

HORTON HOUSING ASSOCIATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2025

Registered No: 25057R

HORTON HOUSING ASSOCIATION

FINANCIAL STATEMENTS

Year ended 31 March 2025

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HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT (continued)

Year ended 31 March 2025

Registration

Horton Housing Association was registered on the 29 November 1985 under the Industrial & Provident Societies Act 1965, registered number 25057R. Legislative changes have replaced the Industrial & Provident Societies Act 1965 with The Co-operative and Community Benefit Societies Act 2014 effective from 1 August 2014. Horton Housing Association is an exempt charity and wholly owns its trading subsidiary, Horton Housing Support Limited (company registration number 5353586) and is also the sole member of Bradford Base Social Enterprise Company Limited, a charitable Company Limited by Guarantee (company registration number 6768226) and Chartford Housing Limited, a charitable Company Limited by Guarantee (company registration number 8662400) and a Registered Provider (registration number 4821), which commenced trading on 1 October 2015. The group of companies are known as the Horton Housing Group.

The registered office of the company is at Chartford House, 54 Little Horton Lane, Bradford, BD5 0BS.

Principal activities

The main charitable activities of the Association are the provision of supported housing for the benefit of the community and the provision of support and other services to people experiencing vulnerability who are in need of assistance.

Organisation

Association policy is determined by the Management Board and implemented by the Senior Leadership Team led by the Chief Executive.

The Management Board has adopted the NHF 2020 Code of Governance. It has undertaken an annual assessment of compliance using the NHF's recommended checklist as a basis for this assessment to confirm compliance as at March 2025. The Management Board's assessment is that it complies with the Code, with two exceptions. These are:

3.3 Board composition - (4) *There is a dedicated senior board member (normally a vice-chair or senior independent director) with duties that include appraisal of the chair and assisting the chair to ensure the effectiveness of the board.* – Where we have appointed an external consultant to undertake this on the Board's behalf

3.10 Member appraisal - (1) *The appraisal of the board's chair is led by a senior board member, informed by the views of all board members.* – Where appraisal of the Boards' chair is led by an independent consultant. It is informed by the views of all Board Members

The Association employed 341 staff as at 31 March 2025 across schemes and offices in the Bradford, Kirklees, Calderdale and North Yorkshire local authorities.

Policies

The Association follows best practice in the housing and community care areas and maintains comprehensive policies which are reviewed by senior managers and by the Management Board on a systematic basis. Specific policies and practice are also regularly reviewed by commissioners and other funders.

HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT (continued)

Year ended 31 March 2025

Review of the year

The Association continued to oversee the growth of the Horton Housing Group.

Overall income for the Group has increased slightly, with a significantly increased rental income and increased level of grant income generated by the Registered Provider in the Horton Housing Group, offsetting a reduction in services contract income generated as, in particular, our support for refugees work has decreased.

Most services contracts are operated by the trading subsidiary, Horton Housing Support Limited, which has operated at a slightly lower level of income to 2023-24.

The Registered Provider subsidiary, Chartford Housing Limited, continues to play an important role as the Group's development and property owning arm. The grant funding in 2024-25 includes increased revenue grant funding and, in addition, it has continued the programme of energy efficiency improvement works to its properties. Its development activity, and associated grant income, has continued at a slightly increased level with 17 further properties being acquired and refurbished in 2024-25.

It has developed more than £21 million of supported housing since trading commenced in 2015. Whilst the development programme will have a bit of a hiatus in 2025-26 due to the lack of further grant funding being available, we anticipate it increasing in the following years and are developing plans to facilitate this.

The Association continues to develop its reputation of delivering high quality, value for money services. Our detailed Annual Review can be found on-line at www.hortonhousing.co.uk and is published in September.

Review of the financial position

The Association's core financial strength enabled the Group to maintain most existing services, bid for new contracts and develop new schemes. The Group generated an operating surplus of £2.2m (2024: £2.2m). This included £1.2m (2024: £0.8m) of SHG capital grants shown as income in the year, as well as bearing £0.5m (2024: £0.5m) of impairment charges. The net assets of the Group grew from £28.2m to £31.5m. This includes a significant revaluation surplus of £1.1m following a reassessment of the values of the properties held during the year by our professional valuers. The net assets of the Association grew from £21.4m to £22.5m, with the Association purchasing one block of 10 units during the year without grant support. The future funding position for 2025-26 remains healthy. The Association has a robust risk management system which seeks to ensure that the potential impacts of future financial risks are minimised.

Voluntary help

Many of the Group's schemes, as well as the Management Boards of the Group companies, rely on volunteers. Approximately 71 volunteers (2024: 67), as well as 19 student placements, worked across the organisation during 2024-25.

HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT (continued)

Year ended 31 March 2025

Share capital

At 31 March 2025 a total of 14 shares of £1 each had been issued to members and were fully paid. Horton Housing Support Ltd has 2 issued shares of £1 each which are owned by the Association. Bradford Base Social Enterprise Company Limited and Chartford Housing Limited have Horton Housing Association as their only member.

Auditors

Crowe U.K. LLP have indicated their willingness to remain as auditors for the 2025-26 year.

REFERENCE & ADMINISTRATIVE INFORMATION

Management Board: Huw Jones
 Ray Milne
 David Noble
 Dave Targett
 Fiona Hibbits
 Cat Thomas
 Hao Zheng
 Gurmeet Viridi
 Katie Gates Hartley
 Abdul Khan
 Richard Freye (appointed 26/6/24)
 Ernie Gilbert Gray (deceased 6/8/25)
 Sara Johnson (appointed 28/6/23, resigned 12/6/24)

Solicitors: Schofield Sweeney, Church Bank House, Church Bank, Bradford, BD1 4DY

Bankers: Barclays Bank plc, 10 Market Street, Bradford, BD1 1NR

Auditors: Crowe U.K. LLP, 3rd Floor, St George's House, 56 Peter Street, Manchester, M2 3NQ

HORTON HOUSING ASSOCIATION

MANAGEMENT BOARD REPORT

Year ended 31 March 2025

STATEMENT OF THE RESPONSIBILITIES OF THE MANAGEMENT BOARD

The Management Board are responsible for preparing the report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Management Board are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Association and of their income and expenditure for the period.

In preparing these financial statements, the Management Board are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Co-operative and Community Benefit Societies Act 2014;
- make judgements and accounting 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 Association will continue in business.

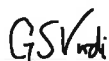
The Management Board are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Management Board are aware:

- there is no relevant audit information of which the Association's auditors are unaware, and
- the Management Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

This report was approved by the Management Board on 3 September 2025.



Gurmeet Singh Viridi (Sep 9, 2025 15:12:30 GMT+1)

Gurmeet Viridi

Management Board Member

HORTON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Year ended 31 March 2025

Opinion

We have audited the financial statements of Horton Housing Association (the "Association") and its subsidiaries (the "Group") for the year ended 31 March 2025 which comprise consolidated statement of comprehensive income, group and association statement of financial position, consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the Associations affairs as at 31 March 2025 and of the group's surplus 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 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 as applied to listed public interest entities, 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 Management Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and 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 Management Board with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

HORTON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (continued)

Year ended 31 March 2025

Matters on which we are required to report by exception

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

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

Responsibilities of the Management Board for the financial statements

As explained more fully in the Management Board's responsibilities statement set out on page 4, the Management 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 Management Board is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Communities and Co-Operatives Benefits Societies Act 2014 and taxation legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and

HORTON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (continued)

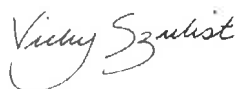
Year ended 31 March 2025

regulations.

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

Use of our report

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



Vicky Szulist

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Manchester

12 September 2025

HORTON HOUSING ASSOCIATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2025

| | | 2025 | 2024 |
|---|------|-------------------|-------------------|
| | Note | £ | £ |
| Charges from residents | | 10,555,522 | 9,685,794 |
| Less: Voids and bad debts | | (670,528) | (702,475) |
| | | 9,884,994 | 8,983,319 |
| Public sector contracts and grants | | 9,307,729 | 10,034,624 |
| Donations | | 2,286 | 1,526 |
| Other income | | 627,407 | 943,078 |
| Government Grant income | | 1,839,090 | 1,533,955 |
| Interest receivable | | 85,930 | 61,557 |
| Restricted fund grant release | 12 | - | - |
| Total income | | 21,747,436 | 21,558,059 |
| Expenditure | | | |
| Staff costs | 7 | 11,895,443 | 11,561,071 |
| Employee related costs | | 348,124 | 327,075 |
| Maintenance | | 1,519,156 | 1,403,812 |
| Premises and office costs | | 1,142,313 | 1,012,973 |
| Equipment repair & renewal costs | | 709,670 | 577,372 |
| Depreciation | | 1,630,300 | 1,551,601 |
| Impairment | | 487,996 | 476,142 |
| Write back of prior impairment | | (340,461) | (249,922) |
| Landlord charges | | 650,090 | 613,543 |
| Contract partner fees | | 246,132 | 230,353 |
| Loan interest | | 466,915 | 470,641 |
| Legal and professional costs | | 233,250 | 204,559 |
| Resettlement support costs | | 176,960 | 387,377 |
| Other costs | | 468,477 | 839,010 |
| | | 19,634,365 | 19,405,607 |
| Operating surplus before revaluations, gains and reserves transfers | | 2,113,071 | 2,152,452 |
| Actuarial gain on pension scheme | | 38,000 | 19,000 |
| | | 2,151,071 | 2,171,452 |
| Revaluation surplus | | 1,137,883 | 2,033,974 |
| Result after revaluations and gains | | 3,288,954 | 4,205,426 |
| Transfer from Revaluation Reserve | | 81,466 | 112,237 |
| Total comprehensive income for the year | | 3,370,420 | 4,317,663 |

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations. All recognised gains and losses are included in the statement of comprehensive income.

HORTON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (continued)

Year ended 31 March 2025

The notes on pages **12 to 29** form part of these financial statements.

The financial statements were approved by the Management Board and authorised for issue on 3 September 2025 and are signed on their behalf by:



Gurmeet Singh Viridi (Sep 9, 2025 15:12:30 GMT+1)



Ray Milne
Management Board Member



Katie Gates-Hartley (Sep 5, 2025 15:25:20 GMT+1)

Katie Gates Hartley
Management Board Member

HORTON HOUSING ASSOCIATION

STATEMENTS of FINACIAL POSITION

As at 31 March 2025

| | Note | Group | | Association | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | 2025 | 2024 | 2025 | 2024 |
| | | £ | £ | £ | £ |
| Tangible fixed assets | | | | | |
| Land & buildings | | 37,664,139 | 34,180,103 | 16,596,421 | 15,613,657 |
| Other fixed assets | | 917,411 | 708,680 | 740,302 | 494,542 |
| Investment in subsidiaries | 10 | - | - | 2 | 2 |
| | 11 | 38,581,550 | 34,888,783 | 17,336,725 | 16,108,201 |
| Debtors due after one year | 4 | 45,000 | 13,000 | 13,045,000 | 12,013,000 |
| Current assets | | | | | |
| Debtors and prepayments | 4 | 2,871,059 | 3,619,104 | 2,853,849 | 3,239,096 |
| Cash at bank and in hand | | 4,935,507 | 4,209,424 | 3,815,545 | 3,536,581 |
| | | 7,806,566 | 7,828,528 | 6,669,394 | 6,775,677 |
| Current liabilities | | | | | |
| Creditors and accruals | 5 | (2,750,011) | (2,337,957) | (1,386,894) | (1,302,440) |
| Net current assets | | 5,056,555 | 5,490,571 | 5,282,500 | 5,473,237 |
| Liabilities falling due after one year | | | | | |
| Creditors and accruals | 5 | (12,223,656) | (12,221,856) | (12,223,656) | (12,221,856) |
| Pension obligation | 20 | - | - | - | - |
| Total net assets | | 31,459,449 | 28,170,498 | 23,440,569 | 21,372,582 |
| Represented by: | | | | | |
| Issued share capital | 6 | 14 | 17 | 14 | 17 |
| Restricted funds | | - | - | - | - |
| Accumulated General reserve funds | 18 | 23,933,726 | 21,701,189 | 17,823,303 | 16,115,107 |
| Revaluation reserve | 17 | 7,525,709 | 6,469,292 | 5,617,252 | 5,257,458 |
| | | 31,459,449 | 28,170,498 | 23,440,569 | 21,372,582 |

The financial statements were approved by the Management Board and authorised for issue on 3 September 2025 and are signed on their behalf by:


Gurmeet Singh Viridi (Sep 9, 2025 15:12:30 GMT+1)

Gurmeet Viridi
Management Board Chair


Ray Milne
Management Board Member


Katie Gates-Hartley (Sep 5, 2025 15:25:20 GMT+1)

Katie Gates Hartley
Management Board member

HORTON HOUSING ASSOCIATION

CONSOLIDATED CASHFLOW STATEMENT

Year ended 31 March 2025

| | | 2025 | 2024 |
|--|------|--------------------|--------------------|
| | Note | £ | £ |
| Net cash inflow from operating activities | 14 | 5,369,890 | 4,018,576 |
| Cash flow from investing activities | | | |
| Interest received | | 85,930 | 61,557 |
| Purchase of tangible fixed assets | | (4,492,284) | (1,820,257) |
| Receipts on sales of tangible fixed assets | | 229,465 | 6,400 |
| Net cash outflow from investing activities | | (4,176,889) | (1,752,300) |
| Cash flow from financing activities | | | |
| Interest paid | | (466,915) | (430,588) |
| Shares (redeemed)/issued | | (3) | - |
| New long term loans | | - | - |
| Repayment of long term loans | | - | - |
| Net cash inflow from financing | | (466,918) | (430,588) |
| Net change in cash and cash equivalents in the period | | 726,083 | 1,835,688 |
| Cash and cash equivalents at the beginning of the period | | 4,209,424 | 2,373,736 |
| Cash and cash equivalents at the end of the period | | 4,935,507 | 4,209,424 |

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

1 Accounting Policies

Basis of accounting

The consolidated financial statements have been prepared in accordance with the financial reporting standard applicable in the UK and Republic of Ireland (FRS102). The particular accounting policies adopted are described below. The accounting standards have been applied consistently (except as otherwise stated).

Horton Housing Association meets the definition of a public benefit entity under FRS 102.

Basis of Consolidation

The group financial statements consolidate the financial statements of Horton Housing Association and its subsidiary companies, Horton Housing Support Limited, Bradford Base Social Enterprise Company Limited, and Chartford Housing Limited, on a line by line basis.

Accounting Convention

The consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of the land and buildings.

Going Concern

The financial statements have been prepared on a going concern basis. The Group and the Association have adequate reserves, a satisfactory level of contracted future income, and long-term secured funding drawn down, with further secured loan facilities available. It meets all its lending covenants with significant headroom above the financial covenants required.

Turnover and revenue recognition

Turnover comprises gross income from rents, public sector contracts and grants, property management, donations, investment income, services management and other grants and income as set out on the Statement of Comprehensive Income. Training and other income is accounted for in the period to which it relates. Grant income is recognised in line with the terms of the grant. Rental income is recognised in accordance with agreements in place.

Grants

Revenue grants are accounted for in the period to which they relate. Grants received in advance are carried forward as creditors. Capital grants are matched to expenditure incurred or carried forward to the next accounting period if appropriate.

Government Grants received have been accounted for dependent on the nature of the grant. Revenue grants received have been released to income on receipt, subject to any performance conditions being met. Grants with specific performance conditions are released to income at the point the funders' conditions are met.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions

Creditors and provisions are recognised where the Association has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

1 Accounting Policies (continued)

Housing properties

Housing properties are principally properties available for rent and are stated at valuation. The initial cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements.

Works to existing properties, which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Housing properties under construction are stated at cost and are not depreciated until they are transferred to housing properties held for letting on the date of practical completion.

Depreciation of housing properties

Freehold land is not depreciated.

Depreciation is charged to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business.

Major components are treated as separable assets and depreciated over the shorter of their expected useful economic lives or the lives of the structure to which they relate, over the following periods:

| | |
|---------------------------|----------|
| Kitchen | 15 years |
| Bathroom | 15 years |
| Boiler | 15 years |
| Internal doors | 20 years |
| Windows | 30 years |
| External doors | 30 years |
| Electrical | 30 years |
| Central heating radiators | 30 years |
| Roof | 40 years |
| Structure | 40 years |

Revaluation

Valuations are carried out by an independent valuer on completion of developments and at regular intervals thereafter. Properties are valued on the basis of existing use value in accordance with the RICS Appraisal and Valuation Manual.

If the valuation is less than the carrying value of the property, an impairment charge will result. The impairment is charged to operating surplus for the year, unless it is reversing a previous upward revaluation of the property. In that case the impairment will be charged to revaluation reserve (to the extent of previous upward revaluations) with any balance being charged to operating surplus.

Upward valuations are credited to revaluation reserve, unless they are reversing a previously recognised impairment when any reversal of the prior impairment is credited to operating surplus.

All valuation movements are only reflected in the land and structure elements of the relevant property.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

1 Accounting Policies (continued)

Impairment

All housing properties will be reviewed for impairment by the Board at each year end, to consider if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down is charged to the operating surplus for the year.

Other assets - Depreciation

Depreciation is calculated so as to write off the cost of an asset over its useful economic life.

| | |
|---|-------------------------------|
| Motor vehicles | 25% pa on cost |
| Office equipment | 10% - 33.33% pa on cost |
| Office equipment (cycle-to-work scheme) | 66.67% pa on reducing balance |
| Residential furnishings & fittings | 33.3% pa on cost |

Financial Instruments

The Group only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Operating leases

Rent payable under operating leases is charged to the income and expenditure account over the term of the lease.

Pensions

The Association has a policy of contributing to employees' personal pension schemes.

The Association is also an admitted body with the West Yorkshire Pension Fund, as detailed in note 20. This is a defined benefit scheme and the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost is shown as part of the interest charge and actuarial gains or losses are shown separately within the statement of comprehensive income.

The defined benefit section is funded, with the assets held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented within long term assets or liabilities.

Key Judgements and Estimates

The company's key accounting judgements and estimates relate to the valuation of the property portfolio and the depreciation rates applied to tangible fixed assets as explained earlier in the note.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

2 Taxation

The Association has charitable taxation status and is exempt from income and corporation tax. The only taxation borne in the year was VAT charged as expenditure but not recoverable.

3 Operating surplus

| | Group | | Association | |
|--|-----------|-----------|-------------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| | £ | £ | £ | £ |
| Operating surplus is stated after charging: | | | | |
| Depreciation/impairment of tangible fixed assets | 2,118,296 | 1,930,266 | 911,319 | 925,312 |
| Write back of prior impairment | (340,461) | (249,922) | - | (37,208) |
| Loss/(profit) on disposal of tangible assets | 7,430 | 19,701 | (62,254) | 26,101 |
| Operating lease rentals | 8,663 | 6,563 | - | - |
| Auditors remuneration | 41,713 | 39,711 | 24,377 | 23,365 |

Included within turnover is income from government grants of £11,146,819 (2024: £11,568,579).

4 Debtors and prepayments

| | Group | | Association | |
|--|------------------|------------------|-------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £ | £ | £ | £ |
| DUE WITHIN ONE YEAR | | | | |
| Trade debtors and rent arrears | 2,347,993 | 3,041,966 | 324,920 | 413,251 |
| Less: provision for bad and doubtful debts | (451,011) | (485,723) | (113,903) | (105,485) |
| | 1,896,982 | 2,556,243 | 211,017 | 307,766 |
| Sundry debtors and prepayments | 744,732 | 814,402 | 310,090 | 158,317 |
| Amounts due from subsidiary | - | - | 2,332,742 | 2,773,013 |
| Statutory funding receivable | 229,345 | 248,459 | - | - |
| | <u>2,871,059</u> | <u>3,619,104</u> | <u>2,853,849</u> | <u>3,239,096</u> |
| DUE AFTER ONE YEAR | | | | |
| Loan to subsidiary | - | - | 13,000,000 | 12,000,000 |
| Pension asset | 45,000 | 13,000 | 45,000 | 13,000 |
| | <u>45,000</u> | <u>13,000</u> | <u>13,045,000</u> | <u>12,013,000</u> |

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

4 Debtors and prepayments (continued)

The inter-company loan has been made to the subsidiary company, Chartford Housing Limited. The loan is repayable on 30 June 2027. £10m of the loan is at a fixed rate of 3.54% per annum, with loans in excess of £10m at an interest rate of BoE base rate plus a margin of 2.2%, subject to a minimum of 2.3%. The loan is unsecured.

Included within Group debtors above are financial assets held at amortised cost of £2,456,143 (2024: £3,501,604).

Included within the Association's debtors above are financial assets held at amortised cost of £15,575,050 (2024: £15,198,365).

5 Creditors and accruals

| | Group | | Association | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £ | £ | £ | £ |
| DUE WITHIN ONE YEAR | | | | |
| Trade creditors | 970,272 | 836,955 | 329,102 | 332,337 |
| PAYE and National Insurance | 177,957 | 169,546 | 177,957 | 169,546 |
| Sundry creditors and accruals | 1,297,616 | 1,175,663 | 810,801 | 760,408 |
| Deferred income | 304,166 | 115,740 | 69,034 | 96 |
| Amounts due to subsidiaries | - | - | - | - |
| Loan Account - Triodos Bank | - | 40,053 | - | 40,053 |
| | <u>2,750,011</u> | <u>2,337,957</u> | <u>1,386,894</u> | <u>1,302,440</u> |
| DUE AFTER ONE YEAR | | | | |
| Loan Account - Triodos Bank | <u>12,223,656</u> | <u>12,221,856</u> | <u>12,223,656</u> | <u>12,221,856</u> |

Deferred income comprises advanced fees received in relation to services and grants.

| | Group | | Association | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £ | £ | £ | £ |
| Loan maturity analysis: | | | | |
| Repayable within one year | - | 40,053 | - | 40,053 |
| Repayable within one to two years | 71,862 | - | 71,862 | - |
| Repayable within two to five years | 1,316,678 | 920,429 | 1,316,678 | 920,429 |
| Repayable after five years | <u>10,835,116</u> | <u>11,301,427</u> | <u>10,835,116</u> | <u>11,301,427</u> |
| | <u>12,223,656</u> | <u>12,261,909</u> | <u>12,223,656</u> | <u>12,261,909</u> |

The Association has a loan portfolio with its sole lender, Triodos bank. As at 31 March 2025, it had a total loan facility of £17.3 million, with £5m undrawn. Subsequent to the year end, the undrawn amount has been reduced to £2m.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

5 Creditors and accruals (continued)

£5m has been fixed for 5 years until 31 January 2027 at 3.19% per annum, with a second tranche of £5m fixed for 10 years until 31 January 2032 at 3.08% per annum. The remaining £2.3m has been drawn at variable rates. This facility has a variable rate of interest at a margin of 1.8% per annum over BoE Base Rate, subject to a minimum of 1.9% per annum.

An arrangement fee of £45k was capitalised and is being amortised over 25 years. The balance remaining at 31st March 2025 is £37.8k and is netted off against the loan balance at year end in the statutory accounts.

Capital repayments will commence in February 2027.

The loan facilities are secured by first legal charges over HHA-owned properties, and properties owned by the subsidiary company Chartford Housing Limited.

Included within Group creditors above are financial liabilities measured at amortised cost of £14,086,475 (2024: £13,796,266).

Included within Association's creditors are financial liabilities measured at amortised cost of £12,962,446 (2024 - £12,876,393).

6 Share capital

The Association had issued 14 fully paid shares of £1 each to its members at 31 March 2025 (2024:17). All shares have equal voting and other rights.

7 Staff costs

| | 2025 | 2024 |
|------------------------------|-------------------|-------------------|
| | £ | £ |
| Salaries | 9,035,953 | 8,748,008 |
| Employers National Insurance | 813,544 | 767,258 |
| Pension contributions | 314,304 | 368,958 |
| Agency & security staff | 1,731,642 | 1,676,847 |
| | <u>11,895,443</u> | <u>11,561,071</u> |

Included within staff costs is £46,264 (2024: £34,735) in respect of redundancy costs, compensation for loss of office and pay in lieu of notice in respect of a small number of staff that left the organisation.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

8 Average number of employees

| | 2025 No. | 2024 No. |
|-----------|-------------|-------------|
| Full-time | 286 | 305 |
| Part-time | 51 | 50 |

9 Key management personnel

| | 2025 £ | 2024 £ |
|---|-----------|-----------|
| Aggregate emoluments of the Group's key management personnel including pension contributions and benefits in kind | 618,880 | 586,085 |

10 Investment in subsidiaries

The Association invested £2 in 100% of the issued share capital of Horton Housing Support Limited. The principal activity of the subsidiary is to carry on services to provide for the general welfare and support of vulnerable people and people in need.

The Association is the sole member of Bradford Base Social Enterprise Company Limited and guarantees the company to a maximum of £10. The subsidiary is a registered charity no. 1128217 and its principal activities are to provide education and training and also experience of regular work to vulnerable people and people in need.

The Association is the sole member of Chartford Housing Ltd and guarantees the company to a maximum of £1. The subsidiary is a registered charity no.1162562 and is registered with the Regulator of Social Housing as a Registered Provider no.4821. It commenced trading on 1 October 2015 and its principal activities are to act as the landlord for the majority of tenants of the Horton Housing Group and others, as well as to carry out grant-funded developments of new residential property.

The aggregate amount of capital and reserves and the results of subsidiary undertakings for the year ended 31 March 2025 are as follows:

| | Capital and reserves 31 March 2025 £ | Surplus/(Deficit) for the year 31 March 2025 £ |
|---|---|---|
| Horton Housing Support Limited | 106,695 | 928,834 |
| Bradford Base Social Enterprise Company Limited | 80,075 | 11,892 |
| Chartford Housing Limited | 7,832,111 | 526,538 |

HORTON HOUSING ASSOCIATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 March 2025

11 Fixed assets

Group - Land and Buildings

| | Housing Properties £ | Offices £ | Housing in the course of construction £ | Land & buildings Total |
|--------------------------------|-------------------------------------|----------------------|--|---|
| Cost / Valuation | | | | |
| At 1 April 2024 | 35,548,927 | 3,703,780 | 135,881 | 39,388,588 |
| Additions | 358,835 | 7,940 | 3,435,023 | 3,801,798 |
| Disposals | (180,282) | - | - | (180,282) |
| Derecognition of components | (178,903) | (4,200) | - | (183,103) |
| Impairment | (487,996) | - | - | (487,996) |
| Transfers | 3,420,772 | (1,593) | (3,419,179) | - |
| Write back of prior impairment | 340,461 | - | - | 340,461 |
| Revaluation | 647,197 | 23,528 | - | 670,725 |
| At 31 March 2025 | 39,469,011 | 3,729,455 | 151,725 | 43,350,191 |
| Depreciation | | | | |
| At 1 April 2024 | 4,388,153 | 820,332 | - | 5,208,485 |
| Transfers between categories | 42,568 | (42,568) | - | - |
| Charge for year | 991,284 | 83,871 | - | 1,075,155 |
| Released on derecognition | (105,798) | (980) | - | (106,778) |
| Released on disposal | (23,654) | - | - | (23,654) |
| Revaluation | (363,984) | (103,172) | - | (467,156) |
| At 31 March 2025 | 4,928,569 | 757,483 | - | 5,686,052 |
| Net book value | | | | |
| At 31 March 2025 | 34,540,442 | 2,971,972 | 151,725 | 37,664,139 |
| At 31 March 2024 | 31,160,774 | 2,883,448 | 135,881 | 34,180,103 |

HORTON HOUSING ASSOCIATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 March 2025

11 Fixed assets (continued)

Group - Other Fixed assets

| | Furnishings | Motor | Office | Total |
|-----------------------|--------------------|-----------------|------------------|------------------|
| | £ | vehicles | equipment | £ |
| | | £ | £ | |
| Cost/Valuation | | | | |
| At 1 April 2024 | 897,616 | 385,081 | 2,443,603 | 3,726,300 |
| Additions | 462,661 | 88,891 | 138,936 | 690,488 |
| Disposals | (402,344) | (46,128) | (835,407) | (1,283,879) |
| At 31 March 2025 | <u>957,933</u> | <u>427,844</u> | <u>1,747,132</u> | <u>3,132,909</u> |
| Depreciation | | | | |
| At 1 April 2024 | 606,990 | 243,792 | 2,166,838 | 3,017,620 |
| Charge for year | 239,913 | 70,485 | 167,417 | 477,815 |
| Disposals | (401,989) | (46,128) | (831,820) | (1,279,937) |
| At 31 March 2025 | <u>444,914</u> | <u>268,149</u> | <u>1,502,435</u> | <u>2,215,498</u> |
| Net book value | | | | |
| At 31 March 2025 | <u>513,019</u> | <u>159,695</u> | <u>244,697</u> | <u>917,411</u> |
| At 31 March 2024 | <u>290,626</u> | <u>141,289</u> | <u>276,765</u> | <u>708,680</u> |

HORTON HOUSING ASSOCIATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 March 2025

11 Fixed assets (continued)

Association - Land and Buildings

| | Housing Properties £ | Offices £ | Housing in the course of construction £ | Land & buildings Total |
|--------------------------------|-------------------------------------|----------------------|--|---|
| Cost / Valuation | | | | |
| At 1 April 2024 | 15,100,395 | 3,703,780 | 1,120 | 18,805,295 |
| Additions | 169,265 | 7,940 | 1,073,094 | 1,250,299 |
| Disposals | (180,282) | - | - | (180,282) |
| Derecognition of components | (104,026) | (4,200) | - | (108,226) |
| Impairment | (65,833) | - | - | (65,833) |
| Transfers | 1,057,725 | (1,593) | (1,056,132) | - |
| Write back of prior impairment | - | - | - | - |
| Revaluation | 165,235 | 23,528 | - | 188,763 |
| At 31 March 2025 | 16,142,479 | 3,729,455 | 18,082 | 19,890,016 |
| Depreciation | | | | |
| At 1 April 2024 | 2,371,306 | 820,332 | - | 3,191,638 |
| Transfers between categories | 42,568 | (42,568) | - | - |
| Charge for year | 366,828 | 83,871 | - | 450,699 |
| Released on derecognition | (90,391) | (980) | - | (91,371) |
| Released on disposal | (23,654) | - | - | (23,654) |
| Revaluation | (130,545) | (103,172) | - | (233,717) |
| At 31 March 2025 | 2,536,112 | 757,483 | - | 3,293,595 |
| Net book value | | | | |
| At 31 March 2025 | 13,606,367 | 2,971,972 | 18,082 | 16,596,421 |
| At 31 March 2024 | 12,729,089 | 2,883,448 | 1,120 | 15,613,657 |

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

11 Fixed assets (continued)

Association - Other Fixed assets

| | Furnishings £ | Motor vehicles £ | Office equipment £ | Total £ |
|-----------------------|------------------|------------------------|--------------------------|------------------|
| Cost/Valuation | | | | |
| At 1 April 2024 | 897,616 | 122,521 | 1,562,343 | 2,582,480 |
| Additions | 462,661 | 39,945 | 121,946 | 624,552 |
| Disposals | (402,344) | (8,443) | (483,214) | (894,001) |
| At 31 March 2025 | <u>957,933</u> | <u>154,023</u> | <u>1,201,075</u> | <u>2,313,031</u> |
| Depreciation | | | | |
| At 1 April 2024 | 606,990 | 77,968 | 1,402,980 | 2,087,938 |
| Charge for year | 239,913 | 25,625 | 111,389 | 376,927 |
| Disposals | (401,989) | (8,443) | (481,704) | (892,136) |
| At 31 March 2025 | <u>444,914</u> | <u>95,150</u> | <u>1,032,665</u> | <u>1,572,729</u> |
| Net book value | | | | |
| At 31 March 2025 | <u>513,019</u> | <u>58,873</u> | <u>168,410</u> | <u>740,302</u> |
| At 31 March 2024 | <u>290,626</u> | <u>44,553</u> | <u>159,363</u> | <u>494,542</u> |

Valuations of freehold land and buildings have been carried out regularly by Carter Towler acting in the capacity of independent valuers. Properties were valued on the basis of existing use value in accordance with the RICS Appraisal & Valuation Manual. In the opinion of the Management Board there is no material difference between the value of land and buildings at 31 March 2025 and the latest valuations on those properties.

The historic cost of properties held for letting for the group is £37,894,421 (Company: £15,499,227).

12 Financial Commitments

Expenditure commitments are as follows:

| | 2025 £ | 2024 £ |
|---|-----------|-----------|
| Capital Expenditure | | |
| Expenditure contracted for but not provided in the accounts | <u>-</u> | <u>-</u> |

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

13 Operating lease commitments

At 31 March 2025 the group was committed to making the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

| | Group | | Association | |
|----------------------------|---------------|--------------|-------------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| | £ | £ | £ | £ |
| Not later than one year | 8,663 | 2,735 | - | - |
| Between one and five years | 8,663 | - | - | - |
| Later than five years | - | - | - | - |
| | <u>17,326</u> | <u>2,735</u> | <u>-</u> | <u>-</u> |

14 Cash generated from operating activities

Group

| | 2025 | 2024 |
|--|------------------|------------------|
| | £ | £ |
| Net operating surplus | 2,151,071 | 2,171,452 |
| Prior Year impairment write back non cash movement | (340,461) | (249,922) |
| Pension scheme non cash movement | (32,000) | (12,000) |
| Returns on investment and servicing of finance | 380,985 | 369,031 |
| Depreciation and impairment of tangible fixed assets | 2,040,966 | 2,027,743 |
| Loss on disposal of fixed assets | 7,430 | 19,701 |
| Decrease/(Increase) in debtors | 748,045 | (328,433) |
| Increase in creditors | <u>413,854</u> | <u>21,004</u> |
| Net cash inflow from operating activities | <u>5,369,890</u> | <u>4,018,576</u> |

15 Control

Horton Housing Association is a charitable association which is a Registered Society. Its operations are controlled by its Management Board who are members of the Association. Registered Societies are regulated by the Financial Conduct Authority.

16 Post balance sheet events

There were no post balance sheet events.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

17 Revaluation reserve

| | Group | Association |
|----------------------------------|------------------|------------------|
| | £ | £ |
| Opening balance at 1 April 2024 | 6,469,292 | 5,257,458 |
| Revaluations in the year | 1,137,883 | 422,482 |
| Transfers | (81,466) | (62,688) |
| Closing balance at 31 March 2025 | <u>7,525,709</u> | <u>5,617,252</u> |

18 Movement in general reserves

| | Group | Association |
|----------------------------------|-------------------|-------------------|
| | £ | £ |
| Opening balance at 1 April 2024 | 21,701,189 | 16,115,107 |
| Surplus in the year | 2,151,071 | 1,645,508 |
| Transfers | 81,466 | 62,688 |
| Closing balance at 31 March 2025 | <u>23,933,726</u> | <u>17,823,303</u> |

The transfer from revaluation reserve to general reserve represents the depreciation charge associated with revaluations previously recognised in the revaluation reserve.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

19 Related party transactions

The Association works closely with the other Horton Housing Group entities. It employs all the staff of the Group and incurs many other costs and charges on behalf of the other Group companies in order to operate efficiently. These costs are re-charged as management fees to the other Group entities - Chartford Housing Limited (CHL), Horton Housing Support Limited (HHS) and Bradford Base Social Enterprise Company Limited (BASE) on the basis of the services used by them.

HHS provides property management services to the Association and receives a fee for those services which is netted off from the fees charged to it by the Association. HHS also makes gift aid donations to the Association.

CHL acts as a registered landlord for properties that the Association owns or leases. CHL has agreements with other Group companies, including the Association, to carry out the housing management of those properties. Short-term leases and housing management agreements are in place to regulate these arrangements and CHL charges a fee for its landlord service. CHL has also started to receive revenue grant funding for housing support services in the year, which it contracts HHA to deliver on its behalf.

CHL also owns and leases property itself and again it contracts out the housing management of those properties to other Group companies, including the Association. CHL has borrowed from the Association to fund the purchase and development of the properties it owns. Interest is charged by the Association to CHL at a commercial rate.

BASE provides training services for vulnerable people including clients of companies of the Group. In the past year this has included the provision of ESOL and cultural orientation classes.

The company has taken advantage of the exemption from the requirement to disclose transactions between two or more members of a group, as all group companies are wholly owned subsidiary undertakings of the group to which it is party to the transactions.

As at 31 March 2025, the following balances were due from/(to) the other Group entities in respect of the above transactions:

| | 2025 | 2024 |
|---|-------------------|-------------------|
| | £ | £ |
| Trading accounts: | | |
| Horton Housing Support Limited | 579,877 | 1,567,938 |
| Bradford BASE Social Enterprise Limited | 20,656 | 119,737 |
| Chartford Housing Limited | 1,732,209 | 1,085,338 |
| | <u>13,000,000</u> | <u>12,000,000</u> |
| Loans to Chartford Housing Limited | <u>13,000,000</u> | <u>12,000,000</u> |

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

20 Pension obligations

Introduction

Horton Housing Association contributes to its employees' defined contribution schemes in line with its pension policy. This benefit is available for all permanent employees.

Horton Housing Association (the "Employer") was also an admitted body with the West Yorkshire Pension Fund (the "Fund") in respect of one group of employees that were transferred from In-communities Ltd. This group is referred to as HLP within this note.

The disclosures below relate to the funded liabilities within the Fund, which is part of the Local Government Pension Scheme (the "LGPS").

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in "The Local Government Pension Scheme Regulations 2013" (as amended) and "The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014" (as amended).

Funding/Governance arrangements of the LGPS

The funded nature of the LGPS requires Horton Housing Association and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2022 and the contributions to be paid until 31 March 2026 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

The Fund Administering Authority, City of Bradford Metropolitan District Council, is responsible for the governance of the Fund.

Assets

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return over the accounting period. The Fund holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole is shown in the disclosures.

The Fund Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Risks associated with the Fund in relation to accounting

Asset volatility – The reported liabilities are calculated using a discount rate set with reference to corporate bond yields at the accounting date. If assets underperform this yield this will create a deficit in the accounts.

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

20 Pension obligations (continued)

The Fund holds a significant proportion of growth assets which, whilst expected to outperform corporate bonds in the long term, creates volatility and risk in the short term in relation to the accounting figures.

Changes in Bond Yield – A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result (to the extent the Fund invests in corporate bonds).

Inflation Risk – The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are not perfectly correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy – The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Contributions for the accounting period ending 31 March 2025

The Employer's Regular contributions to the fund are £nil for the period ending 31 March 2025 and are estimated to be £nil for the period ending 31 March 2026 (HLP only).

Assumptions

The latest full actuarial valuation of Horton Housing Association's HLP liabilities took place as at 31 March 2022. The principal assumptions relating to the accounting valuation as at 31 March 2025 are set out below:

| | 31 March 2025 | 31 March 2024 |
|-----------------------------------|---------------|---------------|
| Duration of liabilities (years) | 26.0 | 27.0 |
| Discount Rate | 5.80% | 4.70% |
| CPI Inflation | 2.50% | 2.50% |
| Pension increases | 2.50% | 2.50% |
| Pension accounts revaluation rate | 2.50% | 2.50% |
| Salary increases | 3.75% | 3.75% |

Mortality assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2022 Actuarial Valuation, and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below.

| | 31 March 2025 | 31 March 2024 |
|-----------------------------------|---------------|---------------|
| Males | | |
| Member aged 65 at accounting date | 20.9 | 21.0 |
| Member aged 45 at accounting date | 21.8 | 22.3 |
| Females | | |
| Member aged 65 at accounting date | 24.1 | 24.2 |
| Member aged 45 at accounting date | 24.8 | 25.2 |

HORTON HOUSING ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2025

20 Pension obligations (continued)

Asset Allocation

| | Value at 31 March 2025 % | Value at 31 March 2024 % |
|------------------|-----------------------------------|-----------------------------------|
| Equities | 79.3 | 79.4 |
| Property | 2.8 | 2.8 |
| Government bonds | 9.0 | 8.5 |
| Corporate bonds | 4.0 | 4.2 |
| Cash | 2.6 | 1.8 |
| Other | 2.3 | 3.3 |
| Total | 100 | 100 |

Reconciliation of funded status to balance sheet

| | 2025 £ | 2024 £ |
|---|---------------|---------------|
| Fair value of assets | 185,000 | 176,000 |
| Present value of funded liabilities | (135,000) | (163,000) |
| Funded status | 50,000 | 13,000 |
| Unrecognised asset | (5,000) | - |
| Pension asset recognised on the balance sheet | 45,000 | 13,000 |

The split of liabilities at the last valuation between the various categories of members is as follows:

| | |
|---------------------|------|
| Active members | 100% |
| Deferred pensioners | 0% |
| Pensioners | 0% |

Amounts recognised in income statement

| | 2025 £ | 2024 £ |
|---|--------------|--------------|
| Operating cost | | |
| Current service cost | 6,000 | 7,000 |
| Interest on net defined benefit liability | - | - |
| Pension Expense recognised in profit and loss | 6,000 | 7,000 |

The allowance for administration expenses is included in Current Service Cost.

HORTON HOUSING ASSOCIATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 March 2025

20 Pension obligations (continued)

Amounts recognised in comprehensive income

| | 2025 | 2024 |
|---|---------------|---------------|
| | £ | £ |
| Asset (losses)/gains arising during the period | (2,000) | 6,000 |
| Liability gains arising during the period | 44,000 | 13,000 |
| Adjustment (loss) due to restriction of surplus | (5,000) | - |
| Total amount recognised in other comprehensive income | <u>37,000</u> | <u>19,000</u> |

Changes to the present value of the defined benefit obligation

| | 2025 | 2024 |
|--|----------------|----------------|
| | £ | £ |
| Opening defined benefit obligation | 163,000 | 160,000 |
| Current service cost | 6,000 | 7,000 |
| Interest expense on defined benefit obligation | 8,000 | 7,000 |
| Contributions by participants | 2,000 | 2,000 |
| Actuarial (gains) on liabilities | (44,000) | (13,000) |
| Closing defined benefit obligation | <u>135,000</u> | <u>163,000</u> |

Changes to the fair value of assets

| | 2025 | 2024 |
|---|----------------|----------------|
| | £ | £ |
| Opening fair value of assets | 176,000 | 161,000 |
| Interest income on assets | 8,000 | 7,000 |
| Re-measurement of losses)/gains on assets | (1,000) | 6,000 |
| Contributions by participants | 2,000 | 2,000 |
| Closing fair value of assets | <u>185,000</u> | <u>176,000</u> |

Actual return on assets

| | 2025 | 2024 |
|---------------------------|--------------|---------------|
| | £ | £ |
| Interest income on assets | 8,000 | 7,000 |
| (Loss)/gain on assets | (2,000) | 6,000 |
| Actual return on assets | <u>6,000</u> | <u>13,000</u> |