed the voice and opinion of customers in its strategic decision making.</p> <p>This could lead to reduced levels of customer satisfaction, an increase in complaints, damage to the Group's reputation and customers losing trust and confidence in the Group as their landlord.</p>	<p>Within cautious zone of risk appetite</p>	<ul style="list-style-type: none"> • Customer and resident engagement policy • Customer Scrutiny Group • Customer and Committee Voice Forums • Customer representation on the Board

Strategic report

Risk management (continued)

Strategic risks (continued)

Risk	Risk position	Strategic controls
<p>A customer suffers severe ill-health or dies because of damp or mould that the Group did not reduce or remove from their home.</p> <p>This could result in the prosecution of the Group and individual officers, a failure to comply with regulatory standards, damage to the Group's reputation and customers losing trust and confidence in the Group as their landlord.</p>	<p>Within cautious zone of risk appetite</p>	<ul style="list-style-type: none"> • Stock condition survey programme taking account of HHSRS hazards • Stock condition data held in MRI Asset with assurance provided by independent third party on a regular basis • Damp and mould policy • A responsive repairs function providing inspections and remedial works for damp and mould
<p>The Group fails to modernise its IT applications because of insufficient and/or unsuitable financial and people resource allocation, undefined portfolio prioritisation and inadequate project management and governance.</p> <p>This could lead to applications no longer being supported by vendors, an increase in Gentoo's security exposure, and continued poor customer and colleague experience.</p>	<p>Within cautious zone of risk appetite</p>	<ul style="list-style-type: none"> • Board, Committee and Executive oversight to monitor modernisation of IT applications performance • IT Modernisation Strategy details strategic initiatives to modernise IT applications • Project and programme management resource to deliver significant projects • Project governance and risk management arrangements to oversee delivery of significant projects • IT roadmap developed to support delivery of strategy and give visibility of all application modernisation activity
<p>Gentoo Homes is unable to fully repay the intercompany loan because of weaknesses in the Group's governance and oversight of Gentoo Homes, and/or external factors outside of the Group's control.</p> <p>This could adversely impact the Group's financial viability and the Group's regulatory gradings.</p>	<p>Within cautious zone of risk appetite</p>	<ul style="list-style-type: none"> • Gentoo Homes Business Plan • Stress testing and mitigation of the business plan • Periodic test of Gentoo Homes' ongoing viability and options, including independent advice • Board, Committee and Executive oversight

Risk management (continued)

Strategic risks (continued)

Risk	Risk position	Strategic controls
<p>A large panel system high-rise residential building fully or partially collapses because of an explosion. This could lead to customers and other occupants dying or being injured.</p>	<p>Within cautious zone of risk appetite</p>	<ul style="list-style-type: none"> • Building safety management system • Customer engagement strategy for building safety in high-rise residential buildings • A safety case using claims, argument and evidence approach is documented for each high-rise residential building
<p>A colleague, contractor, customer, or other person is seriously injured or dies.</p> <p>This occurs following an incident caused by unsafe working practices or conditions within Gentoo Group or Gentoo Homes.</p> <p>This could lead to the prosecution of Gentoo Group or Gentoo Homes, as well as individual officers. It could result in fines in line with sentencing guidelines and significant damage to the reputation of both Gentoo Group and Gentoo Homes.</p>	<p>Within cautious zone of risk appetite</p>	<ul style="list-style-type: none"> • Documented health and safety management system • Training matrix specifying mandatory health and safety training in place. • Health and Safety Team providing competent health and safety advice • Health and safety policy • Competent Senior Management Team to oversee health and safety activities in each business area

Report of the Board

Board Members, Executive Directors, and Advisors

Board

Emily Cox, MBE (Chair)

Alison Fellows

(Resigned on 27 February 2025)

Nick Forbes

(Appointed as an Independent Member on 27 November 2024, was previously a co-optee from 1 October 2023)

Andrew Lister

Carol Long

(Resigned on 24 July 2024)

Claire Long

Graeme Miller

(Appointed on 12 June 2024)

Brenda Naisby

Hannah Pollard

Morven Smith

Patricia Smith

(Resigned on 2 May 2024)

Nichola Stefanou

(Appointed on 27 November 2024)

Ellen Thinnesen

Chris Watson

(Resigned on 31 May 2024)

Executive Directors

Louise Bassett

(Chief Executive Officer)

Marc Edwards

(Executive Director of Property) –
Appointed on 1 September 2024

Stephen Flounders

(Executive Director of Regulatory and
Business Services)

Susan Fulton

(Executive Director of Customer, People and
Engagement)

Peter Lenehan

(Executive Director of Finance)

Susan Thompson

(Executive Director of Housing) –
Until 15 July 2024

Independent Auditor

Beever and Struthers

150 Minorities

London

EC3N 1LS

Principal Bankers

National Westminster Bank plc

Sunderland City Branch

52 Fawcett Street

Sunderland

SR1 1SB

Registered Office

Emperor House

2 Emperor Way

Doxford International Business Park

Sunderland

SR3 3XR

Principal activities

The Group's principal activities and its performance during the year are included in the Strategic report which precedes this report.

Group Board (“the Board”)

The Board Members and Executive Directors who served during the financial year are set out on page 40.

Under the Society's Rules the Board is comprised of one resident Board Member, two council Board Members, and up to nine independent Board Members up to a maximum of 12 Board Members in total. Board Members are drawn from a wide range of backgrounds and experience. The Board meets a minimum of six times a year. A system of Board Member appraisal is in place, led by the Board Chair and facilitated by an external adviser. The appraisal process also includes arrangements to review the performance of the Chair.

The Board is ultimately responsible for the overall control and direction of Gentoo and its subsidiaries, including the monitoring of its performance and the deployment of resources. The Board ensures that Gentoo operates effectively, within the terms of its internal governance and upholds Gentoo's vision and values.

The essential functions of, and significant matters reserved for, the Board are formally recorded in Gentoo's Standing Orders, Scheme of Delegation and Financial Regulations and reflect the requirements of the National Housing Federation's Code of Governance 2020. These essential functions include, but are not limited to, the development of Gentoo's strategy, vision and values, changes to Gentoo's corporate structure, changes to Gentoo's management and control structure and any changes to the

Society's status. The Board delegates other matters to its subsidiary boards, committees and executive which are recorded in the respective terms of reference and scheme of delegation.

The Regulator of Social Housing's Governance and Financial Viability Standard (“the Standard”) requires all registered providers to adopt and comply with an appropriate code of governance and certify compliance with its chosen code together with certification of compliance with the Standard. The Group has adopted the National Housing Federation's Code of Governance 2020 (“the Code”) and the Board complies with the principles and requirements set out in the Code. The Board reviewed and certified its self-assessment with both the Standard and the Code in July 2024.

Policies are reviewed and approved by Group Board, People Committee, Risk and Audit Committee (RAC) and the Executive Team as appropriate. The Board sets and monitors the Corporate Strategy. The Risk and Audit Committee monitors risk management and makes recommendations and gives assurance to the Board on this and the Group's Risk Appetite statement. The People Committee monitors the Group's work on culture alongside the Board. The Group Board approved the skills matrix, following recommendations from the People Committee. There is a resident Board Member, for which requirements of the position are set out in the Group's Rules and the Group's Standing Orders. The Group has Customer and Community Voice Groups for each of the areas. The Customer Committee helps ensure that the voice of the customer is at the heart of decision making.

Report of the Board

Group Board (“the Board”) (continued)

An Equity, Diversity, Inclusion and Belonging Policy is in place that recognises and embraces the benefits of having a diverse board. All Board appointments are made on merit, in the context of the skills, experience and diversity of thought the Board as a whole requires to be effective. The Board recognises that diversity in respect to skills, knowledge and experience was reflected in terms of its composition. The Board had a commitment to meet the requirements of the Lord Davies Report, that 33% of the Board should be female and this has been exceeded with the membership as at 31 March 2025 being 70% female.

Customer Committee

This is a non-executive committee chaired by the Group Chair. The Committee supports the Board in its oversight of the development and implementation of customer engagement, scrutiny and the outcomes and actions relating to the Tenant Satisfaction Measures

(TSMs). Membership includes six independent committee members, all of whom are current Gentoo customers, two independent Board Members and the Resident Board Member. The Board appointed “Member Responsible for Complaints” also attends the Committee as part of their Board assurance role on the effectiveness of the organisation’s complaints system. The remit of the Committee is to provide assurance to the Board that the expectations and outcomes of the Consumer Standards; Safety and Quality Homes Standard; the Transparency, Influence and Accountability Standard, the Neighbourhood and Community Standard and the Tenancy Standard are being met. The Committee met six times during the financial year.

Risk and Audit Committee

This is a non-executive committee chaired by a Member of the Board, who is not the Group Chair. This committee oversees the production of the Annual Report and Financial Statements and provides scrutiny, challenge and



assurance over the risk management and internal control framework on behalf of the Board. In addition, the committee provides oversight and scrutiny of the performance of Group's Landlord Compliance programme, reviews Gentoo's risk management framework and risk appetite statement and monitors compliance with the Group's probity and whistleblowing arrangements. The Committee approves the annual Internal Audit Plan and considers all reports from the internal auditor. The Committee met six times during the financial year and regularly meets with internal and external auditors without management present.

Investment Committee

This is a non-executive committee, formed in July 2024, to support the Board in its oversight of the delivery and implementation of Gentoo's Capital Investment Programmes. The remit of the Committee is to have strategic

oversight of major capital investment. The Committee considers the strategic aspects of financial value/capacity, return on investment, and customer outcomes and provides assurance to Group Board on these areas.

People Committee

This is a non-executive committee which provides assurance to the Board, on culture and workforce to enable better outcomes for customers. The Board is accountable to ensure Gentoo is governed effectively and that Board and Committee Members have the requisite skills to gain assurance on the achievement of its Corporate Strategy. The Board has delegated governance processes to the Committee, in relation to Board and Committee recruitment, remuneration, skills, development, succession planning, in line with the adopted Code of Governance.



Report of the Board

Board and Committee membership, and meeting attendance

Name	Group Board	Customer Committee	Risk and Audit Committee	Investment Committee	People Committee
	7 Meetings	6 Meetings	6 Meetings	3 Meetings	4 Meetings
Emily Cox	7 (7)	6 (6)	-	3 (3)	-
Nick Forbes ¹	5 (7)	-	-	2 (3)	-
Andrew Lister	6 (7)	-	6 (6)	3 (3)	-
Claire Long	7 (7)	-	6 (6)	-	2 (2)
Graeme Miller ²	5 (6)	-	3 (4)	-	-
Brenda Naisby	6 (7)	5 (6)	-	-	4 (4)
Hannah Pollard	6 (7)	-	-	3 (3)	-
Morven Smith ³	6 (7)	-	-	-	4 (4)
Nichola Stefanou	3 (4)	-	1 (2)	-	-
Ellen Thinnesen	5 (7)	-	-	-	3 (4)
Stephanie Carr ⁴	-	6 (6)	-	-	-
John Dannell ⁴	-	6 (6)	-	-	-
Angela Dalzell ⁴	-	6 (6)	-	-	-
Doreen Richardson ⁴	-	6 (6)	-	-	-
Victoria Smith ⁴	-	6 (6)	-	-	-
Julia Wysocka ⁴	-	6 (6)	-	-	-

The following Board members resigned during the year:

Alison Fellows	6 (6)	5 (5)	-	3 (3)	-
Carol Long	2 (2)	-	2 (2)	-	2 (2)
Patricia Smith	0 (0)	-	0 (1)	-	-
Chris Watson	1 (1)	-	-	-	1 (1)
Alan Gallagher ⁵	-	-	2 (3)	-	-

¹ Co-opted Member of Group Board from 1 October 2023, appointed as an Independent Member of Group Board on 27 November 2024

² Attended the March Customer Committee meeting as an observer prior to his formal appointment to the Committee

³ Attended three Customer Committee meetings as the Member Responsible for Complaints

⁴ An independent Customer Committee Member

⁵ An independent Risk and Audit Committee Member

Internal controls assurance

The Group Board is the ultimate governing body and is responsible for establishing and maintaining a sound system of internal control and risk management across the Group in order to safeguard Gentoo's assets, compliance and reputation. The Group Board is supported by the Group Risk and Audit Committee in this work. The Group Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Risk and Audit Committee to review all material information presented with the financial statements, including the internal controls assurance statement.

The Chair of the Risk and Audit Committee provides a feedback report at each meeting of the Group Board. This report details the key matters discussed at the most recent meeting of the Risk and Audit Committee, as well as any decisions made by the Committee and details of any issues that need to be brought to the attention of the Group Board. The Group Board reviews the effectiveness of the Group's business planning, risk and control framework and processes to support its strategy and objectives and decision making. The Group Board undertakes an annual assessment of these frameworks and approves the internal controls statement for inclusion in the annual report.

The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The Group continuously identifies, assesses, evaluates, and controls its significant risks so it can respond to changes in its internal and external operating

environment. Key elements of the Group's control framework include:

- Group Board approved Terms of Reference and Delegated Authorities for the Risk and Audit Committee
- A robust Risk Management Framework that clearly defines management responsibilities for the identification, assessment, evaluation, and control of significant risks
- A discussion of the Group's strategic risks at each meeting of the Risk and Audit Committee, accompanied by the submission of the Group's Strategic Risk Register
- A robust approach to financial planning, stress testing and resilience planning, ensuring the Group Board has ownership of these activities and that they are pivotal to, and integrated with, the Group's overall approach to business planning, risk and performance management
- A strategic approach to treasury management that seeks to optimise how the Group borrows to invest in its core purpose
- Regular reporting to the Group Board and Risk and Audit Committee on covenant compliance, financial golden rules, and value for money
- Regular reporting to the Group Board on progress against the Group's Corporate Strategy and associated performance measures
- Regular reports to the Risk and Audit Committee on business continuity and cyber security
- Robust policies on anti-fraud, bribery and corruption, anti-money laundering and whistleblowing

Report of the Board

Internal controls assurance (continued)

- Standing reports to the Risk and Audit Committee on the outcomes of internal audits, including the Annual Internal Audit Opinion
- Statements on the Group's system of internal controls included in the annual report of the Group's appointed internal auditor and external auditor
- An annual self-assessment against the Regulatory Standards and the National Housing Federation's Code of Governance, the findings of which are reported to the Group Board

The Group's Annual Internal Audit Opinion for 2024/25 concluded that Gentoo had an adequate and effective framework for risk management, governance, and internal control. Further enhancements were identified to ensure that the framework remains adequate and effective.

The Group Board concludes that an effective system of internal control has been in place throughout the period commencing 1 April 2024 and up to the date of approval of the report and financial statements.



Statement of the responsibilities of the Board for the report and financial statements

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association and of the Income and Expenditure for the period of account.

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

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society 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 2022.

It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Association and to prevent and detect fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the Group's Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period until 31 March 2027. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements. The Board approves annually the Group Business Plan and its output which are submitted annually to the Regulator in the form of a Financial Forecast Return. The Board is satisfied that covenant compliance is maintained throughout the life of the plan on the basis that the Group Business Plan has been stress tested to withstand significant composite risks materialising without breaching lender covenants confirming the future viability of the Group.

Political contributions

The Association made £nil (2024: £nil) political donations and incurred £nil (2024: £nil) political expenditure during the year.

Report of the Board

Disclosure of information to auditor

The Board Members who held office at the date of approval of this Report of the Board confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware; and each Board Member has taken all of the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Auditor

In accordance with section 83 of the Co-operative and Community Benefit Societies Act 2014, the appointment of an auditor of the Association will be announced at the forthcoming AGM (Annual General Meeting).

On behalf of the Board:

Emily Cox, MBE

Board Member
23 July 2025

Claire Long

Board Member
23 July 2025

Simon Walker

Secretary
23 July 2025



Independent auditor's report to the members of Gentoo Group Limited

Opinion

We have audited the financial statements of Gentoo Group Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2025 which comprise Consolidated Statement of Comprehensive Income, Association Statement of Comprehensive Income, Consolidated Statement of Financial Position, Association Statement of Financial Position, Consolidated Statement of Changes in Reserves, Association Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 of the Association's affairs as at 31 March 2025 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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 and Association 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 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 other information comprises all information included other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with 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 Statement of Board's Responsibilities set out on page 47, 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 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 Association or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Gentoo Group Limited

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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2023, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due 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, 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 fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association's members, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association'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 for our audit work, for this report, or for the opinions we have formed.

**Beever and Struthers
Chartered Accountants
Statutory Auditor**

Date:

**150 Minories
London
EC3N 1LS**

Consolidated statement of comprehensive income

for the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Turnover	2a	187,488	177,611
Cost of sales	2a	(26,829)	(27,655)
Gross profit		160,659	149,956
Operating expenditure	2a	(124,496)	(110,149)
Other operating income	2a	117	26
Surplus on disposal of tangible fixed assets	5	1,675	1,185
Operating surplus		37,955	41,018
Interest receivable and similar income	7	1,802	1,801
Interest payable and similar expenses	8	(29,480)	(30,264)
Fair value adjustment for investment property	13	-	(149)
Loss on disposal of investment properties	13	(31)	-
Fair value adjustment	17	21	(260)
Surplus before taxation		10,267	12,146
Taxation	9	-	-
Surplus for the financial year		10,267	12,146
Other comprehensive income			
Actuarial gain in respect of pension scheme	25	42,800	14,950
Adjustment in respect of asset ceiling	25	(43,150)	(14,960)
Total comprehensive income for the year		9,917	12,136

The consolidated results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

These financial statements were approved by the Board and were signed on its behalf by:

Emily Cox, MBE
Board Member
23 July 2025

Claire Long
Board Member
23 July 2025

Simon Walker
Secretary
23 July 2025

Association statement of comprehensive income

for the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Turnover	2a	159,273	148,020
Cost of sales	2a	(1,176)	(671)
Gross profit		158,097	147,349
Operating expenditure	2a	(122,314)	(107,669)
Surplus on disposal of tangible fixed assets	5	1,675	1,185
Operating surplus		37,458	40,865
Interest receivable and similar income	7	3,750	4,315
Interest payable and similar expenses	8	(29,480)	(30,264)
Gift aid receivable		-	129
Fair value adjustment for investment property	13	-	(149)
Loss on disposal of investment properties	13	(31)	-
Surplus before taxation		11,697	14,896
Taxation	9	-	-
Surplus for the financial year		11,697	14,896
Other comprehensive income			
Actuarial gain in respect of pension scheme	25	42,800	14,950
Adjustment in respect of asset ceiling	25	(43,150)	(14,960)
Total comprehensive income for the year		11,347	14,886

The Association's results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

These financial statements were approved by the Board and were signed on its behalf by:

Emily Cox, MBE
Board Member
23 July 2025

Claire Long
Board Member
23 July 2025

Simon Walker
Secretary
23 July 2025

Consolidated statement of financial position

at 31 March 2025

	Note	2025 £'000	2024 £'000
Fixed assets			
Intangible fixed assets	10	3,055	1,908
Tangible fixed assets			
Tangible fixed assets – housing properties	11	1,148,865	1,098,859
Tangible fixed assets – other	12	14,233	15,688
		<u>1,166,153</u>	<u>1,116,455</u>
Investments and non-current debtors			
Investment properties	13	6,925	7,206
Other investments	14	30	30
HomeBuy loans receivable	16	181	188
Debtors: amounts falling due after more than one year	17	28,763	29,162
		<u>35,899</u>	<u>36,586</u>
		<u>1,202,052</u>	<u>1,153,041</u>
Current assets			
Stock	18	49,092	55,036
Debtors	19	14,559	12,861
Cash and cash equivalents		22,293	16,758
		<u>85,944</u>	<u>84,655</u>
Creditors: amounts falling due within one year	20	<u>(54,212)</u>	<u>(37,428)</u>
Net current assets		<u>31,732</u>	<u>47,227</u>
Total assets less current liabilities		<u>1,233,784</u>	<u>1,200,268</u>
Creditors: amounts falling due after more than one year	21	<u>(592,616)</u>	<u>(569,017)</u>
Pension asset	25	-	-
Net assets		<u>641,168</u>	<u>631,251</u>
Capital and reserves			
Called up share capital	31	-	-
Revaluation reserve		139,209	140,178
Revenue reserve		501,959	247,376
Other reserve		-	243,697
		<u>641,168</u>	<u>631,251</u>

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board and were signed on its behalf by:

Emily Cox, MBE
Board Member
23 July 2025

Claire Long
Board Member
23 July 2025

Simon Walker
Secretary
23 July 2025

Registered number: 7302

Association statement of financial position

at 31 March 2025

	Note	2025 £'000	2024 £'000
Fixed assets			
Intangible fixed assets	10	3,055	1,908
Tangible fixed assets			
Tangible fixed assets – housing properties	11	1,154,330	1,104,432
Tangible fixed assets – other	12	14,326	15,787
		<u>1,171,711</u>	<u>1,122,127</u>
Investments and non-current debtors			
Investment properties	13	6,925	7,206
Other investments	14	30	30
Investments in subsidiaries	15	250	250
HomeBuy loans receivable	16	181	188
Debtors: amounts falling due after more than one year	17	63,147	61,992
		<u>70,533</u>	<u>69,666</u>
		<u>1,242,244</u>	<u>1,191,793</u>
Current assets			
Stock	18	2,822	15,580
Debtors	19	26,626	18,610
Cash and cash equivalents		21,169	15,740
		<u>50,617</u>	<u>49,930</u>
Creditors: amounts falling due within one year	20	<u>(50,491)</u>	<u>(34,878)</u>
Net current assets		<u>126</u>	<u>15,052</u>
Total assets less current liabilities		<u>1,242,370</u>	<u>1,206,845</u>
Creditors: amounts falling due after more than one year	21	<u>(592,616)</u>	<u>(568,438)</u>
Pension asset	25	-	-
Net assets		<u><u>649,754</u></u>	<u><u>638,407</u></u>
Capital and reserves			
Called up share capital	31	-	-
Revaluation reserve		124,411	125,002
Revenue reserve		525,343	269,709
Other reserve		-	243,696
		<u><u>649,754</u></u>	<u><u>638,407</u></u>

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board and were signed on its behalf by:

Emily Cox, MBE
Board Member
23 July 2025

Claire Long
Board Member
23 July 2025

Simon Walker
Secretary
23 July 2025

Registered number: 7302

Consolidated statement of changes in reserves

	Called up share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Other reserve £'000	Total reserves £'000
Balance at 1 April 2023	-	141,626	226,625	250,864	619,115
Comprehensive income for the year					
Surplus	-	-	12,146	-	12,146
Other comprehensive income					
Actuarial gain in respect of pension scheme	-	-	14,950	-	14,950
Restriction of pension asset	-	-	(14,960)	-	(14,960)
Total comprehensive income for the year	-	-	12,136	-	12,136
Transfer in respect of depreciation on revalued properties	-	(698)	698	-	-
Transfer in respect of realised losses on disposal of revalued properties	-	(750)	750	-	-
Realisation of other reserve	-	-	7,167	(7,167)	-
Balance at 31 March 2024	-	140,178	247,376	243,697	631,251
Balance at 1 April 2024	-	140,178	247,376	243,697	631,251
Comprehensive income for the year					
Surplus	-	-	10,267	-	10,267
Other comprehensive income					
Actuarial gain in respect of pension scheme	-	-	42,800	-	42,800
Restriction of pension asset	-	-	(43,150)	-	(43,150)
Total comprehensive income for the year	-	-	9,917	-	9,917
Transfer in respect of depreciation on revalued properties	-	(573)	573	-	-
Transfer in respect of realised losses on disposal of revalued properties	-	(396)	396	-	-
Transfer of other reserve	-	-	243,697	(243,697)	-
Balance at 31 March 2025	-	139,209	501,959	-	641,168

The accompanying notes form part of these financial statements.

Association statement of changes in reserves

	Called up share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Other reserve £'000	Total reserves £'000
Balance at 1 April 2023	-	126,073	246,585	250,863	623,521
Comprehensive income for the year					
Surplus	-	-	14,896	-	14,896
Other comprehensive income					
Actuarial gain in respect of pension scheme	-	-	14,950	-	14,950
Restriction of pension asset	-	-	(14,960)	-	(14,960)
Total comprehensive income for the year	-	-	14,886	-	14,886
Transfer in respect of depreciation on revalued properties	-	(321)	321	-	-
Transfer in respect of realised losses on disposal of revalued properties	-	(750)	750	-	-
Realisation of other reserve	-	-	7,167	(7,167)	-
Balance at 31 March 2024	-	125,002	269,709	243,696	638,407
Balance at 1 April 2024	-	125,002	269,709	243,696	638,407
Comprehensive income for the year					
Surplus	-	-	11,697	-	11,697
Other comprehensive income					
Actuarial gain in respect of pension scheme	-	-	42,800	-	42,800
Restriction of pension asset	-	-	(43,150)	-	(43,150)
Total comprehensive income for the year	-	-	11,347	-	11,347
Transfer in respect of depreciation on revalued properties	-	(195)	195	-	-
Transfer in respect of realised losses on disposal of revalued properties	-	(396)	396	-	-
Transfer of other reserve	-	-	243,696	(243,696)	-
Balance at 31 March 2025	-	124,411	525,343	-	649,754

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2025

	2025 £'000	2024 £'000
Cash flows from operating activities		
Surplus for the year	10,267	12,146
<i>Adjustments for non-operating activity items:</i>		
Depreciation	27,068	28,938
Amortisation of intangible fixed assets	260	82
Amortisation of deferred government grant	(275)	(217)
Impairment of intangible fixed assets	445	-
Impairment of housing properties	6,131	-
Impairment of other tangible fixed assets	-	219
Change in value of investment property	-	149
Fair value adjustment	(21)	260
Interest receivable and similar income	(1,802)	(1,801)
Interest payable and similar charges	29,480	30,264
Surplus on disposal of tangible fixed assets	(1,675)	(1,185)
Loss on disposal of investment properties	31	-
	59,642	56,709
Proceeds from sale of tangible fixed assets - housing properties	4,595	4,451
(Increase)/decrease in trade and other debtors	(1,076)	726
Increase in stock	(2,578)	(2,189)
Increase/(decrease) in trade and other creditors	1,638	(1,967)
(Decrease)/increase in provisions and employee benefits	(250)	90
	2,329	1,111
Tax paid	-	-
Net cash flows from operating activities	72,238	69,966
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets - other	852	6
Proceeds from sale of investment properties	250	-
Acquisition of tangible fixed assets - housing properties	(5,756)	(1,046)
Acquisition of tangible fixed assets - other	(1,454)	(856)
Acquisition of intangible fixed assets	(797)	(946)
Capital expenditure on existing properties	(31,695)	(39,212)
Development of social housing properties	(27,739)	(20,238)
Interest received	1,713	1,677
Proceeds from receipt of Government grants	3,858	10,363
Net cash used in investing activities	(60,768)	(50,252)

Consolidated statement of cash flows (continued)

for the year ended 31 March 2025

	2025 £'000	2024 £'000
Cash flows from financing activities		
Proceeds from loans	31,000	12,000
Interest paid	(30,657)	(30,802)
Repayment of borrowings	(6,151)	(5,777)
Loan refinancing fees	(127)	(249)
Net cash used in financing activities	(5,935)	(24,828)
Net increase/(decrease) in cash and cash equivalents	5,535	(5,114)
Cash and cash equivalents at 1 April	16,758	21,872
Cash and cash equivalents at 31 March	<u>22,293</u>	<u>16,758</u>

The accompanying notes form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2025

1. Accounting policies

Legal status

Gentoo Group Limited (the “Association”) is a Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a private registered provider of social housing. The Association has charitable status with HM Revenue & Customs, reference number EW41411. The Association is also a Public Benefit Entity.

Basis of accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for private Registered Providers of Social Housing 2022. The presentation currency of these financial statements is sterling. All amounts (excluding note 31) in the financial statements have been rounded to the nearest £1,000.

In these financial statements, the Association is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

- Statement of cash flows and related notes.

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

1.1. Measurement convention

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

- Investment properties (note 13)
- Other investments (note 14)
- Home Purchase Plans (note 17)

1.2. Going concern

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

Management have prepared detailed forecasts for the period ended 31 March 2027 (the going concern period) to demonstrate that the Group has sufficient resources to meet all liabilities as they fall due. In addition, the Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2025 by the Board. As well as considering the impact of several scenarios on the business plan, the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

Notes to the financial statements (continued)

for the year ended 31 March 2025

1. Accounting policies (continued)

1.2. Going concern (continued)

The Board, after reviewing the Group and Association budgets for 2025/26 and the Group's medium term financial position from 2026/27 as detailed in the 30-year business plan, is of the opinion that the Group and Association have adequate resources to continue to meet their liabilities until 31 March 2027. In reaching this conclusion, the Board has considered the following factors:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales and reductions in sales values;
- Rent and service charge receivables – budget and business plan scenarios have considered arrears and bad debts increasing to allow for customer difficulties in making payments and for potential future restrictions in rent increases; and
- The Group's ability to withstand other adverse scenarios such as higher interest rates, inflation and increases in the number of void properties.

The available cash and unutilised loan facilities at 31 March 2025 of £134.2m are considered sufficient to cover the potential sensitivity scenarios.

The Board believes the Group and Association have sufficient funding in place and have calculated covenant compliance throughout the going concern period which confirms the Group is forecast to be in compliance with debt covenants, even in severe but plausible downside scenarios. Consequently, the Board is confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for the period to 31 March 2027, being the going concern period, and therefore have prepared the financial statements on a going concern basis.

1.3. Basis of consolidation

The consolidated statement of comprehensive income and statement of financial position consolidate the results and financial position of the Association and its subsidiary undertakings. Details of the subsidiary undertakings are included in note 15 to the financial statements. Intra-group turnover, surpluses and balances are eliminated fully on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

1.4. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The judgements and estimates which have the most significant impact on amounts recognised in the financial statements are set out in note 30.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Notes to the financial statements (continued)

for the year ended 31 March 2025

1. Accounting policies (continued)

1.5 Basic financial instruments (continued)

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they may be irrecoverable.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Where a public benefit entity concessionary loan has been granted, such as HomeBuy, see 1.22, the Group has opted to apply the accounting treatment set out in paragraphs PBE34.90 to PBE34.97 of FRS 102.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Other investments

Other fixed asset investments are stated at fair value. Holding market valued assets is not judged to be an activity linked to the principal rental activity of the Group. Movements in fair value are therefore recorded in the statement of comprehensive income below operating surplus.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows. Home Building Fund deposit accounts are held as cash with a joint mandate with Homes England. Withdrawals from these accounts requires permission from Homes England.

1.6 Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

The Genie Home Purchase Plan (HPP) is a 'non-basic financial instrument' under FRS 102 due to the potential link to upward House Price Index (HPI). The Genie HPP is initially recognised on the statement of financial position at the value the customer has committed to purchase the property. Subsequent to initial recognition, Genie HPP's are measured at fair value with changes recognised in profit or loss. The fair value is equal to the share retained by the Company in the property which is subject to a HPP valued at the original sales price. This equates to the minimum cashflows to be received under the HPP contractual arrangement discounted over the estimated term. The fair value is stated net of deferred revenue as this is not considered realised until the related loan is repaid.

1.7 Derecognition of financial instruments

A financial instrument is removed from the statement of financial position when it is extinguished, either through the obligation specified in the contract being discharged, cancelled or expiring. The difference between the carrying amount of a financial instrument extinguished and the consideration paid is recognised in the Statement of Comprehensive Income within interest receivable and similar income and interest payable and similar charges.

Notes to the financial statements (continued)

for the year ended 31 March 2025

1. Accounting policies (continued)

1.8 Intangible fixed assets

Computer software is carried at cost less accumulated amortisation and impairment losses. Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs, including staff time, that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the criteria as follows is met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and the expenditure attributable to the software during its development can be reliably measured.

Amortisation is charged on a straight-line basis over the expected useful life of the software. The expected useful life is considered to be a range of five to ten years. The computer software is reviewed for impairment where there are triggers such as technological advancement or changes in market price, that indicate that the carrying amount may be impaired.

1.9 Tangible fixed assets

Housing properties held for letting

Housing properties are principally properties available for rent and are stated at historical cost less accumulated depreciation and accumulated impairment losses. Additions include the cost of acquiring land and buildings, development costs and expenditure incurred in respect of enhancements to existing properties. The allocation of components for new developments and acquisitions is a matter of judgment and has been based on a component matrix which is reviewed periodically. Depreciation is charged to the statement of comprehensive income to write down the value of housing properties on a straight-line basis over the following useful economic lives:

Housing property components: depreciation life

	Years		Years		Years
Bathrooms	30	Kitchens	23	Roof - flat	15
Boilers	10	Lifts	30	Structure	10 - 100
Doors	30	PV invertors	8	Windows	30
Electrical installations	10 - 30	PV panels	25		
Heating installations	15	Roof	60		

No depreciation is charged for land. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

During the year the useful lives of Bathrooms and Kitchens were reviewed to increase from 25 and 20 to 30 and 23 years respectively, in line with sector averages and asset replacement schedules.

Notes to the financial statements (continued)

for the year ended 31 March 2025

1. Accounting policies (continued)

1.9 Tangible fixed assets (continued)

Shared ownership

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and on disposal the first tranche sales proceeds are shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset. Subsequent tranches sold ('staircasing') are accounted for as disposals of housing properties.

No depreciation is charged for shared ownership properties where the occupier is responsible for the maintenance of the property.

Garages held for letting

Garages held for letting are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write down the value of garages on a straight-line basis over their expected useful economic life of 50 years.

Works to existing properties

Expenditure on housing properties that refurbishes or replaces an identified housing property component is capitalised. Major works to housing properties are capitalised where they increase the net rental stream or the life of the property. All other maintenance costs are charged to the statement of comprehensive income in the year they are incurred.

Disposal of housing properties

Property sales and any surplus thereon are recognised when the transaction has legally completed. Any foreseeable deficit on any proposed property sale is recognised in the statement of comprehensive income as soon as the decision is made to dispose of the property.

The Group sells its properties under the statutory regulations of 'Preserved Right to Buy' and 'Right to Acquire'. Surplus or deficit on sale of these properties are presented before operating surplus or deficit.

Housing properties under construction

Housing properties under construction are stated at cost and are not depreciated. An impairment review is performed at the balance sheet date if there are impairment indicators.

Capitalisation of interest

Interest on loans financing the development programme is capitalised up to the date of practical completion of the scheme. Interest costs are included at a weighted average cost of capital rate of 5.7%. Where a loan is not specifically drawn down to fund a development, no interest is capitalised.

Revaluation reserve

Housing properties were stated at valuation using existing use value for social housing until conversion to FRS 102 when the deemed cost option was taken. The revaluation reserve comprises the cumulative revaluation position as at the date of conversion. The reserve is adjusted annually for transfers to the revenue reserve in respect of depreciation and disposals of housing properties formerly held at valuation.

Notes to the financial statements (continued)

for the year ended 31 March 2025

1. Accounting policies (continued)

1.9 Tangible fixed assets (continued)

Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset plus any costs incurred in bringing the asset to its working condition for its intended use.

Depreciation is calculated to write down the cost of tangible fixed assets on a straight-line basis over their estimated useful economic lives as follows:

	Years		Years
Furniture, fixtures and fittings	5 - 30	Office equipment	3 - 10
IT equipment	3 - 10	Plant and machinery	3 - 15
Land and buildings	20 - 120	Vehicles	3 - 5

1.10 Government grants

Government grants are included within accruals and deferred income in the statement of financial position and credited to the statement of comprehensive income over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Social Housing Grant

Social Housing Grant (SHG) is initially recognised at cost, specifically as deferred government grant income and released through the statement of comprehensive income as turnover over the life of the structure of housing properties in accordance with the accrual's method applicable to registered providers of social housing accounting for housing properties at cost.

For items where on transition to FRS 102, an election has been taken to treat fair value as deemed cost, the performance method for accounting for grant has been applied as the fair value application as deemed cost is treated as a revaluation at the transition date and SHG in respect of those items has been taken to revenue reserves. An amount equivalent to SHG taken to revenue reserves is disclosed as a contingent liability reflecting the potential future obligation to repay SHG where properties are disposed.

On disposal, SHG associated with those properties is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

1.11 Recycling of capital grant fund (RCGF)

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the provision of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

1.12 Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Notes to the financial statements (continued)

for the year ended 31 March 2025

1. Accounting policies (continued)

1.13 Investment properties

Investment properties are properties which are held either to earn commercial rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition,

- (a) investment properties whose fair value can be measured reliably are held at fair value. Any gains or losses arising from changes in the fair value are recognised in surplus or deficit in the period that they arise; and
- (b) no depreciation is provided in respect of investment properties applying the fair value model.

Fair value of investment properties is determined annually by management using market data or where this is not available by using discounted cash flow analysis. Movements in fair value are therefore recorded in the statement of comprehensive income below operating surplus.

Rental income from investment property is accounted for when it is receivable or when conditions associated with the income have been met.

1.14 Stock

Properties for sale

Completed properties for outright sale and properties under construction are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises materials, direct labour and direct development overheads.

Raw materials and consumables

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell.

Land

Investments in land without the benefit of planning consent, either through the purchase of land or non-refundable deposits paid on land purchase contracts subject to planning consent, are included initially at cost. Regular reviews are carried out for impairment in the values of these investments and provision made to reflect any irrecoverable element. The impairment reviews consider the existing use value of the land and assess the likelihood of achieving planning consent and the value thereof.

1.15 Impairment excluding stock, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the statement of comprehensive income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

Notes to the financial statements (continued)

for the year ended 31 March 2025

1. Accounting policies (continued)

1.15 Impairment excluding stock, investment properties and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, stock and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. For assets carried at a depreciated historical cost basis the impairment loss is recognised in the statement of comprehensive income immediately. For assets that are carried at cost less accumulated depreciation, an impairment loss is first set off against any revaluation surplus relating to the same assets in reserves and the balance of the loss is then treated as an expense in the statement of comprehensive income.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.16 Employee benefits

Defined benefit plans

The Group participates in the Tyne and Wear Local Government Pension Fund (the 'Fund') which is a defined benefit scheme.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Association's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Association determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability / (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the statement of financial position date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the Association's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Association recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Notes to the financial statements (continued)

for the year ended 31 March 2025

1. Accounting policies (continued)

1.16 Employee benefits (continued)

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the statement of comprehensive income.

Re-measurement of the net defined benefit liability / (asset) is recognised in other comprehensive income in the period in which it occurs. To comply with FRS 102 paragraph 28, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. A recognisable net asset is calculated based on the potential economic benefit that could be available from a reduction in future contributions. If this is considered to be material in the context of the financial statements, an asset will be recognised.

Termination benefits

Termination benefits are recognised as an expense when the Association is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Association has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Defined contribution plan

The Group participates in one defined contribution scheme.

A defined contribution plan is a post-employment benefit plan under which the Association pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

1.17 Turnover

Turnover is recognised when it is receivable or when conditions associated with the income have been met. It comprises:

- Rental income from tenants and leaseholders in the year, net of rent losses from voids;
- Service charge income from tenants, leaseholders and private rental customers;
- Sale of residential property which may include part exchange sales. The purchase and subsequent sale of part exchange properties is an activity which is undertaken to facilitate the sale of a new property. The profit/(loss) from the sale of part exchange properties is recognised within cost of sales being a cost of revenue derived from a subsidiary's principal activities;
- Receipts from the sale of the first tranche of shared ownership properties; and
- Income from other services included at the invoiced value (excluding value added tax) of goods and services supplied in the year.
- For the Association only, gift aid receipts from wholly owned subsidiaries. This is recognised during the year to the extent that they have been paid prior to the year end, or as a liability at the year-end if there is a deed of covenant prior to the year.

Notes to the financial statements (continued)

for the year ended 31 March 2025

1. Accounting policies (continued)

1.18 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in surplus or deficit over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Other interest receivable and similar income include interest receivable on funds invested.

Interest payable and similar charges include interest payable and finance charges on finance leases.

Interest income and interest payable are recognised in surplus or deficit as they accrue, using the effective interest method.

1.19 Taxation

Tax on the surplus or deficit for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable surpluses.

Notes to the financial statements (continued)

for the year ended 31 March 2025

1. Accounting policies (continued)

1.20 Service charge sinking funds

Service charge sinking funds are recognised as creditors. Part of the service charge is retained in a sinking fund for major repairs. Interest is added annually at the rate received from the Client Money Services account.

1.21 Value added tax (VAT)

The Association is included in a group VAT registration which also includes Gentoo Services Limited. Gentoo Homes Limited and Gentoo Developments Limited both have separate VAT registrations. Gentoo Genie Limited is not VAT registered.

A substantial proportion of the Group's income, including rents, is exempt from VAT. Most of the expenditure is subject to VAT which cannot be reclaimed, and expenditure is therefore shown inclusive of VAT. Partial exemption has been obtained for some business activities and the VAT recovered is credited to the statement of comprehensive income.

1.22 HomeBuy and other equity loans

The Group operated two loan schemes by lending a percentage of the cost to home purchasers. The schemes are now closed to new participants.

HomeBuy Direct Scheme

This is a low-cost home ownership Government initiative. The Group and the Government provided assistance through an equal equity loan contribution to the purchaser, secured against the property. The loan is repaid as a result of a relevant event or on the 25th anniversary of the date of the loan agreement. The loan is interest free for the first five years. At the beginning of year six, interest becomes payable on the outstanding balance. The loans are reviewed annually for impairment. Redemption proceeds are allocated equally between the Group and the Government with any surplus or loss being recognised through the statement of comprehensive income.

Gentoo Homebuyer Loan Scheme

This is a low-cost home ownership Group initiative. The Group provided assistance through a fixed loan contribution to the purchaser, secured against the property. The loan is repaid as a result of a relevant event or at the end of the 10th year of the date of the loan agreement. The loan is interest free for the first five years. At the beginning of year six, interest becomes payable on the outstanding balance. The loans are reviewed annually for impairment. Any loss on redemption is recognised through the statement of comprehensive income.

1.23 Other reserves

Other reserves represent the transfer of assets and liabilities from the Group's former housing subsidiaries during the 31 March 2008 year end. These were released to revenue reserves over 50 years being the average expected useful economic lives of those assets. This was reviewed during the current year and, as this other reserve is considered to be akin to revenue reserves, the balance was released in full.

Notes to the financial statements (continued)

for the year ended 31 March 2025

2a. Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit)

Group	Turnover	Cost of sales	Operating expenditure	Other operating income	Surplus on disposal	2025 Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	151,497	-	(114,646)	-	-	36,851
Other social housing activities:						
Charge for support services	332	-	(1,332)	-	-	(1,000)
First tranche low cost home ownership sales	982	(1,176)	-	-	-	(194)
Other social housing activities	1,314	(1,176)	(1,332)	-	-	(1,194)
Activities other than social housing activities:						
Properties developed for outright sale	28,734	(25,631)	(2,932)	-	-	171
Other	5,943	(22)	(5,586)	117	-	452
Non-social housing activities	34,677	(25,653)	(8,518)	117	-	623
Surplus on disposal of tangible assets	-	-	-	-	1,675	1,675
Total	187,488	(26,829)	(124,496)	117	1,675	37,955

Group	Turnover	Cost of sales	Operating expenditure	Other operating income	Surplus on disposal	2024 Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	140,510	-	(101,104)	-	-	39,406
Other social housing activities:						
Charge for support services	332	-	(1,250)	-	-	(918)
First tranche low cost home ownership sales	556	(671)	-	-	-	(115)
Other social housing activities	888	(671)	(1,250)	-	-	(1,033)
Activities other than social housing activities:						
Properties developed for outright sale	30,094	(26,961)	(3,200)	-	-	(67)
Other	6,119	(23)	(4,595)	26	-	1,527
Non-social housing activities	36,213	(26,984)	(7,795)	26	-	1,460
Surplus on disposal of tangible assets	-	-	-	-	1,185	1,185
Total	177,611	(27,655)	(110,149)	26	1,185	41,018

Notes to the financial statements (continued)

for the year ended 31 March 2025

2a. Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit) (continued)

Association	Turnover	Cost of sales	Operating expenditure	Other operating income	Surplus on disposal	2025 Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	151,497	-	(115,351)	-	-	36,146
Other social housing activities:						
Charges for support services	292	-	(1,332)	-	-	(1,040)
First tranche low cost home ownership sales	982	(1,176)	-	-	-	(194)
Other social housing activities	1,274	(1,176)	(1,332)	-	-	(1,234)
Activities other than social housing activities:						
Other	6,502	-	(5,631)	-	-	871
Non-social housing activities	6,502	-	(5,631)	-	-	871
Surplus on disposal of tangible assets	-	-	-	-	1,675	1,675
Total	159,273	(1,176)	(122,314)	-	1,675	37,458

Association	Turnover	Cost of sales	Operating expenditure	Other operating income	Surplus on disposal	2024 Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 2b)	140,510	-	(101,900)	-	-	38,610
Other social housing activities:						
Charges for support services	300	-	(1,251)	-	-	(951)
First tranche low cost home ownership sales	556	(671)	-	-	-	(115)
Other social housing activities	856	(671)	(1,251)	-	-	(1,066)
Activities other than social housing activities:						
Other	6,654	-	(4,518)	-	-	2,136
Non-social housing activities	6,654	-	(4,518)	-	-	2,136
Surplus on disposal of tangible assets	-	-	-	-	1,185	1,185
Total	148,020	(671)	(107,669)	-	1,185	40,865

Notes to the financial statements (continued)

for the year ended 31 March 2025

2b. Particulars of turnover and expenditure from social housing lettings

Group	General needs housing £'000	Supported Housing and housing for older people £'000	Shared ownership £'000	2025 Total £'000	2024 Total £'000
Income					
Rent receivable net of identifiable service charges	145,384	1,308	277	146,969	136,686
Service charge income	3,739	514	-	4,253	3,607
Net rents receivable	149,123	1,822	277	151,222	140,293
Amortised Government grants	275	-	-	275	217
Turnover from social housing lettings	149,398	1,822	277	151,497	140,510
Operating expenditure					
Management	(22,900)	(298)	-	(23,198)	(19,725)
Service charge costs	(4,340)	(652)	-	(4,992)	(4,389)
Routine maintenance	(38,085)	-	-	(38,085)	(33,191)
Planned maintenance	(7,035)	-	-	(7,035)	(5,997)
Major repairs expenditure	(8,604)	-	-	(8,604)	(8,582)
Bad debts	(543)	-	-	(543)	(308)
Lease costs	(1,605)	-	-	(1,605)	(1,698)
Depreciation of housing properties	(24,309)	-	-	(24,309)	(27,128)
Impairment of housing properties	(6,131)	-	-	(6,131)	-
Other costs (redundancy)	(144)	-	-	(144)	(86)
Operating expenditure on social housing lettings	(113,696)	(950)	-	(114,646)	(101,104)
Operating surplus on social housing lettings	35,702	872	277	36,851	39,406
Rent losses from voids (being rental income lost as a result of a property not being let)	(2,038)	(22)	-	(2,060)	(1,747)

Notes to the financial statements (continued)

for the year ended 31 March 2025

2b. Particulars of turnover and expenditure from social housing lettings (continued)

Association	General needs housing £'000	Supported Housing and housing for older people £'000	Shared ownership £'000	2025 Total £'000	2024 Total £'000
Income					
Rent receivable net of identifiable service charges	145,384	1,308	277	146,969	136,686
Service charge income	3,739	514	-	4,253	3,607
Net rents receivable	149,123	1,822	277	151,222	140,293
Amortised Government grants	275	-	-	275	217
Turnover from social housing lettings	149,398	1,822	277	151,497	140,510
Operating expenditure					
Management	(24,585)	(575)	-	(25,160)	(21,539)
Service charge costs	(4,340)	(652)	-	(4,992)	(4,391)
Routine maintenance	(36,726)	-	-	(36,726)	(32,068)
Planned maintenance	(7,032)	-	-	(7,032)	(5,995)
Major repairs expenditure	(8,601)	-	-	(8,601)	(8,579)
Bad debts	(543)	-	-	(543)	(308)
Lease costs	(1,605)	-	-	(1,605)	(1,698)
Depreciation of housing properties	(24,417)	-	-	(24,417)	(27,236)
Impairment of housing properties	(6,131)	-	-	(6,131)	-
Other costs (redundancy)	(144)	-	-	(144)	(86)
Operating expenditure on social housing lettings	(114,124)	(1,227)	-	(115,351)	(101,900)
Operating surplus on social housing lettings	35,274	595	277	36,146	38,610
Rent losses from voids (being rental income lost as a result of a property not being let)	(2,038)	(22)	-	(2,060)	(1,747)

Notes to the financial statements (continued)

for the year ended 31 March 2025

3. Employees

The average number of persons (expressed as full-time equivalents, based on a 36-hour working week) employed during the year, analysed by category, was as follows:

	Group 2025 No.	Association 2025 No.	Group 2024 No.	Association 2024 No.
Central enabling services	177	176	159	159
Selling homes	51	-	65	-
Operations	784	785	794	794
	1,012	961	1,018	953

The aggregate payroll costs of these persons were as follows:

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Wages and salaries	38,155	35,762	34,882	32,152
Social security costs	3,903	3,636	3,485	3,183
Defined benefit plan	3,830	3,627	4,450	4,194
Defined contribution plan	2,032	1,838	1,466	1,271
	47,920	44,863	44,283	40,800
Redundancy costs*	161	144	143	84
	48,081	45,007	44,426	40,884

* Includes compensatory pay, redundancy pay and payment in lieu of notice.

Notes to the financial statements (continued)

for the year ended 31 March 2025

3. Employees (continued)

Salary banding for all employees whose total remuneration, including pension exceeds £60,000 (including Executive Directors) per annum is as follows:

	Group 2025 No.	Association 2025 No.	Group 2024 No.	Association 2024 No.
£60,001 - £70,000	41	38	37	30
£70,001 - £80,000	23	14	12	8
£80,001 - £90,000	8	8	14	12
£90,001 - £100,000	11	6	3	2
£100,001 - £110,000	2	2	2	1
£110,001 - £120,000	1	1	2	2
£120,001 - £130,000	4	3	1	1
£130,001 - £140,000	1	1	1	1
£140,001 - £150,000	2	1	1	1
£150,001 - £160,000	2	2	2	2
£170,001 - £180,000	1	1	-	-
£180,001 - £190,000	1	1	1	1
£190,001 - £200,000	-	-	1	1
£200,001 - £210,000	1	1	-	-

4. Directors' and key management personnel remuneration

	2025 £'000	2024 £'000
Non-Executive Directors' remuneration	94	104
Executive Directors' and key management personnel remuneration (page 79)	721	581
Association contributions to group wide defined benefit plan	109	98
Association contributions to defined contribution plan	38	15
Compensation for loss of office*	56	-
	1,018	798

* Compensatory pay and payment in lieu of notice for one Executive Director.

Retirement benefits are accruing to five (2024: four) of the above senior staff under a defined benefit scheme and one (2024: one) of the above senior staff under a defined contribution scheme. The aggregate remuneration (excluding pension contributions) of the highest paid director was £175,000 (2024: £167,928).

The Group made £32,013 (2024: £31,402) in pension contributions for the Chief Executive as an ordinary member of the LGPS group wide defined benefit plan. The Chief Executive has no enhanced or special terms and has no other pension arrangements to which the Association contributes.

Notes to the financial statements (continued)

for the year ended 31 March 2025

4. Directors' and key management personnel remuneration (continued)

Board Member	Board role	2025 Remuneration £'000	2024 Remuneration £'000
Andrew Lister	Non-Executive Director	12	6
Brenda Naisby	Non-Executive Director	10	10
Claire Long	Non-Executive Director	14	14
Ellen Thinnesen, OBE*	Non-Executive Director	-	-
Emily Cox, MBE**	Chair	-	-
Graeme Miller	Non-Executive Director	8	-
Hannah Pollard	Non-Executive Director	10	10
Morven Smith	Non-Executive Director	12	6
Nichola Stefanou	Non-Executive Director	3	-
Nick Forbes, CBE	Non-Executive Director	10	5
Alison Fellows	Non-Executive Director	9	12
Carol Long	Non-Executive Director	3	10
Christopher Watson	Non-Executive Director	2	12
David Murtagh	Non-Executive Director	-	9
Patricia Smith	Non-Executive Director	1	10
Total		94	104

* Remuneration waived since becoming a Member of the Board.

** Remuneration waived since becoming Chair of the Board.

The independent RAC Member, Alan Gallagher (resigned 21/10/2024), received £2,782 (2024: £5,000) in remuneration.

Notes to the financial statements (continued)

for the year ended 31 March 2025

4. Directors' and key management personnel remuneration (continued)

The Board reviews remuneration every three years and this is done with the advice of an external consultant and includes benchmarking, comparator information and the requirements of the National Housing Federation Governance Code. In the intervening years there is a 'light touch' review. The three-year external review fell within 2024/25. The external consultant's report was reviewed by the Chairs' Group. Following the review, the Board agreed no changes to the Board's remuneration but did increase the remuneration to the Customer Committee. The next 'light touch' review will take place in January 2026.

Salary banding for directors and key management personnel whose total remuneration, including pensions, exceeds £60,000 per annum is as follows:

2025				2024	
No.				No.	
£60,001 - £70,000	-	£60,001 - £70,000	Susan Fulton	1	
£90,001 - £100,000	Marc Edwards	1	£90,001 - £100,000	Stephen Flounders	1
£100,001 - £110,000	Susan Thompson	1	£100,001 - £110,000		-
£150,001 - £160,000	Susan Fulton	1	£150,001 - £160,000	Susan Thompson	1
£170,001 - £180,000	Stephen Flounders	1	£170,001 - £180,000		-
£180,001 - £190,000	Peter Lenehan	1	£180,001 - £190,000	Peter Lenehan	1
£190,001 - £200,000		-	£190,001 - £200,000	Louise Bassett	1
£200,001 - £210,000	Louise Bassett	1	£200,001 - £210,000		-

5. Surplus on disposal of tangible fixed assets

	Right to Buy sales £'000	Right to Acquire sales £'000	Low-Cost Home Ownership Staircasing Sales £'000	Others £'000	Total 2025 £'000	Total 2024 £'000
Proceeds from sales	1,941	2,285	369	852	5,447	4,457
Cost of sales	-	-	-	(25)	(25)	(6)
Net book value of assets sold	(1,969)	(882)	(398)	(204)	(3,453)	(3,223)
	(28)	1,403	(29)	623	1,969	1,228
Transfer to recycled capital grant fund	(73)	(139)	(82)	-	(294)	(43)
(Deficit)/surplus	(101)	1,264	(111)	623	1,675	1,185

Notes to the financial statements (continued)

for the year ended 31 March 2025

6. Expenses and auditor's remuneration

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
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Included in surplus are the following:

Depreciation:

Housing properties	24,309	24,417	27,128	27,236
Other tangible fixed assets	2,759	2,765	1,810	1,816
Amortisation of intangible assets	260	260	82	82
Impairment loss on intangible fixed assets	445	445	-	-
Impairment loss on housing properties	6,131	6,131	-	-
Impairment loss on other fixed assets	-	-	219	219
Change in value of investment property	-	-	149	149
Fair value adjustment	(21)	-	260	-
Redundancy costs	161	144	143	84

Auditor's remuneration (exclusive of VAT):

Audit of these financial statements	93	93	91	91
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Amounts receivable by the Association's auditor and its associates (exclusive of VAT) in the respect of:

Audit of financial statements of subsidiaries of the Association	25	-	25	-
Audit-related assurance services	29	29	29	29

7. Interest receivable and similar income

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Interest receivable and similar income	1,702	1,699	1,701	1,700
Interest receivable from Group undertakings	-	1,951	-	2,515
	1,702	3,650	1,701	4,215
Net interest income on net defined benefit plan (liabilities)/assets	100	100	100	100
	1,802	3,750	1,801	4,315

Notes to the financial statements (continued)

for the year ended 31 March 2025

8. Interest payable and similar expenses

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Interest on loans repayable	29,899	29,899	29,777	29,777
Bank fees and similar charges	1,031	1,031	1,179	1,179
Capitalised interest*	(1,450)	(1,450)	(692)	(692)
Interest payable and similar expenses	29,480	29,480	30,264	30,264

* Capitalisation rate of 5.70% (2024: 5.64%).

9. Taxation

Total tax credit recognised in the statement of comprehensive income, other comprehensive income and equity:

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Total current tax	-	-	-	-
Adjustments in respect of prior periods	-	-	-	-
	-	-	-	-

Notes to the financial statements (continued)

for the year ended 31 March 2025

9. Taxation (continued)

Reconciliation of effective tax rate	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Surplus for the year	10,267	11,697	12,146	14,896
Tax at standard rate of 25% (2024: 25%)	2,567	2,923	3,036	3,724
Charitable tax exemptions	(2,455)	(2,423)	(3,268)	(3,305)
Deferred tax not recognised	(112)	(71)	233	-
Effects of group and other reliefs	-	(429)	-	(419)
Losses	-	-	(1)	-
Total tax credit included in profit or loss	-	-	-	-

An unrecognised deferred tax asset of £0.9m (2024: £1.0m) is held by Group and £0.2m (2024: £0.7m) is held by Association. The unrecognised deferred tax asset is split into following categories:

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Fixed assets	11	-	13	-
Timing differences – trading	-	-	225	-
Timing differences – non trading	9	-	8	-
Losses	830	175	706	666
Total unrecognised deferred tax asset	850	175	952	666

Notes to the financial statements (continued)

for the year ended 31 March 2025

10. Intangible fixed assets

Group and Association	Software £'000
Cost	
At 1 April 2024	1,990
Additions	1,852
At 31 March 2025	3,842
Amortisation	
At 1 April 2024	82
Amortisation charge for the year	260
Impairment	445
At 31 March 2025	787
Net book value	
At 31 March 2025	3,055
At 31 March 2024	1,908

Intangible fixed assets will be amortised once completed and available for use.

An impairment assessment is only required where any impairment indicators are identified. No general impairment indicators, which would require a full impairment assessment of all intangible assets, have been identified. However, a provision of £0.4m has been made for specific circumstances, being a software solution which was found to have no operational value after an external review.

Notes to the financial statements (continued)

for the year ended 31 March 2025

11. Tangible fixed assets – housing properties

Group	Housing properties held for letting £'000	Housing properties held for letting - under construction £'000	Shared Ownership £'000	Shared Ownership - under construction £'000	Garages held for letting £'000	Total £'000
Cost						
At 1 April 2024	1,372,176	33,419	9,067	2,308	2,072	1,419,042
Additions	-	36,934	-	3,730	4	40,668
Enhancements	41,630	-	-	-	-	41,630
Interest capitalised	-	1,321	-	129	-	1,450
Schemes completed	19,335	(19,335)	3,629	(3,629)	-	-
Disposals	(9,186)	-	(384)	-	(2)	(9,572)
At 31 March 2025	1,423,955	52,339	12,312	2,538	2,074	1,493,218
Depreciation						
At 1 April 2024	319,442	-	132	-	609	320,183
Depreciation charge for the year	24,258	-	-	-	51	24,309
Disposals	(6,262)	-	(6)	-	(2)	(6,270)
Impairment	6,120	-	-	-	11	6,131
At 31 March 2025	343,558	-	126	-	669	344,353
Net book value						
At 31 March 2025	1,080,397	52,339	12,186	2,538	1,405	1,148,865
At 31 March 2024	1,052,734	33,419	8,935	2,308	1,463	1,098,859

Security

£925.3m (27,491 units) of completed properties net book value is held as security against debt (note 22).

Borrowing costs

The amount of borrowing costs capitalised to tangible fixed assets – housing properties during the period was £1.5m (2024: £0.7m) with a capitalisation rate of 5.70% (2024: 5.64%).

Social housing assistance

The amount of social housing grant received or receivable during the current year was £5.759m (2024: £10.820m) and is held in deferred income. See note 24 for the cumulative grant position.

Deemed cost

On transition to FRS 102 in 2015/16 the Group took the option to hold revalued assets at deemed cost. The closing historic cost net book value of these assets is £635.0m (2024: £648.9m).

Impairment

An impairment assessment is only required where any impairment indicators are identified. No general impairment indicators, which would require a full impairment assessment of all housing properties, have been identified. However, a provision of £6.1m has been made for specific circumstances, being the reduction in carrying value of three high rise residential buildings whilst a consultation is in progress as to the future of these properties.

Notes to the financial statements (continued)

for the year ended 31 March 2025

11. Tangible fixed assets – housing properties (continued)

Expenditure to works on existing properties:	2025 £'000	2024 £'000
Amounts capitalised – enhancements	41,630	39,212
Amounts charged to statement of comprehensive income (note 2b)	8,604	8,582
	50,234	47,794

Association	Housing properties held for letting £'000	Housing properties held for letting - under construction £'000	Shared Ownership £'000	Shared Ownership - under construction £'000	Garages held for letting £'000	Total £'000
Cost						
At 1 April 2024	1,377,820	33,420	9,808	2,308	1,922	1,425,278
Additions	-	36,934	-	3,730	4	40,668
Enhancements	41,630	-	-	-	-	41,630
Interest capitalised	-	1,321	-	129	-	1,450
Schemes completed	19,335	(19,335)	3,629	(3,629)	-	-
Disposals	(9,186)	-	(384)	-	(2)	(9,572)
At 31 March 2025	1,429,599	52,340	13,053	2,538	1,924	1,499,454
Depreciation						
At 1 April 2024	320,254	-	134	-	458	320,846
Depreciation charge for the year	24,366	-	-	-	51	24,417
Disposals	(6,262)	-	(6)	-	(2)	(6,270)
Impairment	6,120	-	-	-	11	6,131
At 31 March 2025	344,478	-	128	-	518	345,124
Net book value At 31 March 2025	1,085,121	52,340	12,925	2,538	1,406	1,154,330
At 31 March 2024	1,057,566	33,420	9,674	2,308	1,464	1,104,432

Notes to the financial statements (continued)

for the year ended 31 March 2025

11. Tangible fixed assets – housing properties (continued)

Security

£925.3m (27,491 units) of completed properties net book value is held as security against debt (note 22).

Borrowing costs

The amount of borrowing costs capitalised to tangible fixed assets – housing properties during the period was £1.5m (2024: £0.7m) with a capitalisation rate of 5.70% (2024: 5.64%).

Social housing assistance

The amount of social housing grant received or receivable during the current year was £5.759m (2024: £10.820m) and is held in deferred income. See note 24 for the cumulative grant position.

Deemed cost

On transition to FRS 102 in 2015/16 the Group took the option to hold revalued assets at deemed cost. The closing historic cost net book value of these assets is £635.0m (2024: £648.9m).

Impairment

An impairment assessment is only required where any impairment indicators are identified. No general impairment indicators, which would require a full impairment assessment of all housing properties, have been identified. However, a provision of £6.1m has been made for specific circumstances, being the reduction in carrying value of the three high rise residential buildings whilst a consultation is in progress as to the future of the properties.

Expenditure to works on existing properties:	2025	2024
	£'000	£'000
Amounts capitalised – enhancements	41,630	39,343
Amounts charged to statement of comprehensive income (note 2b)	8,601	8,579
	50,231	47,922

Notes to the financial statements (continued)

for the year ended 31 March 2025

12. Tangible fixed assets – other

Group	Land and buildings £'000	Furniture, fixtures and fittings £'000	Vehicles and equipment £'000	Total £'000
Cost				
At 1 April 2024	17,433	3,239	9,490	30,162
Additions	128	669	657	1,454
Disposals	(1,896)	-	(55)	(1,951)
At 31 March 2025	15,665	3,908	10,092	29,665
Depreciation and impairment				
At 1 April 2024	7,165	1,470	5,839	14,474
Depreciation charge for the year	1,643	464	642	2,759
Disposals	(1,746)	-	(55)	(1,801)
At 31 March 2025	7,062	1,934	6,436	15,432
Net book value				
At 31 March 2025	8,603	1,974	3,656	14,233
At 31 March 2024	10,268	1,769	3,651	15,688

An impairment assessment is only required where any impairment indicators are identified. No general impairment indicators, which would require a full impairment assessment of all other fixed assets, have been identified.

The net book value of land and buildings comprises:

	2025 £'000	2024 £'000
Freehold	8,032	9,667
Long leasehold	580	601
	8,603	10,268

Notes to the financial statements (continued)

for the year ended 31 March 2025

12. Tangible fixed assets – other (continued)

Association	Land and buildings £'000	Furniture, fixtures and fittings £'000	Vehicles and equipment £'000	Total £'000
Cost				
At 1 April 2024	17,584	3,271	9,171	30,026
Additions	128	669	657	1,454
Disposals	(1,896)	-	(55)	(1,951)
At 31 March 2025	15,816	3,940	9,773	29,529
Depreciation and impairment				
At 1 April 2024	7,258	1,471	5,510	14,239
Depreciation charged for the year	1,649	464	652	2,765
Disposals	(1,746)	-	(55)	(1,801)
At 31 March 2025	7,161	1,935	6,107	15,203
Net book value				
At 31 March 2025	8,655	2,005	3,666	14,326
At 31 March 2024	10,326	1,800	3,661	15,787

An impairment assessment is only required where any impairment indicators are identified. No general impairment indicators, which would require a full impairment assessment of all other fixed assets, have been identified.

The net book value of land and buildings comprises:

	2025 £'000	2024 £'000
Freehold	8,075	9,725
Long leasehold	580	601
	8,655	10,326

Notes to the financial statements (continued)

for the year ended 31 March 2025

13. Investment properties - Group and Association

	Freehold £'000
At 1 April 2024	7,206
Disposals	(281)
At 31 March 2025	6,925

In accordance with FRS 102, investment properties are held at fair value and are not depreciated.

Management have reviewed the fair value of the investment properties as at 31 March 2025 and as a result of this, no fair value adjustment (2024: decrease of £149k) was required. £6.9m (2024: £7.2m) of investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable, and assumed net effective rent yields, from the properties and where relevant, associated costs. Any gain or loss arising for a change in fair value is recognised in the statement of comprehensive income.

During the year an investment property with a fair value of £281k was disposed of for £250k, generating a loss of £31k.

14. Other investments - Group and Association

	2025 £'000	2024 £'000
Other investments	30	30
	30	30

Notes to the financial statements (continued)

for the year ended 31 March 2025

15. Investment in subsidiaries

Association	Investment in subsidiaries 2025 £'000	Investment in subsidiaries 2024 £'000
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Cost and net book value

At 31 March	250	250
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The Association has the following investments in subsidiaries:

Subsidiary undertakings	Aggregate of capital and reserves	Profit/(loss) for year	Country of incorporation	Registered number	Class and percentage of shares held
<i>Non-registered providers</i>	£'000	£'000			
Gentoo Homes Limited	(2,991)	(1,692)	England	04739226	Ordinary – 100%
Gentoo Developments Limited	5	(4)	England	06192887	Ordinary – 100%
Gentoo Genie Limited	299	146	England	07083129	Ordinary – 100%
Genie Homeplan Limited*	-	-	England	07103094	Ordinary – 100%
Gentoo Services Limited*	-	-	England	12521655	Ordinary – 100%
Cottier Grange Estates Management Company Limited**	-	-	England	11375748	Ordinary – 100%
Meadow View (Houghton Le Spring) Residents Management Company Limited**	-	-	England	12358797	Ordinary – 100%

*Dormant subsidiaries

** Subsidiaries of Gentoo Homes Limited

The subsidiaries' registered office is Emperor House, 2 Emperor Way, Doxford International Business Park, Sunderland, SR3 3XR.

Intra-group trading is undertaken at arm's length and is predominantly tender or market driven. During the year intra-group transactions with non-regulated group subsidiaries were:

	Income from 2025 £'000	Purchases from 2025 £'000	Income from 2024 £'000	Purchases from 2024 £'000
Gentoo Homes Limited				
Group management charges	606	-	661	-
Gentoo renewal plan	-	1,300	-	2,560
Group interest charges	1,887	-	2,448	-
	2,492	1,300	3,109	2,560
Gentoo Genie Limited – interest charge	64	-	67	-
	2,556	1,300	3,176	2,560

Notes to the financial statements (continued)

for the year ended 31 March 2025

16. HomeBuy loans receivable - Group and Association

	Total £'000
Loans advanced to borrowers at 1 April 2024	188
Repaid during the year	(7)
Loans advanced to borrowers at 31 March 2025	181

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

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Cash held in secured accounts	27,370	27,370	27,762	27,762
Amounts owed by group undertakings	-	35,390	-	34,130
Genie Home Purchase Plans (HPP)	1,480	175	1,844	184
Deferred income	(383)	(84)	(444)	(84)
Other debtors	296	296	-	-
	28,763	63,147	29,162	61,992

Cash held in secured accounts represents the additional security required for the £192.9m loan from T.H.F.C. To meet security requirements the £27.4m needs to be held in a secured account until the debt is repaid. This cash cannot be drawn for use in the business until this point.

The amounts owed by group undertakings is with the Association's subsidiaries, Gentoo Homes Limited £34.5m and Gentoo Genie Limited £0.9m.

The loans with the subsidiaries includes interest charged at 5-5.5% per annum, monthly or quarterly in arrears.

The HPP arrangements are valued at fair value. Management have reviewed the fair value of the HPP arrangements as at 31 March 2025 and, as a result of this, a Group fair value increase of £21k (2024: £260k decrease) was required. Deferred income relates to the difference between the cost of the property to the Group and the value it has been purchased by the customer. Deferred income is released to the statement of comprehensive income upon the Group no longer having a share in the property. Whilst some of the above balance may crystallise in under one year, it is not possible to reliably quantify, therefore, these amounts have been included in debtors due after more than one year.

Notes to the financial statements (continued)

for the year ended 31 March 2025

18. Stock

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Properties under construction	36,473	-	34,072	-
Completed properties	9,087	-	5,237	-
Properties held for resale	710	-	147	-
Land held for development	-	-	13,864	13,864
Raw materials and consumables	1,018	1,018	851	851
Work in progress – shared ownership	1,804	1,804	865	865
	49,092	2,822	55,036	15,580

19. Debtors

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Rents and service charges receivable	3,918	3,918	3,794	3,794
Less: provision for bad and doubtful debts	(2,664)	(2,664)	(2,674)	(2,674)
Net rent and service charge debtors	1,254	1,254	1,120	1,120
Trade debtors	2,120	2,058	778	671
Less: provision for bad debts and doubtful debts	(109)	(80)	(145)	(89)
Amounts owed by group undertakings	-	13,059	-	6,597
Other debtors	6,842	5,896	4,900	4,128
Prepayments and accrued income	4,452	4,439	6,208	6,183
	14,559	26,626	12,861	18,610

Transactions with subsidiaries are undertaken at arm's length (see notes 15, 17 and 20).

The amounts owed by group undertakings is with the Association's subsidiaries Gentoo Homes Limited £13,055k (2024: £6,586k) and Gentoo Genie Limited £4k (2024: £11k).

Notes to the financial statements (continued)

for the year ended 31 March 2025

20. Creditors: amounts falling due within one year

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Commercial debt (note 22)	6,245	6,245	5,852	5,852
Trade creditors	30	29	2,115	1,743
Rent and service charges received in advance	5,139	5,139	4,176	4,176
Taxation and social security	960	960	941	941
Other creditors	11,739	11,159	6,414	5,003
Amounts owed to group undertakings	-	-	-	3,785
Deferred capital grant (note 24)	341	341	271	271
Accruals and deferred income	29,758	26,618	17,659	13,107
	54,212	50,491	37,428	34,878

The amounts owed to group undertakings is with the Association's subsidiary Gentoo Homes Limited.

Leaseholders' funds

As at 31 March 2025 the Group and Association held funds on behalf of leaseholders in respect of schemes under management of £3.3m (2024: £2.9m). These are included in other creditors within creditors: amounts falling due within one year.

Deferred land payments

As at 31 March 2025 the Group and Association held deferred capital payments related to Cottier Grange site of £12.1m (2024: £12.1m). £6.1m (2024: £nil) of these are included in other creditors within creditors: amounts falling due within one year. Remaining value is included other creditors within creditors: amounts falling due after more than one year.

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

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Commercial debt (note 22)	538,129	538,129	513,527	513,527
Deferred capital grant (note 24)	47,689	47,689	42,375	42,375
Other creditors	6,055	6,055	12,689	12,110
Recycled capital grant fund (note 23)	743	743	426	426
	592,616	592,616	569,017	568,438

The commercial debt is secured by way of a fixed charge on the housing properties of the Group. Interest is charged to the subsidiary companies based on the amounts that are on-lent during the year.

Notes to the financial statements (continued)

for the year ended 31 March 2025

22. Debt analysis

Borrowings	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Due within one year				
Bank loans*	6,713	6,713	6,332	6,332
Issue costs	(468)	(468)	(480)	(480)
	6,245	6,245	5,852	5,852
Due after more than one year				
Bank loans*	430,322	430,322	406,034	406,034
Other loans	110,000	110,000	110,000	110,000
Issue costs	(2,193)	(2,193)	(2,507)	(2,507)
	538,129	538,129	513,527	513,527
Total borrowings	544,374	544,374	519,379	519,379

*Bank loans due within one year includes £163k (2024: £180k) deferred gain and after more than one year £1,010k (2024: £1,173k) relating to a THFC bond coupon which is being amortised over the life of the bond.

Security

The commercial loans are secured by way of a fixed charge on the housing properties of the Association.

Terms of repayment and interest rates

Bank and other loans are repaid by both annual instalments and bullet repayments. The final instalments fall to be repaid in the period from 2029 to 2063. The group borrows at both fixed and variable interest rates with fixed rates of interest ranging from 3.485% to 6.38%. The group's fixed rate debt includes fixed rate loans embedded within our loan agreements. These basic embedded fixed rate loans are not subject to cash calls required by stand-alone swaps.

At 31 March 2025 the Group had undrawn borrowing facilities of £112.0m (2024: £143.0m).

Notes to the financial statements (continued)

for the year ended 31 March 2025

22. Debt analysis (continued)

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group 2025 £'000	Association 2025 £'000	Group 2024 £'000	Association 2024 £'000
Within one year or on demand	6,245	6,245	5,852	5,852
One year or more but less than two years	6,654	6,654	6,232	6,232
Two years or more but less than five years	216,199	216,199	133,612	133,612
Five years or more	315,276	315,276	373,683	373,683
	544,374	544,374	519,379	519,379

23. Recycled Capital Grant Fund - Group and Association

	£'000
At 1 April 2024	426
Grants recycled (note 24)	88
Grants recycled from reserves	206
Notional interest	23
Balance at 31 March 2025	743

There are no amounts (2024: £nil) three years old or older where repayment may be required.

Notes to the financial statements (continued)

for the year ended 31 March 2025

24. Social Housing Grant – Group and Association

	2025 £'000	2024 £'000
Cost		
At 1 April	43,851	32,484
Received during the year	5,759	10,820
Transferred from RCGF	-	547
Recycled on disposal	(88)	-
Released on disposal	(14)	-
At 31 March	49,508	43,851
Amortisation		
At 1 April	1,205	988
Released in the year	275	217
Released on disposal	(2)	-
At 31 March	1,478	1,205
At 31 March	48,030	42,646

	2025 £'000	2024 £'000
Amounts to be released within one year	341	271
Amounts to be released in more than one year	47,689	42,375
	48,030	42,646

25. Employee benefits

Pension Schemes – Group and Association

The disclosures below relate to the Tyne and Wear Pension Fund (the 'Fund') which is part of the Local Government Pension Scheme. The Group participates in the Fund which provides defined benefits, based on members' career average pensionable salary. The last full actuarial valuation was performed on 31 March 2022.

Net pension asset/(liability)	2025 £'000	2024 £'000
Defined benefit obligation	(195,780)	(238,520)
Plan assets	411,730	403,410
Restriction for asset ceiling*	(215,950)	(164,890)
Net pension	-	-

Notes to the financial statements (continued)

for the year ended 31 March 2025

25. Employee benefits (continued)

Movements in present value of defined benefit obligation	2025 £'000	2024 £'000
At 1 April	238,520	245,120
Current service cost	3,830	4,390
Past service cost	-	60
Interest expense	11,200	11,270
Contributions by members	1,480	1,550
Actuarial gain on scheme liabilities	(47,290)	(11,550)
Benefits paid	(11,960)	(12,320)
At 31 March	195,780	238,520
Movements in fair value of plan assets	2025 £'000	2024 £'000
At 1 April	403,410	388,320
Interest income	19,210	18,100
Remeasurement: return on plan assets less interest income	(4,490)	3,400
Contributions by employer	4,080	4,360
Contributions by members	1,480	1,550
Benefits paid	(11,960)	(12,320)
At 31 March	411,730	403,410
Expense recognised in the statement of comprehensive income	2025 £'000	2024 £'000
Current service cost	(3,830)	(4,390)
Past service cost	-	(60)
Net interest on net defined benefit liability	8,010	6,830
Interest on unrecognised asset	(7,910)	(6,730)
Total expense recognised in the statement of comprehensive income	(3,730)	(4,350)

* To comply with FRS 102 paragraph 28, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. A recognisable net asset of £nil (2024: £nil) has been calculated based on the potential economic benefit that could be available from a reduction in future contributions.

Notes to the financial statements (continued)

for the year ended 31 March 2025

25. Employee benefits (continued)

The difference between the £3,830k (2024: £4,450k) current and past service cost and the £4,080k (2024: £4,360k) employer contributions, £250k (2024: £90k), represents a non-cash change.

	2025 £'000	2024 £'000
Actuarial (loss) / gain in respect of pension asset	(4,490)	3,400
Actuarial gain in respect of pension liability – financial assumptions	45,020	9,580
Actuarial gain in respect of pension liability – demographic assumptions	1,760	3,570
Actuarial gain / (loss) in respect of pension liability – liability experience	510	(1,600)
Adjustment in respect of asset ceiling	(43,150)	(14,960)
Total amount recognised in other comprehensive income	(350)	(10)

The fair value of the plan assets were allocated as follows:

	2025 Fair value £'000	2025 Fair value %	2024 Fair value £'000	2024 Fair value %
Equities	198,050	48.1	204,120	50.6
Government bonds	4,530	1.1	5,240	1.3
Corporate bonds	74,520	18.1	78,670	19.5
Property	45,700	11.1	41,960	10.4
Multi asset credit	18,530	4.5	18,560	4.6
Cash	7,410	1.8	2,820	0.7
Other	62,990	15.3	52,040	12.9
	411,730	100	403,410	100

The principal actuarial assumptions (expressed as weighted averages) at the year- end were as follows:

	2025 %	2024 %
Discount rate	5.8	4.8
Future salary increases	4.0	4.1
CPI inflation	2.5	2.6
Pension increases	2.5	2.6
Pension accounts revaluation rate	2.5	2.6
	£'000	£'000
Actual return on plan assets	14,720	21,500

Notes to the financial statements (continued)

for the year ended 31 March 2025

25. Employee benefits (continued)

The mortality assumptions at the year-end were as follows:

	2025	2024
<i>Current Pensioner aged 65</i>		
Male	20.9	21.0
Female	24.1	24.2
<i>Future retiree upon reaching 65</i>		
Male	21.8	22.3
Female	25.2	25.6

The assumptions relating to longevity underlying the pension liabilities in the statement of financial position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for the number of years stated above.

Sensitivity analysis

The following table provides an indication of the sensitivity to changes in assumptions. The impact on the statement of comprehensive income tends to be hard to predict.

	Change	Change in present value of total obligation £'000	Change	Change in present value of total obligation £'000
Adjustment to discount rate	+ 0.1% p.a.	(3,130)	- 0.1% p.a.	3,130
Adjustment to salary increase rate	+ 0.1% p.a.	390	- 0.1% p.a.	(390)
Adjustment to pension increase rate	+ 0.1% p.a.	2,740	- 0.1% p.a.	(2,740)
Adjustment to mortality age rate assumption	- 1 year	4,310	+ 1 year	(4,310)

26. Capital commitments – Group and Association

	2025 £'000	2024 £'000
Expenditure contracted for but not provided for in the financial statements	136,827	126,710
Expenditure authorised by Board but not contracted	219,169	203,256
	355,996	329,966

The commitments will be funded through Grant £6.2m (2024: £1.4m), social housing property Right to Buy and Right to Acquire sales £3.9m (2024: £8.0m), existing facilities and cash £134.2m (2024: £159.8m), and cash generated from operations and new facilities £211.7m (2024: £160.8m).

Notes to the financial statements (continued)

for the year ended 31 March 2025

27. Contingent liabilities

Grant

The Group receives a grant from Homes England which is used to fund the acquisition and development of housing properties and their components. Under transition to FRS 102 revalued housing properties were held at deemed cost. For these properties grant is recognised under the performance model and £50.0m (2024: £50.0m) of such grant has been credited to reserves. The Group has a future obligation to recycle or repay such grant once these properties are disposed of. As at 31 March 2025 the timing of any future disposal is uncertain.

28. Other financial commitments

Non-cancellable operating lease rentals (primarily relating to operational fleet vehicles) are payable as follows:

Group	2025 £'000	2024 £'000
Less than one year	299	1,400
Between one and five years	112	319
	<u>411</u>	<u>1,719</u>

During the year £1,623k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2024: £1,714k).

Association	2025 £'000	2024 £'000
Less than one year	297	1,387
Between one and five years	112	319
	<u>409</u>	<u>1,706</u>

During the year £1,605k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2024: £1,698k).

Notes to the financial statements (continued)

for the year ended 31 March 2025

29. Related parties

Identity of related parties with which the Association has transacted

The Board as at 31 March 2025 includes one Member who is an elected member of the Sunderland City Council ('Local Authority' (LA)). The Association and Group undertake transactions with the LA on an arm's length basis in the normal course of business.

Transactions with the LA during the year were:	2025 £'000	2024 £'000
Sales to the LA	372	512
Purchases from the LA	662	1,104
Grants received from the LA	-	1,950

	Receivables outstanding 2025 £'000	Creditors and accruals outstanding 2025 £'000	Receivables outstanding 2024 £'000	Creditors and accruals outstanding 2024 £'000
Local Authority	103	144	29	45

The Board also includes one Member (2024: one) who is a tenant of the Association. The rent and service charges for the year in respect of this tenancy totalled £5,694 (2024: £5,199). Additionally, one Executive Team Member rents a garage from the Group. The rent for the year totalled £128 (2024: £417). The terms of the tenancy arrangements held by these individuals are consistent with those offered to other tenants of the Association and at the end of the year no amount was due to the Association in respect of these tenancies.

30. Accounting estimates and judgements

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

Estimates uncertainty

Defined benefit pension

Other judgement areas particularly in respect of financial and actuarial assumptions are based on best estimates derived from the Group's policies and practices which have been applied consistently across all pension schemes operated by the Group where appropriate, and confirmed with actuaries where these are beyond management expertise, e.g. mortality tables have been chosen based on published research by the Continuous Mortality Investigation Bureau of the Institute of Actuaries and Faculty of Actuaries. Variation in these assumptions may significantly impact the defined benefit surplus amount and the annual defined benefit expenses (as analysed in note 25). The net unrecognised defined benefit pension asset at 31 March 2025 was £215.95m.

Notes to the financial statements (continued)

for the year ended 31 March 2025

30. Accounting estimates and judgements (continued)

Estimates uncertainty (continued)

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices. Fair value measurements were applied to investment properties and HPP arrangements in the year. Refer to notes 13, 17 and 33 for more details.

Property components and lives

Management review annually the assigned lives of assets and individual components. These decisions are made based on historic knowledge of the Group's assets and benchmarking against similar organisations. The depreciation charge is driven by asset and component lives. See notes 1.9, 11 and 12 for more details.

Valuation of work in progress and land held for development

Stock is carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site/phase work in progress are carried out at regular intervals and estimates of the cost to complete a site/phase and estimates of anticipated revenues are required to enable a development profit to be determined. Management is required to employ considerable judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required. For both financial years, a full review of stock and land held for development has been performed. Estimated selling prices and costs have been reviewed on a site by site/phase by phase basis and have been amended based on local management and the Board's assessment of current market conditions. See note 18 for more details.

Gross profit recognition

Gross profit for completed house sales is recognised based on the latest whole site/phase gross margin which is an output of the site/phase valuation. These valuations, which are updated at frequent intervals throughout the life of the site/phase, use actual and forecast selling prices, land costs and construction costs and are sensitive to future movements in both the estimated cost to complete and expected selling prices. Forecast selling prices are inherently uncertain due to changes in market conditions. If gross profit margin should have been lower by 1%, it would have led to an increased cost of sale of £0.3m.

Judgements

Property classifications

The categorisation of property assets as investment properties or fixed assets is a matter of judgement and is based on the intended use of the property. Where the property is used for social benefit, it is categorised as a fixed asset. Only property which is intended to be used for commercial return or capital appreciation is categorised as an investment property. See note 13 for further details.

Notes to the financial statements (continued)

for the year ended 31 March 2025

30. Accounting estimates and judgements (continued)

Judgements (continued)

Impairment assessment

Indicators of impairment are considered annually and where an indicator exists, an impairment assessment is performed. This assessment applies management judgement in whether the indicator of impairment is applicable, and the key indicator of impairment has been identified. For the year ended 31 March 2025 an impairment charge of £6.6m (2024: £0.2m) resulted from this review. See notes 10-11 for further details.

Non-recognition of the defined benefit surplus

The net unrecognised defined benefit pension asset at 31 March 2025 was £215.95m. The asset has been restricted to comply with FRS 102 paragraph 28. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. These criteria were not considered to be met, specifically as the scheme is in a funding deficit, a reduction in future contributions is not available and contributions are not based on the FRS 102 valuation. An asset was therefore not recognised.

31. Share capital – Group and Association

	2025 £	2024 £
Ordinary shares at £1 each at 1 April	11	10
Issued during the year	3	2
Surrendered during the year	(4)	(1)
At 31 March	10	11

The share capital is represented by 1 share held by each Member of the Association. Shareholders have a right to attend and vote at general meetings. Shareholders have no rights to a distribution on a winding up and have no rights to dividends.

Notes to the financial statements (continued)

for the year ended 31 March 2025

32. Analysis of changes in net debt - Group

	At 1 April 2024	Cashflows	Other non-cash movements	At 31 March 2025
	£'000	£'000	£'000	£'000
Cash at bank and in hand	16,758	5,535	-	22,293
Bank loans due within one year	(5,852)	6,151	(6,544)	(6,245)
Bank loans due in greater than one year	(513,527)	(30,873)	6,271	(538,129)
	(502,621)	(19,187)	(273)	(522,081)

Refer to note 22 for further information on movements on bank and other loans.

33. Financial Instruments – non basic

	2025 £'000	2024 £'000
Financial assets measured at fair value through consolidated statement of comprehensive income	1,094	1,398

The above non-basic financial instruments relate to the HPP arrangements of Gentoo Genie, one of the Group's subsidiaries. Details of the relevant accounting policies and treatment are included in notes 1.6 and 17.

The key risk associated with the above would be considered to be recovery of the amounts due. This is mitigated by the following:

- The customer contract fixes the settlement balance as being no lower than the original property sales price therefore providing protection against downwards HPI.
- The risk of customer default is reduced through a Board approved arrears policy and the legal contract in place which allows the Company to seek possession should the customer default.

Notes to the financial statements (continued)

for the year ended 31 March 2025

34. Housing stock – Group and Association

	Group and Association at 2024	Units developed or acquired	Units sold or demolished	Other movements	Group and Association at 2025
Social housing:					
owned and managed					
General needs social rent	26,407	-	(78)	12	26,341
Intermediate rent	31	-	-	-	31
Affordable rent	1,665	105	(3)	-	1,767
Shared ownership	163	24	(5)	-	182
Houses for older people	196	-	-	6	202
Houses for older people – affordable rent	37	-	-	(6)	31
Supported housing – affordable rent	1	-	-	(1)	-
Total social housing: owned and managed	28,500	129	(86)	11	28,554
Social housing: managed not owned					
Supported housing	12	-	-	-	12
Leasehold schemes – freehold retained	696	3	-	-	699
Total social housing: managed not owned	708	3	-	-	711
Social housing: owned not managed					
General housing social rent	45	-	-	(25)	20
Supported housing	128	-	-	13	141
Supported housing – affordable rent	1	-	-	1	2
Total social housing: owned not managed	174	-	-	(11)	163
Total social housing stock	29,382	132	(86)	-	29,428
Non-social housing: owned not managed					
Rented owned	62	-	-	-	62
Non-social housing: managed not owned					
Leasehold schemes – freehold retained	23	-	-	-	23
Non-social housing: not managed not owned					
Leasehold schemes – freehold retained	194	-	-	-	194
Total non-social housing stock	279	-	-	-	279
Total housing stock	29,661	132	(86)	-	29,707



We aim to be open and accountable and publish our performance on our website so our customers can understand how we are performing and hold us to account. For more information visit **www.gentoogroup.com/performance**

If you have any questions relating to anything in the report, please email **communications@gentoogroup.com**