Registered Co-operative and Community Benefit Society No 16264R

MOUNT GREEN HOUSING ASSOCIATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

CONTENTS

BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Board Chair	Martin Large (joined February 2024) David Hunter (stood down as chair February 2024)	
Vice Chair	Peter Gardiner (left February 2024)	
Other Members	Agnieszka Stobinska Alison Pooley-Wem (left September 2023) Allison Whittington (left September 2023) Becky Slaymaker (joined September 2023) David Carton (left February 2024) David Hunter Greg Falvey (joined February 2024) Jill Maddison (left February 2024) John Skivington (joined February 2024) Juliana Crowe (joined February 2024) Justin McCarthy (joined September 2023, left February 2024) Kelvan Swinnerton Lisa Morris (left February 2024) Michael May (left September 2023) Verena Buchanan (joined September 2023)	
Executive Directors	Managing Director	Bill Flood
	Finance & Resources Director	Alison Robson-Young (left October 2023)
	Interim Finance Director	Pedro Dalton (joined October 2023, left April 2024)
	Director of Operations	Jesse Fajemisin (joined September 2023)
Registered office	26 Bridge Street Leatherhead Surrey KT22 8BZ	
Registered number	Registered with charitable status as a Registered Provider under the Co-operative and Community Benefit Societies Act 2014, No: 16264R Registered by the Regulator of Social Housing ('RSH'), No: L0042	
Auditors	Beever and Struthers Chartered Accountants Statutory Auditor 150 Minories Aldgate, London EC3N 1LS	
Solicitors	Trowers & Hamlins 3 Bunhill Row London EC1Y 8YZ	
Bankers	Barclays Bank Plc 5th Floor 17 Lansdowne Road Croydon , Surrey BX3 2BB	

CHAIR'S STATEMENT

It is fair to say that this year has been an especially testing one for customers, colleagues, and for the entire sector, because of the ongoing cost-of-living crisis and the continuing tough operating environment. Although the rate of inflation has eased, interest rates remain high and there are many competing demands on the Business.

Mount Green has also seen change this year; its partnership with Stonewater becoming effective at the end of January 2024. I believe this partnership will be positive for customers and colleagues. I would like to thank everyone for their hard work in completing the transaction and their continued focus on delivering a good service to Mount Green customers. I would like to thank David Hunter, the previous knowledgeable and experienced Chair for his leadership of the Mount Green Board.

There have also been other changes at the Board. We now have a common Board for both Greenoak and Mount Green, both Surrey based subsidiaries of Stonewater and again I would like to thank all of the Directors who have either left or joined the Board for all of their hard work.

We are looking forward to the phased expansion of the Greenoak internal repairs service and the growth of our housing management services both of which we believe will ultimately lead to a better service for all Mount Green and Greenoak customers in Surrey.

The last year has seen many legislative changes in the sector, making it more important than ever to foster an effective governance process and guide the association's strategic direction. We are well prepared for this and despite the continuing economic uncertainty and insecurity overseas, as part of the Stonewater Group we will be able to continue to put Customers first.

We are well prepared for the passage of the Social Housing Act and publishing our Tenancy Satisfaction Measures, which will help us better understand what we are doing right and what needs improvement.

I am looking forward to working with the senior leadership to develop our services to Stonewater's Surrey based properties.

Signed by:
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Martin Large
Chair of the Board

ANNUAL REPORT

PRINCIPAL ACTIVITIES

Mount Green Housing Association Limited (Mount Green) is a registered charitable Community Benefit Society administered by a non-executive Board. Mount Green became a subsidiary of Stonewater Group, at the end of January 2024.

Mount Green's principal activities **include:**

- provision of a range of accommodation which includes family housing, homes for people with disabilities, older persons housing and housing for key and essential workers;
- letting of housing for rent to people who are unable to rent or buy at open market rates;
- property management services to leaseholders;
- development of new homes over the full range of tenures to alleviate housing need in Surrey;
- development of low-cost home ownership products for people of low to moderate incomes who are able to buy a share in the equity of their home.

We currently have 1,686 properties that we own or manage, mainly within Surrey and North Sussex.

REPORT OF MANAGEMENT

Despite the challenging economic environment, it is exciting that at the end of January Mount Green became a subsidiary of Stonewater Housing Association. This is an opportunity for both associations to learn from each other. It provides an opportunity for a Surry based subsidiary to provide a 'local' service to Mount Green, Greenoak and Stonewater customers. Plans to expand the Greenoak internal repairs service to provide maintenance to these properties are well under way.

The partnership arrangement with Stonewater has created challenges and opportunities for colleagues and I would like to thank all everyone at Mount Green for their hard work in getting the partnership across the line. We are still finalising our plans with Stonewater how our 'local service' will integrate with Stonewater's national approach but our customers will benefit from a wider range of services. We are working to ensure that all services will be delivered in a customer centric and efficient manner.

The partnership arrangement has already brought some benefit to Mount Green as some external debt has been re-financed by intercompany debt from Stonewater. This re -financing will allow Mount Green to increase investment in its stock.

Another recent change is the introduction of a common Board for both Surrey based Stonewater subsidiaries Mount Green and Greenoak which will simplify the governance. Members of the common Board are either members of Stonewater's Board or are on Stonewater's Governance committees.

RISKS AND UNCERTAINTIES

Mount Green are in the process of adopting Stonewater's policies. Although there is a Group Risk Register the Mount Green Senior Leadership and Board are responsible for reviewing Mount Green's risks and if appropriate escalating material risks to the Group risk register.

GOVERNANCE

Mount Green's Board has overall responsibility for the strategic oversight and management of Mount Green. Day-to-day performance management is delegated to the Executive Directors. The Board approves the strategy, ensures effective management of resources and risk, oversees performance and the achievement of the strategic goals, and ensures effective governance and external reporting. The Board has adopted the 2020 National Housing Federation (NHF) Code of Governance and was fully compliant with it at 31 March 2024 and post year end. The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

Mount Green's principal accounting policies are set out in Note 2 of the financial statements. The financial statements comply with the Statement of Recommended Practice for Social Housing Providers (SORP) 2018 and FRS102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland).

EQUALITY, DIVERSITY AND INCLUSION (ED&I)

Equality, Diversity and inclusion is integral to Mount Green's Corporate Plan, our mission statement of 'Everyone Matters' and through one of the values – 'Fair'. Combining these and the objectives that sit underneath, it is how we will proactively work on ED&I internally with our team and externally with our residents.

ED&I is also a main principle of good governance running through the National Housing Federations (NHF) Code of Governance, the newly launched NHF Code of Conduct as well as the Regulator of Social Housing's (RSH) Regulatory Standards.

VALUE FOR MONEY

Our definition of Value for Money (VfM) is using our finite resources to maximum effect to get the optimum outcomes for customers. Our key aim is to get the right balance between quality and cost and get the most out of our assets and employees by operating efficiently and effectively.

Adding Social Value (SV) is another key part of our offering to customers. We define SV as 'making a positive difference to the lives of our residents and the wider communities in which they live and the general economy'. This is enshrined in our vision of being an excellent landlord. As a business with social objectives, we reinvest surpluses in new homes and improving properties and services.

The Value for Money regulatory framework requires us to publish our results against seven specific measures. The regulation allows for us to decide what our target should be and to benchmark appropriately. The results for Mount Green are in the following table:

Measure	**2023/24**	2022/23	2021/22	2020/21	MG target	Global Accounts 2022/23 Median
Reinvestment %	**4.0%**	5.8%	3.2%	2.0%	2.4%	6.5%
New supply delivered % (social)	**2.5%**	2.8%	0.5%	0.2%	0.5%	1.4%
New supply delivered % (non-social)	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing %	**79.2%**	61.4%	59.8%	60.7%	52.0%	44.1%
EBITDA, major repairs incl. interest cover %	**64.8%**	86.3%	90.5%	91.5%	121.0%	145.7%
Social Housing cost pu (£)	**£6,373**	£5,724	£5,110	£4,459	£5,936	£4,150
Operating Margin % (social only)	**25.7%**	30.3%	30.8%	37.4%	35.0%	23.3%
Operating Margin % (overall)	**29.0%**	29.7%	28.6%	26.5%	33.0%	20.5%
Return on capital employed	**4.6%**	3.8%	4.4%	3.3%	4.0%	3.2%

Reinvestment & New Supply - This demonstrates the extent to which we are investing our own money in new supply and works to our existing properties and is one of our key strategic objectives.

Gearing – This measures the proportion of borrowing in relation to our asset base. Our strategy in recent years has been to borrow to fund our ambitious growth which has led to our gearing ratio being high.

EBITDA MRI interest cover - This shows the relationship between cash generated from our activities in the year and the annual interest payments on outstanding debt; the higher the percentage the more available cash there is to service debts.

Social Housing cost per unit (cpu) – Our cost per unit has increased largely due to increased compliance and our decision to invest more upfront on compliance. Increased costs on materials, energy and labour, and the bringing forward of fire safety works, have all led to the deterioration in this cost per unit measure.

Operating margin – This demonstrates the profitability of our operating activities. Increasing operating margins are one way to improve the financial efficiency of a business, although as we have social objectives too, this is not always a straightforward measure. This metric excludes the surplus on the disposal of housing assets.

Return on capital employed - This shows how well we are using both capital and debt to generate a financial return. This measure remains consistently good as we currently rank upper quartile on this measure.

Mount Green will benefit from greater financial resilience as a result of becoming a member of the Stonewater group as well as being able to provide sustainable and improved services to its customers.

FINANCIAL PERFORMANCE

For 2023/24 we are reporting a net surplus of £0.9m against a turnover of £14.9m. The following table shows the results over the past 5 years.

Summarised financial performance £'000	2024	2023	2022	2021	2020
Turnover	14,884	13,756	11,856	12,937	13,538
Operating surplus	5,699	4,582	5,083	3,745	4,355
Net Interest	(4,820)	(3,734)	(3,740)	(3,773)	(3,722)
Net surplus/(deficit) before tax	879	848	1,343	(28)	633
Operating surplus %	38.3%	33.3%	42.9%	28.9%	32.2%
Net surplus/ (deficit) before tax %	5.9%	6.2%	11.3%	(0.2%)	4.7%

Overall surpluses in the year and reserves are also impacted by the value of the Social Housing Pension Scheme (SHPS). As at March 2024 we are now recognising a liability of £0.66m (2023: £0.62m). This recognition in the movement of a pension liability has the potential to impact the total comprehensive income and expenditure in future years as the liability we recognise is determined partly by how well the pension funds' assets are invested and macro-economic factors. Mount Green has minimised the liability for future years as the final salary pension scheme has been closed to new entrants for a number of years.

Mount Green's accumulated reserves amounted to £24.9m (2023: £24.1m).

Summarised financial performance £'000	2024	2023	2022	2021	2020
Total fixed assets (housing stock at cost)	143,594	139,966	132,585	129,896	128,130
Total reserves £'000	24,881	24,157	23,457	22,316	22,511

As a result of joining the Stonewater group, there is an intercompany loan facility from Stonewater Limited which was utilised to repay loans from RBS. The loan facility consists of two tranches an £11.5m tranche which is interest free and £60m tranche which is at floating rates of interest with a margin of 1%. Mount Green used £37.4m of the facility to repay the borrowing from RBS. Further details are included in Note 20.

STATEMENT OF RESPONSIBILITIES OF THE BOARD
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. Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland). Under the Co-operative and Community Benefit Society legislation, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Society for that period.

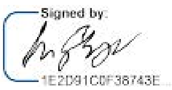
In preparing these financial statements, the Board is required to:
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: "Accounting by Registered Housing Providers ("SORP") 2018, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Society and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022 and the Statement of Recommended Practice: Accounting by registered social housing providers (SORP) 2018. It is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

In so far as each member of the Board is aware:
- there is no relevant audit information of which the Society's auditor is unaware; and
- the directors 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 report of the Board was approved by the Board on 2 September 2024 and signed on its behalf by:



Martin Large
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOUNT GREEN HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Mount Green Housing Association Limited (the 'association') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity and Reserves, the Statement of Financial Position and the Statement of Cashflows and the notes to the financial statements, including a summary of significant accounting policies. 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 association's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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 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 the information included in the *Annual Report*, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOUNT GREEN HOUSING ASSOCIATION LIMITED (continued)

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of the Board
As explained more fully in the Statement of Responsibilities of the Board set out on page 20, 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 controls 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 intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

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

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 2022, 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.
- 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.

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.

Beevers and Struthers

Beevers and Struthers 150
Minories
London
EC3N 1LS

Date: 12 September 2024

STATEMENT OF COMPREHENSIVE INCOME
For the year ending 31 March 2024

	Note	2024 £'000	2023 £'000
Turnover	**3**	14,884	13,756
Cost of sales	**3**	(912)	(1,095)
Operating expenditure	**3**	(9,660)	(8,589)
Surplus on sale of housing properties	**6**	1,387	510
Operating surplus	**3**	**5,699**	**4,582**
Interest receivable	**7**	11	7
Interest payable and financing charges	**8**	(4,831)	(3,741)
Surplus before corporation tax		879	848
Corporation Tax	**29**	-	-
Surplus for the year		**879**	**848**
Other comprehensive income/(loss):			
Actuarial (loss)/gain in respect of pension schemes		**(155)**	**(148)**
Total comprehensive income for the year		**724**	**700**

The financial statements on pages 10 to 13 were approved and authorised for issue by the Board on 2 September 2024 and were signed on its behalf by:

Martin Large Board Member	Kei Swinnerton Board Member	Annie Harling Secretary
Signed by: 1E2D91C0F38743E...	Signed by: Kelvan Swinnerton EF0BB5F1C4A04D5...	Signed by: Annie Harling 0EFEAF2629D247A...
....	....	....

The notes on pages 14 to 37 form an integral part of these financial statements. The Association's results relate wholly to continuing activities.

STATEMENT OF CHANGES IN EQUITY AND RESERVES

For the year ending 31 March 2024	Share Capital £'000	Revenue Reserves £'000	Total Reserves £'000
Balance as at 1 April 2022	-	23,457	23,457
Surplus for the year	-	848	848
Actuarial loss in respect of pension scheme	-	(148)	(148)
Balance as at 1 April 2023	-	24,157	24,157
Surplus for the year	-	879	879
Actuarial loss in respect of pension scheme	-	(155)	(155)
Balance at 31 March 2024	**-**	**24,881**	**24,881**

STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Note	2024 £'000	2023 £'000
Housing Properties	11	123,246	120,996
Other fixed assets	12	2,393	2,508
		125,639	**123,504**
Current assets			
Stock held for sale	13	42	710
Debtors	14	1,399	413
Investments	15	248	237
Cash and cash equivalents		3,245	1,436
		4,934	**2,796**
Creditors falling due within one year	16	(5,446)	(5,419)
Net current assets/(liabilities)		**(512)**	**(2,623)**
Total assets less current liabilities		**125,127**	**120,881**
Creditors falling due after one year	17-20	(99,590)	(96,102)
Defined benefit pension scheme	21	(656)	(622)
Total Net Assets		**24,881**	**24,157**
Capital and reserves			
Non-equity share capital	27	-	-
Revenue reserves		24,881	24,157
		24,881	**24,157**

The financial statements were approved by the Board on 2 September 2024 and signed on its behalf by:

Martin Large
Board Member
Signed by:
1E2D91C0F38743E...
....

Kei Swinnerton
Board Member
Signed by:
EF0BB5F1C4A04D5...
....

Annie Harling
Secretary:
Signed by:
0EFEAF2629D247A...
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The notes on pages 14 to 37 form an integral part of these financial statements.

STATEMENT OF CASHFLOWS
For the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
OPERATING ACTIVITIES			
Net cash generated from operations	24	5,618	5,569
CASH FLOW CONSUMED BY INVESTING ACTIVITIES			
Acquisition and construction of housing properties	11	(6,081)	(8,164)
Proceeds on sale of housing properties	6	3,152	913
Purchase of other tangible fixed assets	12	(58)	(249)
Interest received from investments		-	-
Grants received	19	-	-
Net cash consumed by investing activities		**(2,987)**	**(7,500)**
CASH FLOW CONSUMED BY FINANCING ACTIVITIES			
Interest paid	8	(5,207)	(3,830)
Interest received	7	11	7
New financing	20	40,958	6,500
Loans repaid	20	(36,573)	(955)
Net cash consumed by financing activities		**(811)**	**1,722**
Increase/(Decrease) in cash and cash equivalents		**1,820**	**(209)**
Cash and cash equivalents at beginning of year	22	**1,673**	**1,882**
Cash and cash equivalents at end of year	22	**3,493**	**1,673**

The notes on pages 14 to 37 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status and principal activities

Mount Green is incorporated in the United Kingdom and is registered under the Co-operative and Community Benefit Societies Act 2014 and with the Regulator of Social Housing as a Registered Provider. Its registered office 26 Bridge Street, Leatherhead, Surrey KT22 8BZ. The principal activities and operating base are set out in the Report of the Board. On 31st January 2024 Mount Green became a subsidiary of Stonewater Limited.

2. Accounting policies

Basis of accounting

The financial statements of Mount Green are prepared in accordance with applicable accounting standards including FRS102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Statement of Recommended Practice for registered social housing providers, Housing SORP 2018.

In accordance with FRS102 Mount Green is a public benefit entity that has applied “PBE” prefixed paragraphs.

The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The accounts are prepared on the historical cost basis of accounting and are presented in sterling (£’000’s), unless otherwise stated.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

Going concern

Mount Green continuously reviews its exposure to risks related to operations, with the factors likely to affect its future performance and financial position. The adopted stress testing framework within our 30-year business plan will make our assessments around the business more thorough and meaningful.

Significant judgements and estimates

Preparation of the financial statements in conformity with generally accepted accounting practices requires management to make significant judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The judgements and estimates made are detailed in the relevant accounting policy section. Those areas that have the most significant effect on the amounts recognised are:

- Recognition of development expenditure - £3.4m; (2023: £6m)
- Housing properties useful lives and subsequent depreciation - £1.74m; (2023: £1,68m)
- Impairment - Nil; (2023: Nil)
- Estimating the liability to pay defined benefit pensions - £656k; (2023: £622k)
- Provisions for bad debt - £410k; (2023: £344k)

The basis of the calculations of these items are detailed in the sections below.

Turnover and revenue recognition

Turnover comprises rental and service charge income in respect of the year, income from shared ownership first tranche sales, open market property sales, amortised capital grants and other services included at the invoiced value of services supplied in the year.

Rental and service charge income is recognised from the point where properties under developments reach practical completion or otherwise become available for letting net of voids.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. First tranche sales and open market sales are included within turnover and the related portion of the cost of the asset recognised as an operating cost. The resultant surplus or deficit is recognised within the income statement.

NOTES TO THE FINANCIAL STATEMENTS

Capital grants received are initially deferred and then credited to turnover in the Statement of Comprehensive Income on a straight-line basis over the expected life of the asset which they have funded once that asset is completed. Revenue grants are recognised when the conditions for receipt are met.

Bad debt provision
Provisions are made at the end of each period based on the outstanding value of monies owned from customers. The debt is analysed by type and by the length of time that it has been outstanding to decide which would be the most at risk and therefore require a provision to be made.

The rental debtors balance of £685k (2023: £644k) recorded in the Statement of Financial Position comprises a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible. The bad debt provision was increased to reflect the increased risk of residents being unable to pay debts due, caused by cost-of-living increases.

Housing properties and depreciation
Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

Where an asset comprises of components with materially different useful lives, those assets are separately identified and depreciated over those individual lives. Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Depreciation of housing properties major components is on a straight-line basis over the following terms:

	Estimated life
Main fabric of the building	100 - 125 years
Roof	20 - 50 years
Windows and external doors	30 - 40 years
Bathrooms	30 years
Kitchens	20 years
Central heating boilers and hard-wired alarms	15 years
Heating, ventilation and plumbing systems	40 years
Electrics	30 years
Lifts	20 years
Safety Appliances	10 years

The accumulated depreciation at 31 March 2024 was £20.3m compared to £19.0m as at March 2023.

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefit is capitalised and the carrying amount of any replaced component or part component is derecognised. Expenditure comprises of invoiced values and an allocation of staff costs.

Properties acquired from another Registered Provider as a result of stock swaps or a transfer of engagement are initially recorded at their fair value.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The split is determined by the percentage of the property sold under the first tranche disposal and the remainder retained within social property, plant and equipment. The first tranche proportion is classed as inventory in current assets and related sales proceeds included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for appreciation or impairment.

NOTES TO THE FINANCIAL STATEMENTS

The exception to the above is where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus. In these circumstances any surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or fixed assets.

The overall surplus is the difference between the net present value of cashflows and the cost. The net present value of the cashflows is the sum of the first tranche proceeds, net rental streams and expected receipts from subsequent disposal of the asset, less any grant repayable.

Depreciation of Shared Ownership properties is over 100 years.

The residual values of fixed assets, their useful lives and their depreciation rates are reviewed at each reporting date and where there is an indication of a significant change since the previous reporting date, they are adjusted prospectively.

Development costs, work in progress and properties held for sale
Work in progress (WIP) is stated at the lower of cost and net realisable value.

Cost includes the cost of acquiring land and buildings, development costs, staff costs and interest charges incurred during the development period. Distinguishing the point at which a project is more likely to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation of development costs, management monitors the asset and considers whether changes indicate that impairment is required.

Additions to WIP include the costs of finance charges specifically related to the funding of the purchase and development of the property, except that interest costs incurred prior to construction and after practical completion are written off in the period to which they relate. Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development, if it represents either:

a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
b) interest on borrowings as a whole, after deduction of interest on SHG in advance, to the extent that they can be deemed to be financing the development programme.

Where there is a mixed tenure development which has more than one element, Mount Green allocates the cost of the land to each element of the scheme to reflect the respective values of the land for different tenure types.

Properties developed with the intention of outright sale are recorded within current assets at the lower of cost and net realisable value. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Other property, plant and equipment and depreciation
Other property, plant and equipment comprises other fixed assets and are stated at cost less accumulated depreciation.

Depreciation is provided evenly on the cost of other property, plant and equipment to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. Management reviews its estimate of the useful lives of depreciable assets at each reporting date.

Other property, plant and equipment are written down over a range of years depending on the nature of the asset:

Freehold office buildings	60 years
Computer software and hardware and office equipment	3 - 7 years
Office furniture and fittings	4 - 15 years
Estate equipment	5 - 20 years

Gains or losses arising on the disposal of other property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

NOTES TO THE FINANCIAL STATEMENTS

Financial instruments

Financial assets and liabilities comprise investments, trade and other debtors, cash and cash equivalents, trade and other payables, accruals and loan balances.

The classification of financial instruments as “basic” or “other” requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its return.

Financial assets and financial liabilities are recognised when Mount Green becomes party to the contractual provisions of the financial instrument. All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financing transaction, the financial asset or financing liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when, there exists a legally enforceable right to set off the recognised amounts and Mount Green intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Other financial instruments and investments in equity instruments are recognised at fair value with any gains or losses being reported in surplus or deficit.

Financial assets are derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled,
- all the risk and rewards of ownership of the financial asset are substantially transferred to another party; or the control has transferred to another party, despite having retained some, but not all, significant risks and rewards of ownership.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments represent a liquidity reserve fund which is equivalent to one year’s interest on the AHF loan.

Trade (including rental) and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that all amounts due will not be able to be collected.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits and bank overdrafts which are an integral part of Mount Green’s cash management. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of non-financial assets

Non-financial assets comprise housing properties, property, plant and equipment and stock.

NOTES TO THE FINANCIAL STATEMENTS

Non-financial assets, other than those measured at fair value, are assessed for indications of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell and its value in use.

Value in use for housing properties which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired is based on the value in use for assets held for their service potential, being the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

The recoverable amount for an asset held for its service potential is assessed as the depreciated replacement cost which is the lower of (a) the cost of purchasing an equivalent property on the open market; and (b) the land cost plus the rebuilding cost of the structure and components. There is limited history of acquiring or selling properties from or to other registered providers and the Board considers that there is no active market. As a result, no impairment provision against social housing assets has been recognised. The carrying values of the relevant assets are shown in note 11.

The assessment of whether an asset is held for its service potential is a matter of judgement and in making that judgement the Board considers the current use of the asset and the expected future use of the asset. If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

Impairment of financial assets
Financial assets comprise investments, trade and other debtors and cash and cash equivalents.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Loan issue costs
Costs incurred in raising loan finance are recorded as a deduction from the gross proceeds of the loan and subsequently amortised in the income and expenditure account over the expected term of the loan.

Government grants
Government grants include grants receivable from Homes England, local authorities, and other government organisations.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accrual model.

The unamortised element of the government grant is recognised as deferred income in creditors due within one year or due after more than one year as appropriate in the Statement of Financial Position.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England.

Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial

NOTES TO THE FINANCIAL STATEMENTS

position in creditors. If unused within a three-year period, grants received from Homes England are repayable unless specifically agreed otherwise, including any accrued interest.

Mount Green has received a specific extension for £1.3m (2023: £1.5m) of recycled grant over three years old, this is reviewed annually. Any unused recycled capital grant held within the recycled capital grant fund is disclosed in the Statement of Financial Position and the notes, split between creditors falling due within one and after one year.

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 in the Statement of Financial Position.

Pensions and short-term employee benefits

Mount Green participates in the Social Housing Pension Scheme (SHPS) in both the defined benefit and the defined contribution section of that scheme.

<u>Defined benefit pension scheme (note 21)</u>

The defined benefit section is now closed to new members and only a defined contribution pension is offered to new members of staff. The defined benefit section of SHPS is a multi-employer defined benefit (final salary) contributory pension scheme administered independently.

The liability recognised in the statement of financial position in respect of the defined benefit scheme is the present value of the association's share of the defined benefit obligation at the reporting date less the fair value of the association's share of the scheme assets at the reporting date.

The association's share of the defined benefit obligation is calculated using the projected unit credit method, based on the association's current and past employees. Annually the association engages the scheme actuaries to calculate the obligation, using the association's assumptions. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of scheme assets (which are attributable to all participating employers in the scheme) is measured in accordance with the FRS 102 fair value hierarchy and where relevant includes the use of appropriate valuation techniques. Once the fair value of the scheme assets has been determined, the scheme administrators allocate the scheme assets to individual employers.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 're-measurement of net defined benefit pension scheme liability'.

The cost of the defined benefit plan, recognised in the income statement as employee costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as 'Finance expense'.

<u>Defined contribution pension scheme</u>
Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

Leases

Leases are classified as finance leases where the terms of the leases transfer substantially all the risks and the rewards incidental to ownership of the leased asset. All other leases are classified as operating leases.

Rentals paid or receivable under operating leases are recognised to the Statement of Comprehensive Income on a straight-line basis over the term of the lease, including where payments or receipts are not required to be made on a straight line basis. Lease incentives are similarly spread on a straight-line basis over the relevant lease terms. Assets held under finance leases are measured initially at the fair value of the leased asset and the corresponding lease liability. Assets held under finance leases are included in tangible fixed assets and depreciated in the same way as owned assets.

Provisions for liabilities

Provisions for liabilities and charges are recognised when Mount Green has a present obligation (whether legal or constructive) as a result of a past event that can be reliably estimated and it is probable that a transfer of economic benefit will be required to settle the obligation.

VAT

A large proportion of Mount Green's income comprises rental income, which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the statement of comprehensive income. A new partial exemption special method (PESM) has been granted and applied in our financial statements.

Taxation

Mount Green has charitable status and therefore is not subject to Corporation Tax on surpluses derived from charitable activities, provided that the surpluses are applied to charitable objects. In the 2023/24 financial year, there were no activities which would be liable to Corporation Tax. There was no corporation tax liability in 2022/23.

Revenue reserves

Revenue reserves relate to the cumulative surpluses.

NOTES TO THE FINANCIAL STATEMENTS

3. (a) Particulars of turnover, cost of sales, operating expenditure and operating surplus

2024	**Turnover £'000**	**Cost of sales £'000**	**Operating expenditure £'000**	**Surplus on sale of housing properties £'000**	**Operating surplus/ (deficit) £'000**
Social housing lettings (note 3b)	13,131	-	(9,598)	-	**3,533**
Other social activities					
Independent living	81	-	(62)	-	**19**
Development costs not capitalised		-	-	-	
Other Income	154	-	-	-	**154**
First tranche shared ownership sales	1,518	(912)	-	-	**606**
Surplus on sale of housing properties (note 6)	-	-	-	1,387	**1,387**
Total other social activities	**1,753**	**(912)**	**(62)**	**1,387**	**2,166**
Other social activities					
Open market sales	-	-	-	-	**-**
	14,884	**(912)**	**(9,660)**	**1,387**	**5,699**
2023					
Social housing lettings (note 3b)	11,849	-	(8,268)	-	**3,581**
Other social activities					
Supporting People	71	-	(67)	-	**4**
Development costs not capitalised	-	-	(243)	-	**(243)**
Other Income	33	-	(11)	-	**22**
First tranche shared ownership sales	1,803	(1,095)	-	-	**708**
Surplus on sale of housing properties (note 6)	-	-	-	510	510
	1,907	**(1,095)**	**(321)**	**510**	**1,001**
Other social activities					
Open market sales	-	-	-	-	**-**
	13,756	**(1,095)**	**(8,589)**	**510**	**4,582**

NOTES TO THE FINANCIAL STATEMENTS

3. (b) Particulars of turnover and operating expenditure from social housing lettings

2024	General needs housing £'000	Housing for older people £'000	Keyworker/ Temporary social housing £'000	Low-cost home ownership £'000	Total 2024 £'000
Income					
Rent receivable net of service charges	7,284	1,891	718	1,163	**11,056**
Service and other charges receivable	851	594	47	380	**1,872**
Net rental income	**8,135**	**2,485**	**765**	**1,543**	**12,928**
Deferred capital grant amortisation	118	59	10	16	**203**
Turnover from social housing lettings	**8,253**	**2,544**	**775**	**1,559**	**13,131**
Expenditure					
Management costs	1,924	681	156	370	**3,131**
Service charge costs	1,394	493	113	268	**2,268**
Routine Maintenance	888	314	72	171	**1,445**
Planned Maintenance	389	137	32	75	**633**
Major Repairs	208	74	17	40	**339**
Rent losses from bad debts	46	16	4	9	**75**
Depreciation of housing properties	1,108	392	90	213	**1,803**
Other costs	(59)	(21)	(5)	(12)	**(97)**
Operating costs on social housing lettings	**5,898**	**2,086**	**479**	**1,135**	**9,598**
Operating surplus on social housing lettings	**2,355**	**457**	**297**	**424**	**3,533**
Rent losses from voids	**50**	**55**	**16**	**15**	**136**

NOTES TO THE FINANCIAL STATEMENTS

3. (b) Particulars of turnover and operating expenditure from social housing lettings

2023					
Income					
Rent receivable net of service charges	6,492	1,903	588	1,054	**10,037**
Service and other charges receivable	563	641	72	333	**1,609**
Net rental income	**7,055**	**2,544**	**660**	**1,387**	**11,646**
Deferred capital grant amortisation	118	59	10	16	**203**
Turnover from social housing lettings	**7,173**	**2,603**	**670**	**1,403**	**11,849**
Expenditure					
Management costs	848	317	228	74	**1,467**
Service charge costs	965	491	113	370	**1,939**
Routine Maintenance	887	369	115	162	**1,516**
Planned Maintenance	762	291	100	119	**1,272**
Major Repairs	133	46	32	11	**222**
Rent losses from bad debts	37	15	5	9	**66**
Depreciation of housing properties	1,148	303	58	167	**1,676**
Other costs	63	24	6	17	**110**
Operating costs on social housing lettings	**4,826**	**1,856**	**657**	**929**	**8,268**
Operating surplus on social housing lettings	**2,347**	**747**	**13**	**474**	**3,581**
Rent losses from voids	**69**	**49**	**14**	**0**	**132**

NOTES TO THE FINANCIAL STATEMENTS

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as detailed below.

	2024 Number	**2023 Number**
Social housing		
General housing	783	739
Affordable rent	181	164
Intermediate rent	45	45
Supported housing and housing for older people	353	396
Low-cost home ownership	192	195
Temporary social housing	36	38
Other	96	91
Total	**1,686**	**1,668**
Accommodation split:		
Owned and managed	1,590	1,577
Managed, but not owned	96	91
	1,686	**1,668**
Accommodation in development at year end	**-**	**33**

5. Operating surplus is stated after charging/(crediting):

	2024 £'000	**2023 £'000**
Depreciation of housing properties, including accelerated depreciation on component replacement	1,803	1,676
Depreciation - Other tangible fixed assets	173	144
Impairment		-
Rent payable under operating leases	4	19
Surplus on sale of tangible fixed assets	(1,387)	(510)

NOTES TO THE FINANCIAL STATEMENTS

Auditor's remuneration (excluding VAT):		
Audit of the financial statements	35	40
In respect of other services	3	3

6. Surplus on sale of housing properties

	General needs properties	Staircasing Sales*	Total 2024	Total 2023
	£'000	£'000	£'000	£'000
Proceeds	2,516	636	3,152	913
Disposal costs	(1,097)	(305)	(1,402)	(399)
Accumulated depreciation on disposal	(300)	(63)	(363)	43
Grant transferred on disposal				(47)
	1,119	**268**	**1,387**	**510**

* Sale of second and subsequent tranches of shared ownership properties.

7. Interest receivable

	2024 £'000	2023 £'000
Bank interest	5	7
Investment Income	6	-
Interest receivable from short term deposits	**11**	**7**

8. Interest payable and similar charges

	2024 £'000	2023 £'000
Loans and bank overdrafts	4,377	3,734
Loan FRS102 adjustment & RCGF interest	(515)	113
Loan premium released	(291)	(291)
Interest capitalised on housing properties under construction	(30)	(171)
Amortisation of loan arrangement fees	410	341
Intercompany interest	45	
Break costs on Prepayment of RBS loan	808	-
SHPS pension - impact of unwinding discount factor	27	15
	4,831	**3,741**
Capitalisation rate used to determine the finance costs capitalised during the period (based on weighted average)	**5.2%**	**5.2%**

NOTES TO THE FINANCIAL STATEMENTS

9. Employee information

The average number of employees, including Directors, expressed as full-time equivalents (FTE) (calculated based on 35 hours) during the year was:

	2024 Number	2023 Number
Administration	13	13
Development	2	3
Housing, support and care	25	22
	40	**38**

Employee costs	**2024 £'000**	**2023 £'000**
Wages and salaries	1,981	1,792
Social security costs	214	202
Defined contribution pension contributions	173	155
Defined benefit current service cost	(1)	2
	2,367	**2,151**

Until 31 March 2010 Mount Green operated a single benefit structure: a defined benefit, final salary scheme with a 1/60th accrual rate. From 31 March 2010 this scheme was closed to new entrants and from 1 October 2010 a defined contribution structure was made available to new employees and to existing staff wishing to transfer from the defined benefit scheme. The employee contribution to the defined contribution scheme is 5% of gross income, employer contribution is 10%.

See note 21 for further details regarding the Pension liability in relation to the defined benefit scheme for existing and former employee members.

The full-time equivalent number of staff (including directors) who received remuneration in excess of £60,000 p.a. are as follows:

Salary bandings for all employees earning over £60,000 (including pension contributions)

	2024 Number	2023 Number
£60,000 to £69,999	4	2
£70,000 to £79,999	3	4
£80,000 to £89,999	2	-
£90,000 to £99,999	-	-
£100,000 to £109,999	-	-
£110,000 to £119,999	1	1
£120,000 to £129,999	-	-
£130,000 to £139,999	-	1
£140,000 to £149,999	1	-
	11	**8**

NOTES TO THE FINANCIAL STATEMENTS

10. Key management personnel

Key management personnel include the Board members, Chief Executive (Managing Director from 1st February 2024) and Executive Directors. Remuneration paid for the year to 31 March 2024 was as follows:

		Basic Salary	Pension contr'ns	Total 2024	Total 2023
		£'000	£'000	£'000	£'000
Current Executive Directors					
Chief Executive	Bill Flood	121	12	133	130
Interim Finance Director	Pedro Dalton	112	-	112	-
Director of Operations (joined September 2023)	Jesse Fajemisin	51	5	56	-
Former executive directors					
Finance & Resource Director (left October 2023)	Alison Robson-Green	77	6	83	113
Interim Director of Operations	Emily Orme	62	-	62	13
Current Board Members					
Chair	Martin Large (joined March 2024)	-	-	-	-
Board Member	Becky Slaymaker	2	-	2	4
Board Member	David Hunter	7	-	7	6
Board Member	Greg Falvey	-	-		-
Board Member	John Skivington	-	-		-
Board Member	Juliana Crowe	-	-		-
Board Member	Kelvan Swinnerton	2	-	2	2
Board Member	Agnieszka Stobinska	2	-	2	2
Board Member	Verena Buchanan	1	-	1	2
Retired board members					
Board Member	Alison Pooley-Wem	1	-	1	2
Board Member	Alison Whittington	2	-	2	4
Board Member	Michael May	2	-	2	4
Board Member	Lisa Morris	2	-	2	2
Board Member	Peter Gardiner	4	-	4	4
Board Member	Justin McCarthy	2	-	2	-
Board Member	David Carton	2	-	2	2
Board Member	Jill Maddison	2	-	2	2
		454	**23**	**477**	**292**

The Chair of the Board (until standing down in February 2024) received £6,732 (2023: £6,411).

The highest paid director was the Chief Executive (Managing Director from 1st February 2024), excluding pension contributions at £121,045 and was highest at £117,847 in 2023. The Chief Executive (Managing Director from 1st February 2024) is an ordinary member of the Social Housing Pension Scheme and no enhanced or special terms apply. Mount Green does not make any further contribution to an individual pension arrangement. Employer's pension contribution for the Chief Executive (Managing Director from 1st February 2024) for the year was £12k (2023: £12k).

NOTES TO THE FINANCIAL STATEMENTS

11. Tangible fixed assets – housing properties

	Social housing properties held for letting £'000	Social housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2023	**116,044**	**1,352**	**21,649**	**921**	**139,966**
Acquisition of properties and works to properties under construction		3,150		180	**3,330**
Transfer to completed	3,069	(3,069)	1,101	(1,101)	-
Transfer from Held for sale	-	-	135	-	135
Works to existing properties	2,702	-	-	-	2,702
Disposals	(1,494)	-	(1,045)	-	(2,539)
At 31 March 2024	120,321	1,433	21,840	-	143,594
Depreciation					
At 1 April 2023	**17,832**	**-**	**1,138**	**-**	**18,970**
Transfer to Held for sale					
Charge for year	1,620	-	183	-	1,803
Disposals	(362)	-	(63)	-	(425)
At 31 March 2024	19,090	-	1,258	-	20,348
Net Book Value					
At 31 March 2024	**101,231**	**1,433**	**20,582**	**-**	**123,246**
At 1 April 2023	98,212	1,352	20,511	921	120,996

Housing properties comprise:	**2024**	**2023**
	£'000	**£'000**
Freehold	116,426	115,093
Long leasehold	6,820	5,903
Total	**123,246**	**120,996**

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets – other property, plant and equipment

	Freehold offices £'000	Computers software and hardware £'000	Office furniture and equipment £'000	Estate equipment £'000	Total £'000
Cost					
At 1 April 2023	**2,585**	**614**	**226**	**443**	**3,868**
Additions	-	40	-	17	58
Disposals	-	-	-	-	-
At 31 March 2024	**2,585**	**654**	**226**	**460**	**3,926**
Depreciation					
At 1 April 2023	**601**	**299**	**185**	**275**	**1,360**
Disposals	-	-	-	-	-
Charged in year	43	87	9	34	173
At 31 March 2024	**644**	**386**	**194**	**309**	**1,533**
Net book value					
At 31 March 2024	**1,941**	**269**	**32**	**151**	**2,393**
At 31 March 2023	1,984	315	41	168	2,508

13. Stock held for sale

	2024 £'000	2023 £'000
Current Fixed Asset	-	109
First tranche shared ownership properties	42	601
	42	**710**

14. Debtors

	2024 £'000	2023 £'000
Due within one year		
Rent arrears	685	644
Less: provision for bad and doubtful debts	(410)	(344)
	275	**300**
Prepayments and accrued Income	149	70
Other debtors	975	43
	1,399	**413**

15. Investments

	2024 £'000	2023 £'000
Due within one year		
Cash in secured accounts re AHF Bond	248	237
	248	**237**

NOTES TO THE FINANCIAL STATEMENTS

16. Creditors falling due within one year

	2024 £'000	2023 £'000
Housing loans due within one year (note 20)	70	487
Trade payables	585	325
Corporation tax	-	-
Other taxation and social security	81	94
Accruals and deferred income	1,971	1,990
Prepaid rental income	415	417
Deferred capital grant (note 19)	203	202
Recycled capital grant fund (note 18)	1,557	1,455
Intercompany creditors	45	-
Pension Liability	15	-
Sinking fund	505	449
	5,447	**5,419**

17. Creditors falling due after one year

	2024 £'000	2023 £'000
Housing loans (note 20)	79,656	75,461
Deferred capital grant (note 19)	19,793	20,326
Recycled capital grant fund (note 18)	142	315
	99,591	**96,102**

18. Recycled capital grant fund

	2024 £'000	2023 £'000
<u>Grants – Homes England</u>		
At 1 April	1,770	1,640
Interest accrued	79	38
Transfer back to deferred grants (note 19)	-	-
Released on disposals	(150)	-
Grants recycled in year	-	92
At 31 March	**1,699**	**1,770**
Amounts falling due within one year	1,557	1,455
Amounts falling due after one more than one year	142	315
	1,699	**1,770**
Amounts three years or older where repayment may be required*	1,557	1,455

*Permission has been received to extend the deadline.

NOTES TO THE FINANCIAL STATEMENTS

19. Deferred government grants

	2024 £'000	2023 £'000
At 1 April	20,528	20,776
Grants received during the year	-	-
Amortised to Income	(203)	(203)
Released on disposals	(479)	47
Transferred from recycled capital grant fund (note 18)	-	-
Adjustments	150	-
Recycled grant	-	(92)
At 31 March	**19,996**	**20,528**
Amount due within one year	203	202
Amount due after more than one year	19,793	20,326
	19,996	**20,528**

NOTES TO THE FINANCIAL STATEMENTS

20. Housing loans	**2024 £'000**	**2023 £'000**
Due within one year		
Orchardbrook	70	487
	70	**487**
Due after more than one year		
Orchardbrook	982	1,052
AHF Bond	5,959	5,953
GB Social Housing	35,358	35,579
Royal Bank of Scotland	-	32,877
Stonewater Limited (intercompany)	37,357	-
	79,656	**75,461**
Analysis of bank loans and bond finance:-		
Due within one year	70	487
Between one and two years	76	520
Between two and five years	274	1,789
After five years by instalments	79,306	73,152
	79,726	**75,948**

Apart from the loan from Stonewater Limited, Housing loans are secured by specific fixed charges on Mount Green's individual properties. The loan from Stonewater Limited is at floating rates of interest and refinanced the borrowing from The Royal Bank of Scotland

The total loan facility from Stonewater is for £71.1m and it consists of two tranches – an interest free tranche of £11.1m which is undrawn and available for Mount Green to use for investment in existing properties and a second tranche of £60m which is at interest plus a margin of 1%. The facility has a 7 year maturity.

There are four bond arrangements, one for £6 million nominal (2023 - £6 million) with Affordable Housing Finance at an effective rate of 3.91% and repayable in full in May 2042; the remaining bonds are with GB Social Housing, (£31.0 million nominal value; 2022 – same) at an average effective rate of 3.787%. A lump sum repayment of £31m is due in 2038 and the remaining £6m due in 2042.

NOTES TO THE FINANCIAL STATEMENTS

21. Social Housing Pension Scheme (SHPS)

Mount Green Housing Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2020. This actuarial valuation showed assets of £5,148m, liabilities of £6,708m and a deficit of £1,560m.

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.
The present values of the defined benefit obligation, fair value of assets and defined benefit liability:

	2024	**2023**
	£'000	**£'000**
Fair value of plan assets	2,819	2,815
Present value of defined benefit obligation	3,475	3,437
Defined (liability) to be recognised	**(656)**	**(622)**

Pension liability	**2024**	**2023**
	£'000	**£'000**
Defined benefit obligation at start of period	3,437	4,753
Current service cost	(1)	2
Interest expense/expenses	171	135
Member contributions	7	6
Actuarial (gains)/ losses	(58)	(1,351)
Benefits paid and expenses	(81)	(108)
Defined benefit obligation at end of period	**3,475**	**3,437**
Pension assets		
Fair value of plan at start of period	**2,815**	**4,157**
Interest income	139	116
Experience on plan assets-(loss)/gain	(213)	(1,499)
Employer contributions	152	143
Member contribution	7	6
Benefits paid and expenses	(81)	(108)
Fair value of plan at end of period	**2,819**	**2,815**

NOTES TO THE FINANCIAL STATEMENTS

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)	2024 £'000	2023 £'000
Current service costs	(1)	2
Interest expense	32	19
Remeasurements - impact of any change in assumptions	-	-
Costs recognised in statement of comprehensive income	**31**	**21**

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	2024 £'000	2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)/gain	(213)	(1,499)
Experience gains and losses arising on the plan liabilities-(loss)	15	(44)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation -gain	38	8
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation-gains/(loss)	5	1,387
Total amount recognised in other comprehensive income – (loss)	(155)	(148)

KEY ASSUMPTIONS	2024	2023
Discount Rate	4.89%	4.87%
Inflation (RPI)	3.17%	3.19%
Inflation (CPI)	2.77%	2.75%
Salary growth	3.77%	3.75%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance
Mortality assumptions at age 65		
Life expectancy for a male retiring in 2024	20.5 years	21.1 years
Life expectancy for a female retiring in 2024	23.0 years	23.7 years
Life expectancy for a male retiring in 2044	21.8 years	22.4 years
Life expectancy for a female retiring in 2044	24.4 years	25.2 years

22. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at the end of the year	3,245	1,436
Investments	248	237
At 31 March	**3,493**	**1,673**

Included in the cash balances was £457k (2023: £405k) being held on behalf of Leaseholders in the form of a sinking fund.

NOTES TO THE FINANCIAL STATEMENTS

23. Financial instruments

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

	2024 £'000	2023 £'000
Financial assets		
Measured at fair value		
Investments	248	237
Cash and cash equivalents	3,245	1,436

Income, expense, gains, and losses in respect of the financial instruments are summarised below:

	2024 £'000	2023 £'000
Interest income and expense		
Total interest income for financial assets at fair value	11	7
Total interest expense for financial liabilities at amortised cost	(4,804)	(3,741)

24. Reconciliation of surplus to net cash generated from operations

	Note	2024 £'000	2023 £'000
Surplus for the year		879	848
Adjusted for:			
Depreciation of housing properties	5	1,803	1,676
Depreciation of other tangible fixed assets	5	172	144
Net impairment charges			-
Deferred capital grant amortisation	3. (b)	(203)	(203)
Difference between net pension expense and cash contribution	21	(155)	(122)
Surplus on sale of housing properties	6	(1,387)	(510)
Taxation charge for the year	29	-	-
Interest receivable	7	(11)	(7)
Interest payable	8	4,831	3,741
Operating cash flow before movements in working capital		5,929	5,567
(Increase)/Decrease in properties held for sale	13	668	(710)
(Increase)/Decrease in trade and other debtors	15	(986)	(47)
Increase/(Decrease) in trade and other creditors	16	27	759
Increase/(Decrease) in sundry items		(20)	-
Net cash generated from operations		**5,618**	**5,569**
Tax paid		-	-
		5,618	**5,569**

NOTES TO THE FINANCIAL STATEMENTS

25 Analysis of net debt

	01-Apr 2023 £'000	Cash flows £'000	Non-cash changes £'000	31-Mar 2024 £'000
Housing loans				
Due in less than one year	(487)	417	-	(70)
Due after more than one year	(75,461)	(4,701)	506	(79,656)
Total debt	(75,948)	(4,284)	506	(79,726)
Cash and cash equivalents				
Investments	237	11	-	248
Cash at bank and in hand	1,436	(157)	1,966	3,245
Cash and cash equivalents	1,673	(146)	1,966	3,493
Net debt	(74,275)	(4,430)	2,472	76,233

26. Financial commitments

Capital commitments were as follows:	2024 £'000	2023 £'000
Expenditure contracted for but not provided in the accounts	-	2,495
Expenditure authorised but not contracted	-	8,277

Any future commitments will be financed cashflow and the intercompany facility from Stonewater Limited.

Operating leases

The total payments that the Society is committed to make under operating leases total £5k (2023: £13k) and the future minimum lease payments are set out below:

<u>Office equipment and computers</u>	2024 £'000	2023 £'000
Within one year	2	6
One to five years	2	7
	4	**13**

27. Share capital

	2024 £	2023 £
At 1 April	10	10
Issued in the year	8	-
Surrendered during the year	(8)	-
At 31 March	**10**	**10**

NOTES TO THE FINANCIAL STATEMENTS

The share capital of the Association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled, and the amount paid thereon becomes the property of Mount Green. Therefore, all shareholdings relate to non-equity interests.

28. Related parties

Jill Maddison has been an active Board member through 2023/24 until standing down in February 2024. Total rent and service charge during the period was £6,494.51 with a credit balance of £49.76 at year end. Her tenancy was on normal commercial terms, and she would not have been able to use her position to her advantage.

Agnieszka Stobinska has been an active Board member through 2023/24. Total rent and service charge during the period was £4,384.56 with a credit balance of £305.60 at year end. Her lease was on normal commercial terms, and she would not have been able to use her position to her advantage.

29. Taxation on surplus

(a) Analysis of the charge in the period

The tax charge on the surplus for the year was as follows:

	2024 £'000	2023 £'000
Current tax:		
UK Corporation Tax charge/(credit) for the year	-	-

(b) Factors affecting tax charge for the period	**2024 £'000**	**2023 £'000**
Surplus before tax	**879**	**848**
Surplus before tax multiplied by standard rate of corporation tax in the UK of 19% (2023:19%)	167	161
Effects of:		
Surplus relating to charitable activities	(167)	(161)
Adjustments in respect of prior years	-	-
	-	**-**