



Annual Report and Financial Statements

Year ended 31 March 2025

mhs homes limited

Private company limited by guarantee | Company number: 10704997

Registered Charity | Registration number: 1177565

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INTRODUCTION TO THE FINANCIAL STATEMENTS

We are pleased to present the mhs homes Annual Report 2025 and with it the start of a new era.

Ashley Hook retired as Chief Executive after 16 years leading mhs homes. His commitment to our customers, homes and communities has been fundamental in the successes achieved, and it is noteworthy that mhs homes increased in size by over 2,000 homes during his tenure.

We are delighted to welcome Marie-Claire Delbrouque as Chief Executive. Marie-Claire brings a wealth of experience in social housing and will lead mhs homes as we continue working towards our strategic priorities outlined in the plan published last year.

Our progress against the plan is described in detail later in the report, but it is worth highlighting some notable successes. We started the year with response times for call handling and repairs below what our customers deserved. During the year we improved in both areas until by the last quarter we were meeting target.

Our continued thanks to the Customer Scrutiny Panel, who provide a unique insight into what it is like to be a customer of mhs homes, and whose work has been invaluable in improving our service. The voice of the customer is at the heart of everything we do, learning and acting on what people tell us to drive forward service improvements.

The consumer standards came into effect from April 2024 and our ambition, as outlined in our strategic plan, is for Heart of Medway to achieve the highest rating.

We are striving for a proactive approach to handling complaints so we can improve when we get things wrong. Therefore, an area of focus in the upcoming year will be to meet the targets on response times, which should help increase customer satisfaction both in this area and generally. It is encouraging that

an increasing number of our customers say we listen to them and act on what we hear.

Safety of customers and colleagues is at the core of all we do. We have a duty to ensure that each home is safe, secure and comfortable. Our approach is summed up by our accreditation as a Building a Safer Future Champion, which has helped embed a positive building safety culture. We were also delighted to retain the prestigious "5 star" award by the British Safety Council.

We were successful in bidding for £2.9 million from the social housing decarbonisation fund, combined with a successful bid to the Great British Insulation Scheme, this gives us renewed confidence that all our homes will, at a minimum, meet the Energy Performance Status C by 2030. Improved energy efficiency will lead to healthier and warmer homes for our customers, as well as helping to reduce both energy costs and emission.

Financial resilience underpins our ambitions, and though margins have fallen, as we invest more in the quality and sustainability of our homes, the results continue to be strong. As custodians of our customers' homes, we will never risk our financial strength for short term goals. This financial strength gives us choices in our future decision making.

It also allows us to invest in new homes, and during the year we completed 134 new homes, with a further 102 planned to be finished in 2025/26.

Our colleagues are critical to our success and for making sure that we respond effectively to customers and other key stakeholders. The Board would like to thank them for their hard work and passion in delivering our services.

Our thanks also to Lord Kennedy, who stepped down from the Board during the year, for his valuable service to the organisation.



Nigel Hopkins
Chair

mhs homes AT A GLANCE

mhs homes limited ('mhs homes') was established in 1990 following a stock transfer from Rochester upon Medway City Council. We are the largest independent social landlord, being registered with the Charity Commission rather than the Regulator of Social Housing. Our objectives are to provide social housing in Kent and all services linked to this provision. All surpluses are reinvested into building more new homes, improving existing homes and supporting local communities. It is the parent body of mhs homes group ('the Group').

Heart of Medway Housing Association is a subsidiary of mhs homes and is registered with the Regulator of Social Housing.

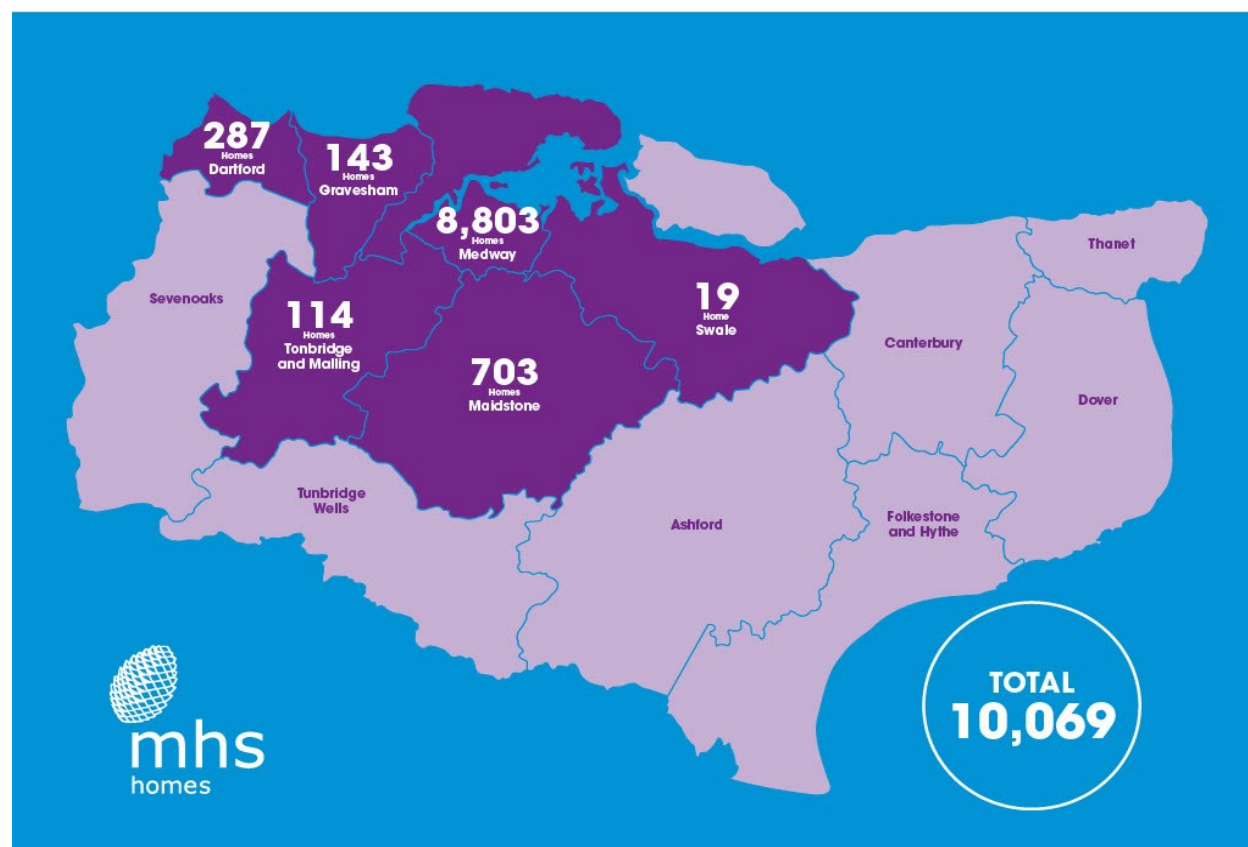
Our ultimate ambition is to help end the housing crisis in North Kent by providing safe and sustainable homes.

mhs homes continues to be the only housing association of size not to be a registered provider and, although we comply with the

ethos and aims of the social housing sector, our status allows us greater control of our own destiny and objectives. We value our relationships with the regulated sector and mhs homes generally follows the guidance of the Regulator of Social Housing in areas such as service to customers, quality of homes and effective corporate governance.

We own and manage 10,069 homes, mainly in Medway, but with an increasing number in surrounding areas of North Kent. Most are social rented, though we also provide shared ownership and market rented. mhs homes owns the majority of our social properties - 8,119, with a further 1,219 in Heart of Medway. We are the corporate trustee of 6 homes in the Lord Kitchener Memorial Homes Trust. The Group manages 84 social properties for third parties with a further 19 managed by third parties. In addition, there are 424 market rent and commercial properties along with 198 managed freeholders.

Our properties are spread over North Kent as shown below



Financial Highlights

	2024/25	2023/24
Turnover	£82.7 million	£70.7 million
Operating Surplus	£24.9 million	£23.3 million
Surplus excluding movement in fair value	£10.6 million	£10.6 million
Net Interest costs	£14.3 million	£12.8 million
EBITDA MRI ¹	£22.8 million	£22.0 million
EBITDA – MRI ¹ Margin to turnover	28%	31%
Debt less cash and cash equivalents	£302.5 million	£287.5 million
EBITDA - MRI ¹ / Interest Cover	151%	164%
Net Debt / EBITDA - MRI ¹	13.3	13.1
¹ EBITDA – MRI: Earnings before interest, tax, depreciation, capitalised major repairs and surplus on sale of fixed assets		

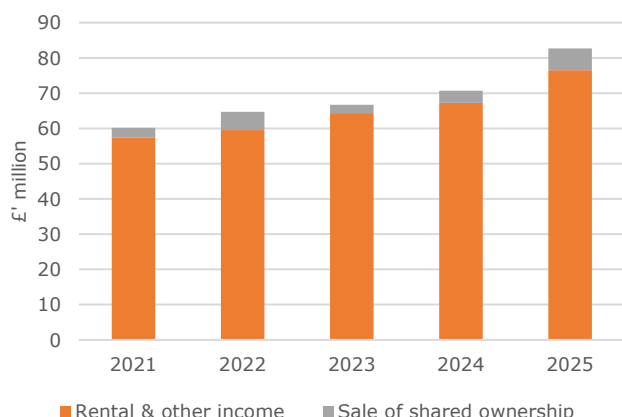
Operational Highlights

	2024/25	2023/24
Total stock owned and managed	10,069	9,961
% Homes at Decent Homes Standard	99%	99%
% Homes at SAP rating C or above	79%	76%
New homes brought into management	134	94
New homes started on site	37	91
Homes purchased from a registered provider	10*	255
% of lettings to Homeless	38%	29%
Investment in new homes	£31 million	£29 million
Investment in existing homes	£35 million	£30 million
Existing homes purchased from a registered provider	-*	£22 million
Customer Satisfaction	78%	81%
A full report on the Tenant Satisfaction Measures is available on the mhs homes website		

* 10 Leasehold properties purchased at nil value

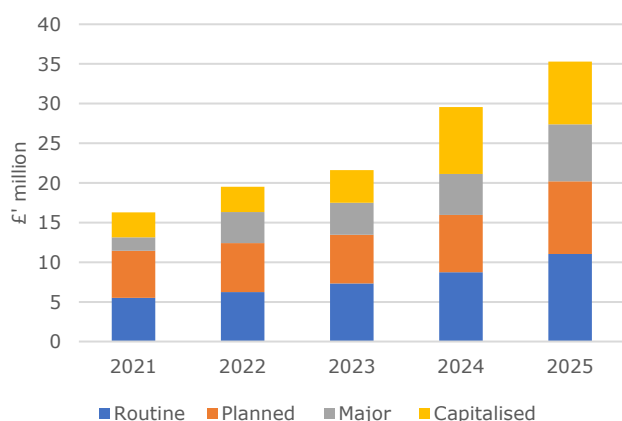
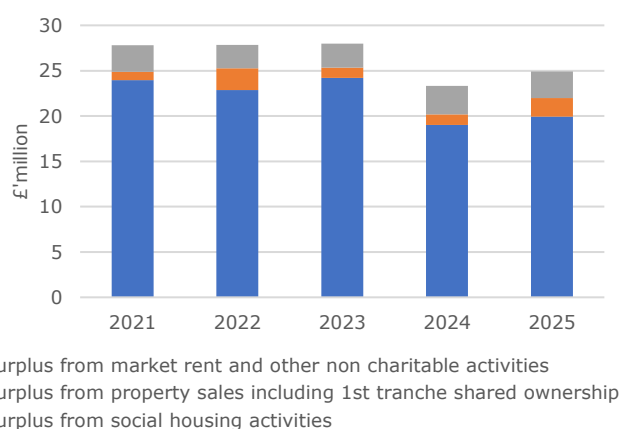
STRATEGIC REPORT: AN OVERVIEW OF 2024/25 RESULTS

The surplus (before tax and fair value adjustment) of £10.6 million is broadly in line with last years, as our increase rental income, from the new homes brought into management in the last financial year, was offset by increased investment in repairs. We also invested £31 million in new homes, with a further 134 homes year brought into management, and another 102 planned for the following year.



Turnover increased in the year with additional rental and service charge income of £7 million, through a combination of rent increases and new properties. Sales of first tranche shared ownership sales increased in line with the planned programme. During the year we sold 59 new shared ownership properties (2024:30).

The majority of the surplus continues to be derived from low-risk social housing, reducing the risk of significant variations in future years.



Repair costs have increased significantly over the last five years reflecting additional demands around buildings safety, sustainability, damp and mould and the life cycle of components following significant investment in the 1990's.

STRATEGIC REPORT: AN OVERVIEW OF 2024/25 RESULTS

Movement from year to year: the movement in surplus before fair value from last year to the current is shown below.

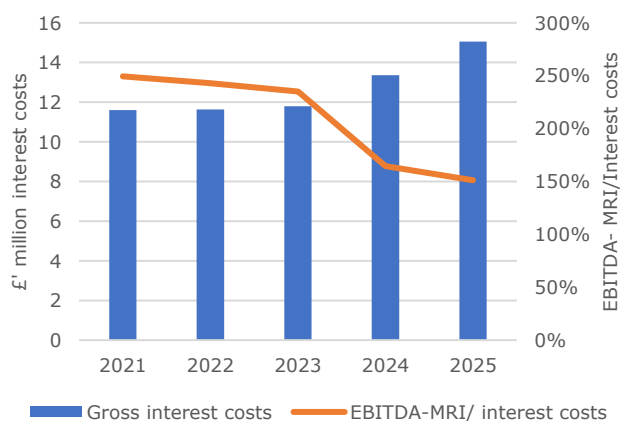
	£' million
Increase in income from rents & service charges	7.5
Increase in income from other income	0.5
Increase in surplus from non-social housing	0.2
Increase in surplus from sale of fixed assets and 1 st tranche shared ownership	0.9
Increase in income and surplus from non-social housing	9.1
Increase in repairs expenditure	6.2
Increase in service charge costs	0.5
Increases in other operating costs	1.9
Increase in net financing costs	1.5
Increase in costs	10.1
Increase in surplus due to movements in depreciation, amortised grant & impairment	1.0

Change in surplus before fair value adjustments compared to 23/24

-

Interest payable costs increased through additional borrowing with £17.75 million borrowed in the year. This, combined with additional investment in our current homes, has led to a reduction in interest cover, though still substantially ahead of covenant requirements.

The mhs Board have agreed a "golden rule" to ensure that cash generated from ongoing activities will always be sufficient to pay interest costs.



Investment properties: Over the years the Group has built up an investment portfolio of 379 properties rented to tenants at market rent. These are a valuable investment and produce a return to our original cost of 5.9% (2024: 5.9%). The Group has invested £54 million in acquiring this portfolio, which are now estimated to be worth £84 million. They are held as a long-term investment so that the annual surpluses from the rental stream can be invested into charitable activities rather than for capital gain.

Pension: The annual FRS102 actuarial review of the defined pension scheme, closed to new entrants since 2005, shows the scheme has assets £13.7 million greater than its liabilities, an increase of £3.9 million over the previous year. However, as consistent with last year, an asset ceiling has been applied so no pension asset is shown within the accounts.

STRATEGIC REPORT: OUR STRATEGIC PLAN 2024 – 2027

The 2024 – 2027 strategic plan was approved by the Board in March 2024 and drives our priorities, keeping our customers at the heart of everything we do. It sets out our ambitions and the commitments we will work towards to deliver safe, sustainable homes and communities where people can live well. Our strategic priorities are:

- Visible, responsive & caring landlord
- Safe & sustainable homes
- Listening, learning & acting on customers' views
- Community champion & partner of choice
- Safe, inclusive & rewarding workplace
- Well governed, well managed & financially strong

We want everyone to live in a home they can be proud of. This includes ensuring the voice of the customer helps shape how we develop and deliver services. Over the next three years of the plan, we'll invest more resources into our existing homes. But if we're going to drive forward our ambition to tackle the housing crisis in North Kent, we still have a responsibility to balance this with investment in the supply of new homes. We therefore need to use our resources wisely to maximise the delivery of new homes.

We have agreed six interlinked strategic priorities, and these are described below along with how we are progressing against meeting the targets for the period to 2027. Further details can be found on page 13.

Strategic priority one: Visible, responsive & caring landlord

2027 Target	Update on Progress
Achieve 85% overall customer satisfaction	Customer satisfaction dropped slightly in the year from 81% to 78% though we expect this to increase as front-line services have been strengthened
Make sure 90% of repairs are completed within target time	68% repairs were completed on time in the year end 31 st March 2025, though this represented a significant improvement from 57% in the year before, and we expect this progress to continue
Make sure 95% of complaints are responded to within timescale	Performance slipped from 92% to 68% in the year due to increases in the number of complaints. In response the service has been strengthened
Make sure 30% of lettings go to homeless households	We were delighted to exceed this target with 38% being achieved, an increase of 9% from the previous year.
Reduce rent areas to 2%	Arrears have reduced from 4.20% last year to 4.03% thanks to service improvements, including a new rent management system, and additional resources.
Gain Domestic Abuse Housing Alliance (DAHA) accreditation	We are working on improving our approach towards domestic abuse and are proud to be working towards an accreditation with DAHA

STRATEGIC REPORT: OUR STRATEGIC PLAN 2024 – 2027

Strategic priority two: Safe and sustainable homes

2027 Target

Update on Progress

Build 363 new homes

Progress is good with 301 homes contracted to handover by 2027

Make sure that at least 85% of homes meet a minimum of EPC C rating

With 79% meeting the target already we have every confidence of achieving this target especially with the new funding noted below.

Secure £1.25 million funding from the Social Housing Decarbonisation Fund

Funding of £2.9 million over the three years to March 2028 was confirmed in March 2025 in addition to the £0.4 million received in 24/25

Make sure that all homes meet the Decent Homes Standard

Updated surveys at the end of year identified 44 units as failing the standard with works already programmed to bring them back to standard. The long term financial plan has the funding allocated to meet this target

Ensure that all building safety remedial works are completed

We have completed remedial works to 56 blocks with work on all high-risk blocks being completed. The project looks to complete by March 2027, with the final 22 blocks programmed in over the next two year

Open a new Foyer for young vulnerable people

The Sunrise Foyer was opened in December 2024

Obtain SHIFT Sustainability Standard accreditation

For our first year of reporting, we received the Silver Award demonstrating our commitment to embedding sustainability and working towards our ultimate ambition of net zero carbon

Strategic priority three: Listening & acting on customers' views

2027 Target

Update on Progress

Ensure that the views of our customers are front and centre of all we do

We have increased opportunities for customers to have their say through formal and informal routes as well as increasing the focus on sharing 'you said, we did' to show how customer views have influenced decisions

Respond proactively to all Customer Scrutiny Panel (CSP) reviews

Three reviews took place during the year: Gas Servicing, Customer Journey and Aids & Adaptation. Our website details the outcomes and resulting changes to our processes

Launch a Resident's Asset Management Panel as a 'critical friend' on repairs services

The first meeting was held in March 2025

Launch new opportunities for homeowners so that their voices are heard

A Homeowner conference took place in February 2025 focusing on the areas we receive most contact from homeowners about.

STRATEGIC REPORT: OUR STRATEGIC PLAN 2024 – 2027

Strategic priority four: Community champion and partner of choice

2027 Target

Publish our performance against the Homes for Cathy commitments

Create Neighbourhood Plans in collaboration with local communities

Raise at least £20,000 per year for our chosen mhs charity

Update on Progress

We are on target to publish our performance in the upcoming year

Work is progressing well in this area, with discussions taking place with a number of neighbourhoods

Colleagues raised over £21,000 for Swale Community Project in the first year of the plan

Strategic priority five: Safe, inclusive and rewarding workplace

2027 Target

Make sure at least 84% of #teammhs say "we're a great employer"

Maintain the British Safety Council 5 Star rating

Attain Gold 'We Invest in Wellbeing'

Attain Gold 'We Invest in People'

Maintain our 'Living Wage' accreditation

Update on Progress

It was great to see that we are currently at 91%.

The 5-star rating was reconfirmed in February 2025

We received Silver accreditation in 2025 with the next assessment due in 2027

We are at Gold with a reassessment due in 2026

This continues to be successfully maintained

Strategic priority six: well governed, well managed and financially strong

2027 Target

Generate £9 million of receipts from property disposals

Maintain our RACE Equality Code and Housing Diversity Networks accreditations

Publish our ESG impact via the Sustainability Reporting Standard for Social Housing

Update on Progress

We generated £2.2 million in 24/25 and are on course to meet this target

We have successfully maintained our accreditations

Our first report will be published in 2026

STRATEGIC REPORT: TREASURY

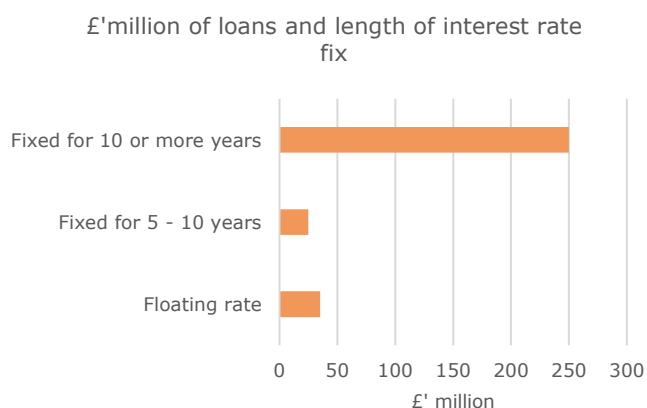
The Group has two active borrowers, mhs homes and Heart of Medway. The treasury management for the Group is governed by a policy and strategy regularly reviewed and approved by both the mhs homes and Heart of Medway Boards, with the Group Treasury Committee monitoring activities and making recommendations to the Board.

Borrowings and arranged facilities at 31 March 2025		
	Arranged	Drawn
	£'m	£'m
mhs homes	340	260
Heart of Medway	60	50
Total	400	310

At the end of the year the Group had substantial liquidity with:

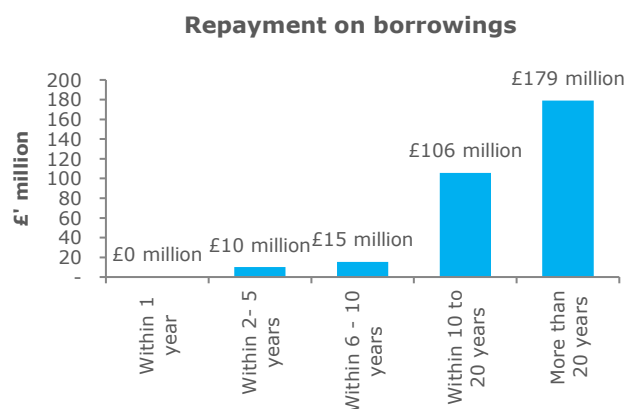
- £80 million of revolving credit facilities charged and available to draw.
- £10 million private placement agreed, charged and ready to be received in January 2026.
- £7.5 million of cash.

Security of £198 million is available to allocate to new loans if required, as calculated under existing use value – social housing.



A key risk is our exposure to interest rate increases, which is mitigated by having only £35m (11%) of debt floating for less than one year.

The Group has no debt due for repayment in the next five years. There is £10 million drawn on a revolving credit facility which expires in 2027, though we would expect to renew or replace the facility.



STRATEGIC REPORT: 5 YEAR FINANCIAL REVIEW

The last 5 years financial performance along with key ratios is summarised below.

Year Ending 31 March	2021	2022	2023	2024	2025
	£'m	£'m	£'m	£'m	£'m
<i>Excluding 1st tranche shared ownership sales</i>					
Turnover	57	60	64	68	77
Expenditure	31	34	37	45	54
Surplus on rents	26	26	27	23	23
Surplus on sales of 1 st tranche & fixed assets	2	2	2	1	2
Operating surplus	28	28	28	24	25
Net interest cost	11	11	11	13	14
Surplus for the year before tax and fair value	17	17	17	11	11
Net fixed assets	528	546	557	607	636
Investments	79	88	85	81	87
Net current assets	24	25	7	(3)	(2)
	631	659	649	685	721
Creditors: > than one year	279	285	260	290	310
Pension liability	10	9	-	-	-
	289	294	260	290	310
Total reserves	341	365	389	395	411
Financial Performance					
EBITDA-MRI*: Turnover	48%	43%	42%	31%	28%
EBITDA-MRI*: Turnover excluding s/o	49%	45%	42%	30%	27%
Ratio of Debt: EBITDA-MRI*	8.7	9.1	9.0	13.1	13.3
Ratio of EBITDA-MRI*: Interest Payable	2.4	2.4	2.4	1.6	1.5
Other Key Ratios					
Void: net rental income	1.0%	0.8%	0.8%	0.9%	1.20%
Bad Debt: net rental income	1.1%	0.5%	0.4%	0.9%	0.6%

*EBITDA – MRI: Earnings before interest, tax, depreciation, capitalised major repairs and surplus on sale of fixed assets

STRATEGIC REPORT: FUTURE PLANNING

The Group is planning to build over 360 new homes over the life of the strategic plan. We are currently on course to deliver this with 301 new homes either completed or contracted with handed over dates in the next two years.

Over the next five years **the Group** is planning to commit £43 million to building or purchasing new homes. Approximately half of this will be funded through surpluses from day-to-day activities and £15m through new borrowings. The balance will be financed through staircasing and voluntary disposals. **The Group** has £80 million of funding across two revolving credit facilities and a £10 million private placement arranged for drawn down in January 2026, which mitigates against the risk of reducing sales income.

Our results are stress-tested against several different scenarios. These show that our covenants are met in mhs homes, even if interest rates rise over the long term to 15% or rental income is reduced by 10%.

The projected financial ratios below from the long-term financial plan, approved by the Board in February 2025, show the ongoing financial strength of the Group.

Group Ratio	2026	2027	2028	2029	2030
Ratio of Debt: EBITA-MRI*	16.2	16.6	15.7	14.7	15.3
EBITDA-MRI*: Interest Payable %	1.3	1.3	1.3	1.4	1.4

* EBITDA – MRI: Earnings before interest, tax, depreciation and capitalised major repairs expenditure. Property sales including shared ownership first tranche are excluded.

We are continuing to investigate our buildings to ensure that they meet all current safety requirements. The Board is clear on the importance of building and customer safety and that cost will never be a barrier to the work required. We will, therefore, continue to prioritise our Building Safety Programme, which is discussed in detail later in the report. The full costs of these remedial works over the next three years, £1.7 million for Heart of Medway and £4.4 million for mhs homes, are included in our long-term financial forecasts. The plan also includes £16.1 million for mhs homes and £0.5 million for Heart of Medway for the cost of ensuring all our properties are at a minimum of EPC rating 'C' by 2030. It is assumed that none of these costs will be capitalised.

Our long-term financial planning will continue to ensure that there are sufficient resources to proactively manage our assets, so that all our homes continue to meet the Decent Homes Standard.

STRATEGIC REPORT: BUILDING SAFETY

As of the end of March 2025 all but 44 homes met the Decent Homes Standard, with work on these programmed for the early part of 2025/26.

Building safety remains of paramount importance, and there are robust procedures and comprehensive controls in place regarding fire safety which are reviewed and tested on a regular basis. We have a Primary Authority Agreement in place with Kent Fire and Rescue Service which is a legally recognised partnership to make sure we keep our buildings and customers safe. The Group owns 5 blocks above 18 metres or over 6 storeys that fall under the requirement of The Building Safety Act to create building safety cases. None of these have ACM cladding and all building remedial works have been completed. As of 31 March 2025, all Fire Risk Assessments were up to date.

Building name	No of storeys	No of homes	Cladding
Melville Court	14	56	No
Regent Court	13	48	No
Steddy's Court	13	48	No
Wellington Court	13	48	No
The Auditorium	7	26	The cladding is defined as non-combustible or low risk in the Building Regulations, meaning that it improves the fire safety standards of the building and protects our customers living within it.

We have completed a programme of identifying any issues on the buildings over eleven and below eighteen metres. We have a five-year fire safety programme in place and are in the fourth year of completion. We've identified seventy eight blocks across the Group that require an intrusive inspection in line with our programme. Fifty six of these have been inspected and works completed, two are in progress and twenty left to start. All the remaining buildings are three stories or lower.

During the year mhs homes invested £1.3 million and Heart of Medway £0.4 million on fire safety remediation costs. The full costs of these remedial works over the next three years, £1.7 million for Heart of Medway and £4.4 million for mhs homes, are included in our long-term financial forecasts.

Damp and Mould

We want all our homes to be free from damp and mould and to meet this aspiration we have increased our resources in this area. We are also reviewing our processes so we can comply with Awaabs' Law when this comes into force later this year. When damp is identified customers are supported through the process with regular checks on the effectiveness of the treatments. We also provide information to our customers on how to reduce the likelihood of damp and mould in their homes and we are investigating how we can use new technologies to help reduce condensation and identify issues at an earlier stage. There were eight high risk cases reported during the year, five of which have had repairs successfully completed and the cases closed and the remaining three have work starting shortly.

STRATEGIC REPORT: TENANT SATISFACTION MEASURES

The Tenant Satisfaction Measures were introduced by the Regulator of Social Housing in England in 2024 to assess how well landlords are doing in providing good quality homes and services and helps tenants hold social housing landlords to account. Our results are also published on our website.

The benchmarking data is against data provided by a third-party organisation, who looked at the outcomes of 84 housing associations, with the results from 2024. There is much in these results to be proud of, with satisfaction levels of customers generally above that the sector, and it is pleasing to see improvements year on year in most areas. However, there are areas where improvement is required, especially around our approach to complaints, where action has been taken to improve performance.

Measure	23/24	24/25	Movement	Benchmarking
Overall satisfaction with the service provided	78%	78%	-	71%
Repairs and maintenance				
Satisfaction: -				
with repairs carried out	79%	80%	+1%	72%
with time take to complete repairs	67%	56%	-11%	68%
that the homes provided are well maintained	78%	79%	+1%	71%
Homes that fail the Decent Homes Standard	0.8%	0.5%	+0.3%	Not available
Repairs completed within target timescale	57%	68%	+11%	Not available

We expect repair satisfaction to increase as over the year there was a marked improvement in the speed of completing repairs due to increased resources and improved processes.

Complaints and engagement

Satisfaction: -				
that we listen and act on our customer's views	54%	63%	+9%	62%
that we keep our customers informed	71%	82%	+11%	70%
with our approach to handling complaints	44%	36%	-8%	37%
that we treat customers with respect	87%	86%	-1%	77%
Complaints per 1,000 properties	108	116	+8	Not available
Complaints responded to within timescales	92%	67%	-25%	Not available

An increase in resources and improvement in processes in complaints handling will make sure that the year's disappointing performance, due to an increase in the number of complaints reflecting similar experiences across the sector, will not be repeated.

Building safety

Satisfaction we provide a home that is safe	82%	86%	+4%	77%
Gas safety checks completed	100%	100%	-	Not available
Fire safety checks completed	100%	100%	-	Not available
Asbestos safety checks completed	100%	100%	-	Not available
Water safety checks completed	100%	100%	-	Not available
Lift safety checks completed	98%	100%	+2%	Not available

Neighbourhood and anti-social behaviour (ASB)

Satisfaction: -				
that we keep communal areas well maintained	67%	70%	+3%	65%
that we make a +ve impact on communities	70%	79%	+9%	63%
with our handling of ASB behaviour	58%	64%	+6%	59%
ASB cases per 1,000 properties	11	20	+9	Not available

STRATEGIC REPORT: STREAMLINED ENERGY AND CARBON REPORT & SUSTAINABILITY

The Streamlined Energy and Carbon Report (SECR) framework is a mandatory UK-wide energy and carbon reporting scheme, implemented to create a straightforward carbon reporting framework and our results, which cover our head offices, communal areas in our properties and vehicle fleet, are shown below.

	kWh: kilowatt hours		tCO2e	
	2024/25	2023/24	2024/25	2023/24
Natural Gas	4,345,372	4,283,105	795	783
Transportation	1,419,703	1,000,546	339	239
Scope 1	5,765,075	5,283,651	1,134	1,022
Electricity	2,086,640	2,351,025	432	487
Transportation	71,021	63,754	15	13
Scope 2	2,157,661	2,414,779	447	500
Transportation	78,717	65,311	18	15
Scope 3	78,717	65,311	18	15

Scope 1 consumption and emissions include direct combustion of natural gas and fuels utilised for transportation operations, for example, company vehicle fleets.

Scope 2 consumption and emissions cover indirect emissions related to the consumption of purchased electricity in day-to-day business operations.

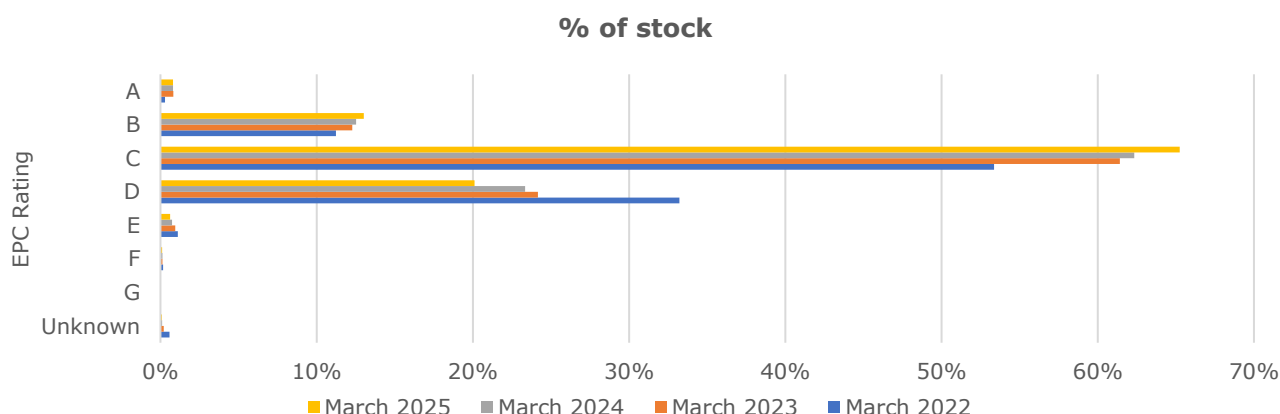
Scope 3 consumption and emissions cover emissions resulting from sources not directly owned by mhs homes.

The intensity ratio

The location-based intensity ratio, which is considered the most relevant to mhs homes and is calculated by comparing tCO2e by turnover, decreased from 21.75 Tco2e/£m to 19.12 Tco2e/£m through the actions noted below.

Energy efficiency actions taken during the year

mhs homes continues to procure the majority of electricity from renewable and green tariffs, hence the small amount of CO2 released compared to that from other energy sources. We are focused on having all homes at a minimum EPC rating C by, at the latest, 2030 and are confident of achieving this target as the year-on-year improvements are shown below.



STRATEGIC REPORT: STREAMLINED ENERGY AND CARBON REPORT & SUSTAINABILITY

We are taking the following actions to further reduce our impact on the environment: -

During the year we enhanced our planned programme delivery by securing funding through the Social Housing Decarbonisation Fund Wave 2.2, funding to support the installation of energy performance measures. As part of this initiative energy efficiency measures were completed in 74 homes, with an additional 36 homes scheduled for upgrades to achieve EPC band C.

As part of the Planned Programme focused on improving energy efficiency, mhs homes delivered a range of upgrades across our housing stock: 209 homes received new double-glazed uPVC windows, 253 homes had external composite doors installed, 514 boiler upgrades were completed, 4 homes received external wall insulation (EWI) as part of a pilot scheme and Solar PV systems were installed on two residential blocks. These measures contributed to reducing energy consumption and improving resident comfort.

All the lighting at our head office was replaced with energy-efficient LED fixtures, supporting the commitment to sustainability by reducing electricity consumption.

Measures to be addressed in 2025/26

mhs homes was successful in its Wave 3 bid under the Warm Homes: Social Housing Fund securing approximately £2.9 million in funding over a three-year programme. This funding will support the retrofit of at least 331 homes to achieve EPC (Energy Performance Certificate) band C.

As part of our ongoing commitment to improving energy performance, mhs homes will continue delivering standalone energy efficiency measures through the Planned Maintenance Programme in the next financial year. We anticipate completing the following upgrades: 209 window replacements, 217 door installations and 464 boiler upgrades.

mhs homes will deliver cavity wall insulation under the Great British Insulation Scheme. Initial modelling indicates that 336 homes are suitable for the scheme. Survey work is already underway to confirm eligibility and begin installations.

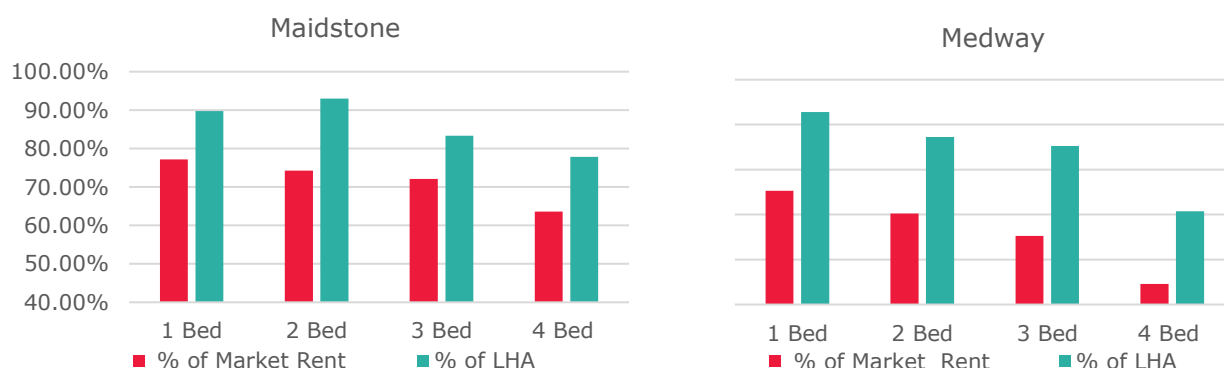
STRATEGIC REPORT: SOCIAL IMPACT

The social housing sector has a clear social purpose: to provide affordable, secure, quality housing to those who are unable to afford to buy or rent in the private market. We take this responsibility seriously as evidenced by the actions below.

- We ensure that social value is included in all procurement over £100,000 with activities ranging from use of apprentices to painting of community centres.
- We offer a Customer Support Fund that offers small grants to customers to help with the increased cost of living including energy costs.
- We offer free energy advice to our customers, providing guidance on how to save money on household bills and keeping warm.
- We offer vulnerable customers who are under-occupying their homes and struggling to afford their energy bills the opportunity to downsize.
- We ensure that at least 30% of our lettings will be to homeless households; this year 38% of all lettings went to homeless households.

Our Tenancy Support Programme is designed to help customers with the cost-of-living crisis and more effective multi-agency interventions on domestic abuse, mental health, safeguarding, community safety, anti-social behaviour and hate crime.

As a charitable social housing provider our properties must be affordable whilst generating sufficient income to both maintain our existing stock to the highest standard and provide new homes. We therefore monitor our rents closely against market rents and Local Housing Allowance (LHA) as summarised. The results in Medway and Maidstone, where the majority of our stock is located, are shown below. Our rents tend to be higher in Maidstone as the majority of homes are let at affordable rather than social rent.



One of our core aims is to create balanced and sustainable communities, where people want to live and choose to stay. Security of tenure is crucial to this and, apart from starter tenancies and the market rented portfolio, all tenants have a lifetime tenancy.

STRATEGIC REPORT: DIVERSITY AND INCLUSION

Whatever someone's age, gender, disability status, sexual orientation, religion, ethnicity or family circumstances, it is central to our culture to make sure they are treated with fairness and respect. One of our key values is respect for the diversity of our customers and colleagues. We know that this brings creative advantage and innovation.

We continue our inclusion journey and have made progress in all of our areas of focus. When we revised our values in 2024, we included Respect and Inclusion as two of our five new PRIDE values, embedding our commitment. We also included some targets with EDI specific elements in our strategic plan 2024-27, including a more proactive approach to tackling hate crime and better understanding of our customers to more effectively design and target services.

During the year we delivered customer service training for all-staff, delivering modules on communications and empathy, and we have heard from a variety of local partners on EDI issues in 'lunch and learns'. We will continue this mix of formal and informal means of improving our knowledge of all aspects of diversity and inclusion. Last year we developed an EDI Strategy, an Individual Needs and Reasonable Adjustments Strategy and Policy and a Customer Engagement Framework. We will be working on embedding these, including improving our customer EDI data so we can better respond to individual needs.

We will seek to maintain our RACE Equality Code quality mark accreditation (awarded in 2023), which speaks to our commitment both to equality and effective Governance. As seen below we have made good progress on board diversity over the last two years and increased our percentage of Black, Asian and minority ethnic employees. Most recommendations from the Housing Diversity Network accreditation process are closed, with others to progress in 2025/26.

The Board have committed to being open and transparent about where we are on the inclusion journey, about our targets to get us to where we want to be and the progress we are making. We recognise that we can make improvements in understanding and responding to diversity and in providing a fully inclusive service for all our customers, we commit to making those improvements, including improving representation of underrepresented groups.

Our Equality, Diversity & Inclusion Task Force, chaired by the Director of Governance and Compliance, ensures that progress is monitored against targets. This Task Force is responsible for leading on race diversity and other aspects of inclusion, setting targets based on the most up to date census data, with reports being presented to Board twice a year.

The Board has agreed an Anti-Racism Statement for the organisation, making a public and conscious effort to work against all aspects of overt and systemic racism. This statement is available on our website with our commitments which include: -

- | | | Current position | |
|--|---------------|-------------------------|------------------------|
| | | Board | Leadership Team |
| ▪ By September 2023 we aimed to have at least one Black, Asian or minority ethnic board member and two Black, Asian or minority ethnic members of the senior Leadership Team. This was successfully achieved. | Asian British | - | 1 |
| | Black British | 2 | 1 |
| | White British | 7 | 7 |
| | Total | 9 | 9 |
| ▪ By 2025 to increase the Black, Asian and minority ethnic composition of our workforce to 15% from the original position of 7.5% thereby reflecting the communities we serve in. This was also successfully achieved. | | | |
| ▪ A learning and development plan for all colleagues that will help to raise awareness and challenge unconscious bias. | | | |

STRATEGIC REPORT: DIVERSITY AND INCLUSION

- Collecting and analysing ethnicity workforce data to ensure an evidence-based approach to workforce representation. We also annually publish our ethnicity pay gap.
- Implementing diverse and inclusive recruitment, talent management, and succession planning strategies so that there are clear career pathways for Black, Asian and minority ethnic employees and employees from other underrepresented groups.
- Developing new approaches to grievance, capability and disciplinary procedures to ensure that such processes are fair, open and transparent.
- Ensuring that our commitment to being anti-racist is at the heart of the way we operate as a social landlord. We know that within the UK, Black, Asian and minority ethnic tenants are more likely to live in overcrowded or poor housing. We need to better understand the reasons for any disparities within our own housing stock and take steps to address them.
- We have adopted a 'zero tolerance' approach to all forms of racism and hate crime (such as homophobia, antisemitism, Islamophobia) and will take action against all tenants where they or their family/visitors are found guilty of such an offence.

All our recruitment has details on protected characteristics covered under the Equality Act omitted at the shortlisting stage to ensure a fair and merit-based approach to interview selection. As a Disability Confident employer if a candidate has a disability and meets the essential requirements of the post, they will be offered an interview for the job.

Last year we completed an accessibility review of our website to ensure that it meets the need of people with disabilities. Currently 2.4% of our workforce have a long-term disability compared to 18% of the population in the areas we work. but we have a significant number of staff for whom we do not have this information. We will seek to improve our staff data in the upcoming year with a positive campaign on how sharing this important information with us can benefit individuals.

Breakdown of employees by gender and pay band by pay quartiles

Our average gender pay gap has fallen to 0% from 0.4% in favour of men. The national average is 13.1%.

Quartile	% Female	% Male
Upper	50	50
Upper middle	40	60
Lower middle	54	46
Lower	46	54

Breakdown of employees by race and pay band by pay quartiles

Our average ethnicity pay gap is 0.6% in favour of colleagues from a white ethnicity (2024: 2.2% in favour of colleagues from a "non-white" ethnicity).

Quartile	% Non-white	% White
Upper	16	84
Upper middle	18	82
Lower middle	12	88
Lower	15	85
Total in company	15	85
Total in local area	16	84

No differences are because people are paid differently for the same or equivalent work. To make sure all colleagues are treated fairly, we benchmark all of our salaries against the external market every three years and did so last year.

STRATEGIC REPORT: RISK MANAGEMENT

The Group's definition of a risk is an event which could hinder the Group from achieving its strategic objectives. We use a system of risk scoring which reflects a combination of the probability of an event occurring and its consequences under the Group's Risk Management Strategy. All risks are managed within an acceptable level of residual risk to the business. The risk register is split into strategic and operational risks. The mhs Group Board is responsible for ensuring the organisation has an appropriate risk and control framework in place. Strategic risks are managed by the Leadership Team and reported to the Group Board and Group Finance, Risk and Audit Committee.

Assistant Directors sign assurance statements, which are presented to the Group Finance, Risk and Audit Committee quarterly as part of the strategic risk update, with an annual compliance confirmation, detailing that all risks have been considered, and that controls and assurances are in place. This includes that all appropriate legislation has been considered and flowed into policies where necessary. All controls have specific accountability to operational managers and colleagues with timescales for implementation and on-going review through the assurance map. The Company Secretary meets monthly with the Internal Audit Manager to ensure audit actions are monitored and progressed. Internal Audit compliance is reported quarterly to senior management and the Group Finance, Risk and Audit Committee.

These controls are assessed using the three lines of defence model and the Board has agreed that its definition of risk appetite is "the amount of risk mhs homes is prepared to accept, tolerate, or be exposed to at any point in time based upon current risk exposure". This is regularly reviewed, and our current risk appetite is summarised below on key risks.

Risk appetite

Avoid: Zero tolerance, avoiding risk is the key objective.

Cautious: Preference for safe options with low inherent risk, even if this gives limited potential reward.

Open: Willing to consider all potential options that also provide acceptable reward and Value for Money.

Risk category

Non-compliance with regulatory or legal requirements
Data protection and cyber security
Health and safety of colleagues

Decent, safe, compliant and sustainable homes
Funding, liquidity & covenant compliance

Service delivery meeting customer expectation
Ambitious growth in new homes
Attracting and maintaining a diverse, engaged and talented workforce

STRATEGIC REPORT: RISK MANAGEMENT

The mitigations and assurances for these risks are noted below.

Risk	Mitigations and assurances
Failure to provide decent, safe, compliant & sustainable homes	<ul style="list-style-type: none"> • Champion status under the Building a Safer Future Charter. • Primary Authority Partnership with Kent Fire & Rescue Service. • Intrusive Type 4 Fire risk assessments in high-risk buildings. • Landlord compliance reports to Finance Risk and Audit. • Committee and mhs and Heart of Medway Boards. • Dedicated damp and mould and building and customer safety teams. • Our stock condition data is validated externally. • Aim of every property to have a survey no more than 5 years old. • An internal Safeguarding Board monitor our controls and processes around children and vulnerable adults living in our homes.
Failure to ensure colleagues are safe at work	<ul style="list-style-type: none"> • 5-star award from the British Safety Council in 2025. • Health and safety culture audit in 2023 with an update in 2025. • Dedicated Health and Safety Committee.
Failure to maintain a talented, diverse, engaged workforce	<ul style="list-style-type: none"> • We invest in People 'Gold' accreditation. • We Invest in Wellbeing 'Silver' accreditation. • Diversity Network and RACE Code Accreditation. • Salaries are benchmarked every three years.
Failure of data security	<ul style="list-style-type: none"> • Penetration tests on our overall cyber security system. • Regular security and data protection training for colleagues. • Regular phishing tests for staff with follow up targeted training. • Regular vulnerability scans on our systems.
Failure to maintain long-term financial viability and meet existing covenants	<ul style="list-style-type: none"> • Long term financial planning with robust stress testing. • Annual review and approval of golden rules and stress testing to test and reaffirm risk appetite. • Regular economic updates from our treasury advisors. • Annual review of treasury policy including controls on liquidity.
Failure to maintain excellent customer service levels	<ul style="list-style-type: none"> • Regular in-depth customer surveys. • Well established and accessible complaints procedure. • Customer Service Excellence accreditation. • Customer experience training for all staff.
Non-compliance with regulatory or legal requirements	<ul style="list-style-type: none"> • Governance Framework & annual review • Review of compliance performance including safety information • Annual review of compliance with Regulator of Social Housing • Robust management of all policies and procedures across the business
Failure to meet development aspirations	<ul style="list-style-type: none"> • Financial capacity to build new homes updated annually in the long term financial plan • Homes England contract agreed 2021 - 26 • Financial sensitivities modelled on new sales schemes and exit options considered

VALUE FOR MONEY STATEMENT

Housing associations must demonstrate a robust approach to Value for Money (VFM). The section below outlines our approach and demonstrates how:

- The Board sets targets, monitors and drives VFM and performance through the VFM strategy.
- Our performance, cost and customer satisfaction is benchmarked against similar organisations.
- We ensure satisfactory return on assets.

Approach to VFM

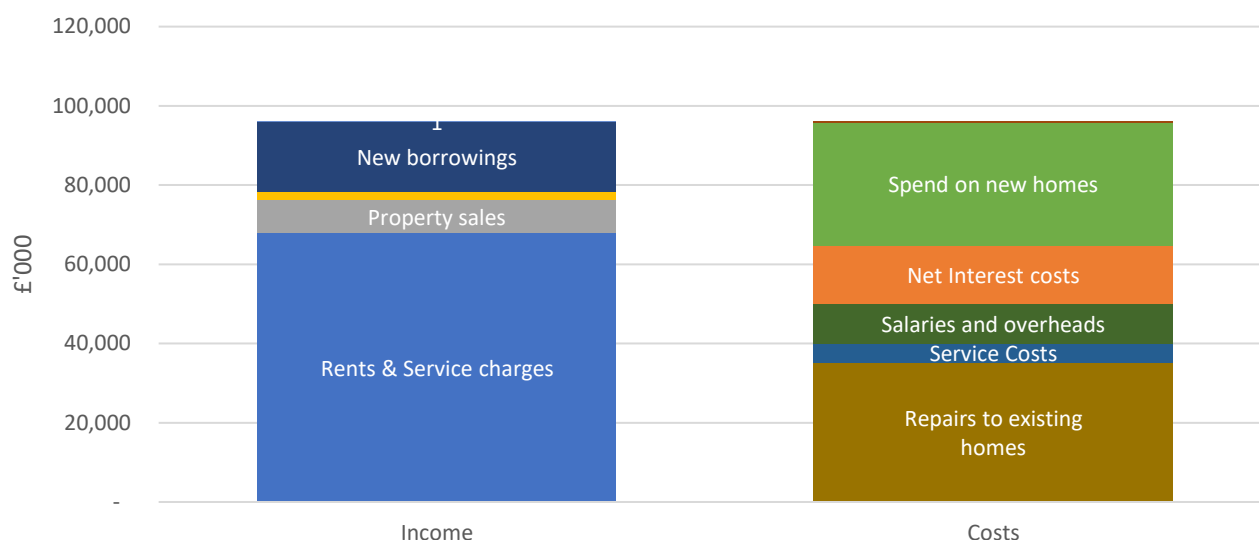
The success of the approach taken by the Group in embedding VFM can be seen in our results with a robust framework at the heart of all decision-making. The Board ensure that our strategic plans include challenging targets for efficiency, cost control and customer service. The primary financial control in the 2024 - 2027 strategic plan is the operating margin. Without this level of performance, we would be unable to sustain the development programme that is in place. The Board carefully monitors progress and decisions made are considered through this prism. Other arrangements for ensuring that VFM is being obtained include:

- An annual programme of investment in the housing stock which is based on a 30-year stock investment plan for replacing building components, such as windows, roofs, kitchens and bathrooms, which aims to maintain our stock at 100% Decent Homes Standard.
- A comprehensive Procurement Strategy that sets a discipline to seek VFM in the evaluation and award of new contracts. Where possible, supply chains are consolidated to provide greater scope for efficiency and reducing costs.
- The Customer Scrutiny Panel commissions service reviews, including VFM considerations, and based on these reports' recommendations are made to the Board.
- Intrinsically linked to the Asset Management Strategy is our approach to active asset management. Every property has been reviewed for maintenance costs (both past and future), income, demand and management considerations. Properties that require excessive investment to bring them to the standard required are identified for disposal and the proceeds are reinvested into new or existing homes.
- The business transformation programme continues to optimise digital channels and provide improved customer service by reallocating resources into areas that add greatest value to the customer.
- Salaries are reviewed against external benchmarking every three years and are set against the market median salary. The annual salary increase is recommended to the Board by the Remuneration Committee where independent evidence on pay rises is presented.

VALUE FOR MONEY STATEMENT

How we use our money

Our rental income is used to maintain our homes and provide our housing management and community services. Any surplus is reinvested in our homes and building new homes. These graphs show the income we received and how we have used it in 2024/25.



Our performance compared to comparable organisations

We have compared the Group's results with the sector using the Regulator of Social Housing Summary of Global Accounts for 2024 for Registered Providers in the Southeast of England between 5,000 and 20,000 units. The results highlight the financial strength of the organisation. The increase in unit costs reflects a substantial increase in investment in our existing housing stock.

The Group

Metric	Budget	Actual		Median
	2026	2025	2024	
Investment in - new and existing properties	4.8%	5.9%	5.8%	6.9%
New supply delivered – social housing	1.4%	1.4%	1.0%	2.1%
New supply delivered – non-social housing	0%	0%	0%	0%
Gearing	49%	45%	44%	56%
EBITDA: interest rate cover	123%	151%	164%	115%
Social housing cost per unit £	6,121	5,367	4,642	5,414
Operating margin (overall)	28%	29%	32%	23%
Return on capital employed	3.0%	3.5%	3.4%	2.9%

VALUE FOR MONEY STATEMENT

Our performance against our targets (the group) in 2024/25

Metric	Actual	Budget
Investment in properties - new and existing	5.9%	6.9%
New supply delivered – social housing	1.4%	1.8%
New supply delivered – non-social housing	0.0%	0.0%
Gearing	45%	50%
EBITDA: interest rate cover	151%	121%
Social housing cost per unit £	5,367	5,439
Operating margin (overall)	29%	32%
Return on capital employed	3.5%	3.5%

The overall development programme was smaller than budgeted due to delays on site.

Return on investment by asset type

	2024/25				2023/24	2022/23
	Net Cost of Asset*	Income	Surplus	Return	Return	Return
	£'m	£'m	£'m	%	%	%
General needs	312,595	63,553	18,179	5.8%	6.4	9.1
Shared ownership	69,171	3,725	2,070	3.0%	1.8	1.9
Market rented**	45,928	4,662	2,694	5.9%	5.9	3.5

*Based on net book value excluding revaluations taken as transition to FRS102.

** After adjusting for depreciation to ensure comparability with other income streams

- The return on general need properties has reduced as increased spend on repairs takes place, and which we expect to stay at this level for the medium term. A greater return would be obtained on our social housing stock if rents were permitted to increase above Local Housing Allowances rates. However, the Board takes the view that it is essential that rents are kept affordable to those in housing need, with social benefit outweighing return on assets.
- The return on shared ownership increased as the full year effect of properties acquired in the later part of 2023/24 was felt.
- The Group owns 379 market rented properties. These are held as an investment to generate a surplus that can be reinvested back into social housing. This process is managed by:
 - The Board setting the expected return from any new market rented schemes taken into management, with this return reflecting the expected risk.
 - The Board agreeing an amount to be invested into the market rent portfolio on an annual basis that is appropriate considering the charitable status of mhs homes and the size of the overall development programme.
 - The return from the market rent portfolio is reviewed on an annual basis by the Board to satisfy them that the return is commensurate to the risk involved.

TRUSTEES' ANNUAL REPORT INCORPORATING DIRECTORS REPORT: GROUP BOARD AND ADMINISTRATIVE DETAILS

The Board is comprised of up to nine Trustees, including two tenant board members.

The role of the Board is to govern the Group to provide accountability, strategic direction and to be responsible for the proper stewardship of the organisation.

The Board delegate the day-to-day management within the strategic direction agreed by the Board to the Executive Team. Major financial contracts where the charity is committed to expenditure of more than £5 million are agreed by the Board. The Board monitor this expenditure through an agreed budget and long-term financial plan, with management accounts being scrutinised by both the Group Finance Risk and Audit Committee and the Board.

During the year there are at least six meetings,

one of which is the Annual General Meeting. In 2024/25 the Board held eight meetings, including the Annual General Meeting, at which the average attendance rate was 88% (2024: 98%).

Applications for Board membership are invited by open advert. Applicants are shortlisted and interviewed with appointments made according to required skills, competencies and experience. In the case of tenant annual elections take place.

Regular skill audits of the Board are undertaken. Trustee terms are normally limited to two terms of three years, although with the provision of our chosen governance code by exception a Trustee may serve up to a maximum of nine years.

Trustee

N Hopkins

Marie- Claire Delbrouque

A Hook

I Cain

Lord Kennedy

M Miles Lea

R Christopher

J Carr

S Skeete

S O'Brien

L Heffernan

M Mulligan

Position

Chair

Chief Executive

Chief Executive

Non-Executive

Non- Executive

Non-Executive

Non-Executive

Non-Executive

Non-Executive

Non-Executive

Tenant Nominee

Tenant Nominee

Appointed 9 April 2025

Retired 30 April 2025

Resigned 10 July 2024

Appointed 23 January 2025

Appointed 9 June 2025

Auditors

BDO LLP

First Floor, Bottleworks

The Bars

Guildford

Surrey

GU1 4LP

Charity's address

mhs homes

Broadside

Leviathan Way

Chatham

Kent

ME4 4LL

Country of incorporation: England

Bankers: National Westminster Bank Plc

Legal status

Private company limited by guarantee without share capital No. 10704997

Registered charity with the Charity Commission No. 1177565

TRUSTEES' ANNUAL REPORT INCORPORATING DIRECTORS REPORT: GROUP BOARD AND ADMINISTRATIVE DETAILS

Nigel Hopkins | Chair

Nigel has over 30 years' experience in finance in a variety of roles including Finance Director for Abbeyfield, a leading charity in the supported housing sector. Nigel is currently a Group board member and Chair of the Audit & Risk Committee at London & Quadrant housing group.

Marie Claire Delbrouque | Chief Executive

Marie-Claire joined mhs homes group in April 2025 from Flagship Group where she was Managing Director from 2018. Alongside her role at Flagship Group, Marie-Claire was also chief executive at a registered charity dedicated to ending homelessness. She is passionate about ending homelessness and delivering better health outcomes for the communities that we serve.

Joseph Carr | Board member

Joseph is a chartered accountant of more than three decades and has been associated with the housing sector, on and off, for the majority of his working life, including more than 10 years at the National Housing Federation. He has invaluable experience both in policy and treasury.

Ian Cain | Board member

Ian's career extends to some 30 years in corporate and commercial organisations focusing on providing essential services to customers and communities. He is currently CEO of SES Water. Ian brings a wealth of leadership and board experience.

Ray Christopher | Board member

Ray is a corporate financier and treasurer with more than 30 years of international finance experience across many sectors including energy, high-tech and social housing. His expertise includes capital markets, risk and active asset management.

Mark Miles Lea | Board member

Mark has worked in the housing sector for over 25 years, including over 5 years at a senior executive level. He has particular expertise in the development of new homes. He is also a non-executive director for a community-based housing association in east London.

Michelle Mulligan | Board member

Michelle is a mhs homes tenant. Michelle is retired from full time work; her previous careers have included banking and working for a children's literacy charity.

Louise Heffernan | Board member

Louise is a mhs homes tenant and understands how having an affordable, safe and secure place to call home is vital.

Sandra Skeete | Board member

Sandra has a strong background in social housing with extensive experience in delivering resident and property services and has held leadership roles with several housing associations. Most recently, she served as the Chief Executive of a Registered Provider.

Suzanne O'Brien | Board member

Suzanne is an experienced non-executive director with extensive senior leadership experience. A qualified accountant and tax consultant with over thirty years' experience in business, primarily Financial Services, she now has a portfolio career. An advocate for social justice, she champions equity for all.

TRUSTEES' ANNUAL REPORT INCORPORATING DIRECTORS REPORT: COMMITTEES AND EXECUTIVE TEAM

Trustee	Position	Changes in year
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Group Finance Risk and Audit Committee

J Carr	Chair
G Taylor	Member
E Thomas	Member

The Committee met five times last year and is responsible for reviewing the finances, including budget, long term financial plan, stress testing and mitigation plans before recommending to the Board. The committee recommends policies and procedures for identifying and assessing business risks, and the on-going management of those risks. The Committee also reviews the effectiveness of internal control systems, considers reports from the internal and external auditors and reviews the annual financial statements prior to Board approval.

Nominations and Remuneration Committee

I Cain	Chair	
N Hopkins	Member	
R Christopher	Member	
S Ironmonger	Member	Appointed 3 October 2024

The Nominations and Remuneration Committee is responsible for reviewing the pay and conditions of service of the executives and has oversight of the Chief Executive's annual appraisal. It met on three occasions in the year and consists of four non-executives from the Group Board's. Where needed the Nominations and Remuneration Committee seek independent external advice

Treasury Committee

R Christopher	Chair	
S O'Brien	Member	Appointed 9 June 2025
G Taylor	Member	
N Hopkins	Member	
J Chia	Member	

The Treasury Committee has met three times during the year. It is responsible for scrutinising treasury activities and recommending policies, strategies and new borrowings to the Boards.

Executive Team

M Delbrouque	Chief Executive	Appointed 9 April 2025
A Hook	Chief Executive	Resigned 30 April 2025
B Shelmerdine	Finance Director	
A Cheswick	Executive Director - Customer & Transformation	
G Hancock	Executive Director - Assets & Development	

The Leadership Team during the year consisted of the Chief Executive, Executive Directors, Company Secretary and Assistant Directors. Together they are responsible for the day-to-day operations of the Group and act within the authority delegated to them by the Board, as set out in Standing Orders and Delegated Arrangements.

Objectives and activities

mhs homes limited ('mhs homes') is a registered charity with the objectives to provide social housing in Kent and all services linked to this provision to alleviate housing need in Medway and the surrounding areas. These include constructing, improving and managing social housing, along with the sale of shared ownership properties. It was formed on 29 July 1990 as a Community Benefit Society when it acquired the entire housing stock of the then Rochester upon Medway City Council being one of the first large-scale voluntary transfers and the only one to take place that was not registered with the regulator. mhs homes became a registered charity in 2018.

Public Benefit Statement

The Trustees of **mhs homes** ensure that the purpose of the charity is for the public benefit by:

- Adopting policies that require it to allocate housing, both rented and shared ownership, to applicants that meet with its objectives of acting for the relief of those in need by reason of poverty, age, ill health or disability – all social housing is rented to new customers in conjunction with our partner local authorities with rent levels at or below 80% of market rent.
- By investing our surpluses in developing new affordable housing, both rented and shared ownership.

The homes we own are managed in a way that provides an excellent customer service through our day-to-day interactions with our customers and a high-quality home to live in. Specific examples of practical differences made to our community include:

- 134 new homes brought into management.
- 37 new starts on sites to provide new homes in future years.
- 526 new tenancies started in the year.
- 38% of new lettings were made to people who were previously homeless.
- The proportion of our homes at EPC rating of C or above increased from 76% to 79% leading to a reduced carbon footprint and lower bills for our customer.
- By being an accredited Living Wage employer ensuring all suppliers we deal with pay a fair wage.
- A Customer Support Fund that offers small grants to customers to help with the increased cost of living and energy bills.

The Trustees recognise that a financially successful **mhs homes** is able to provide more new social housing. Therefore, as well as having the objective of financial efficiency, which is described in more detail under the Value for Money statement on page 21 the objectives of **mhs homes** allow for financial investments. These are defined under an Investments Policy agreed by the Trustees and our current strategy limits the investments to the supply of market rented properties and a loan to a subsidiary that owns the head office building.

The level of investment in new market rented stock is considered each year as part of the annual budget setting procedure, with the current policy stating that no more than 35% of cash surpluses should be used for financial investments. These are purchased with the intention of holding them over the long term, with the returns being reviewed at regular intervals.

TRUSTEES' ANNUAL REPORT INCORPORATING DIRECTORS REPORT: OUR STRUCTURE, GOVERNANCE AND MANAGEMENT

mhs homes limited ('**mhs homes**'), the parent body of the mhs homes group ('**the Group**'), is a registered charity (1177565) and a company limited by guarantee (10704997). It is governed through a Memorandum and Articles of Association. The Board of Trustees of **mhs homes**, who are also directors of the charity for the purpose of the Companies Act 2006, have overall responsibility for the direction, management and control of the charity. Whilst **mhs homes** is not registered with the RSH it is fully committed to reinvesting any surpluses back into social housing. It is regulated by the Charity Commission and its disclosures and accounting treatment follow those set out by the Charity Commission. However, as a provider of social housing we have structured this report to be comparable with those provided by the regulated social housing sector. As the parent organisation, **mhs homes** has five subsidiaries:

- Heart of Medway Limited is registered as a community benefit society under the Co-operative and Community Benefit Societies Act 2014 and is registered with the RSH.
- Chatham Maritime K1 Construction Limited is responsible for delivering elements of the Group development programme.
- Chatham Maritime K1 Developments Limited is a commercial subsidiary whose sole activity is the ownership of the head office for the Group.
- mhs commercial services limited and mhs community charity limited are dormant companies.

mhs homes is also the corporate trustee for Lord Kitchener Memorial Homes Trust, an Almshouse in Medway owning six homes and registered with the Charity Commission.

mhs homes has adopted and is fully compliant with the National Housing Federation's Code of Governance: promoting board excellence for housing associations (2020 edition). This code is more relevant to **mhs homes** than the Charity Governance Code. In common with many housing associations, Board members receive a fee and the reimbursement of properly incurred business expenses. Along with the National Housing Federation Code of Governance **mhs homes** has adopted the "Conduct Becoming" standard with respect to conduct and probity. There is a system of open declaration recorded in the minutes of Board meetings and for other matters occurring outside the boardroom there is a Declarations Register. This is accessible to all members of the Board and is systematically scrutinised by the Group Finance, Risk and Audit Committee.

Induction and training opportunities for Trustees

All new trustees receive a structured induction programme which includes visits to projects, a briefing session on governing documents, meetings with colleagues and one-to-one sessions with the executives. All new Trustees, irrespective of experience, are also required to attend an Institute of Directors course on the role of the Director and the Board. All Trustees undergo an annual appraisal with the Chair, as well as conducting a review of effectiveness of the Board as a whole.

Arrangement for remuneration of Trustees

To ensure transparency and independence the Board has established that the fees of the Non-Executive Directors be reviewed annually, with external benchmarking advice taken every three years. The fees were last benchmarked in 2025 and will be reviewed next in the year ending 31st March 2028.

Fair representation

The Board communicates with and manages the interests of its stakeholders through the full-time professional input of the Executive Directors' team. The Board conforms to best practice as defined in standards published by the National Housing Federation. There is an annual governance report which scrutinises and appraises the Board, and to which each member contributes. The report

TRUSTEES' ANNUAL REPORT INCORPORATING DIRECTORS REPORT: OUR STRUCTURE, GOVERNANCE AND MANAGEMENT

confirms that boardroom conduct meets the highest standards of corporate governance.

Customer Scrutiny Panel

The Customer Scrutiny Panel is an essential part of the governance structure and exists to hold the organisation to account from a customer perspective. In the last year, the Panel carried out three reviews of the following services:

- Moving into a new home
- Damp and Mould
- Complaints

A range of recommendations were made to help improve and shape future service delivery. This process is supported by external consultants so the Panel can call upon independent expertise as required.

Modern Slavery and Human Trafficking Act 2015

We have a Modern Slavery and Human Trafficking statement. It was agreed by the Board and signed by the Chief Executive. Our statement is published on our website and confirms our commitment to ensuring that there is no modern slavery in our business or in our supply chains.

Interests of the Employees

The Board is committed to maintaining a competent and motivated workforce by ensuring that sufficient people with the appropriate skills, knowledge and experience are employed to meet all business objectives. Details on employee numbers are contained in note 9 to the financial statements. Our colleagues are our most valuable resource, and we place great emphasis on high levels of colleagues' engagement. We are proud to hold 'Gold Investors in People' and 'We Invest in Wellbeing' Silver accredited status.

There is an Employee Forum ("Voice") which meets regularly to discuss terms and conditions of service and matters of colleagues' interest and input. The constitution has provision for meetings between the Directors and colleagues' representatives. For purposes of understanding and clear direction, there is a framework of delegation to colleagues set out in our Financial Regulations and Procurement Guide. It provides the details of the fundamental rules and procedures by which business is conducted, including the high expectation we have regarding integrity and probity.

Our Equality Diversity and Inclusion Policy covers all aspects of employment practices, from recruitment through to appointments, training, career development and succession planning. The Group is committed to having an inclusive and diverse workforce.

We aim to attract and retain the most talented people. The Human Resource team ensures that we have effective procedures for employee relations, recruitment, selection, compliance, pay, wellbeing, reward, and learning and development in place. Terms and conditions, including salaries, are set at competitive rates to attract and retain high calibre employees and are regularly benchmarked.

Creditor Payment Policy

It is the policy to agree terms of payment with suppliers at the time of negotiating the transaction and abide by those arrangements conditional on being satisfied that the goods or services are delivered in accordance with the agreed specification.

Exemptions from disclosures

No exemptions from disclosures have been taken in this report.

TRUSTEES' ANNUAL REPORT INCORPORATING DIRECTORS REPORT: OUR STRUCTURE, GOVERNANCE AND MANAGEMENT

Impact on the environment

The Group recognises that it spends substantial amounts on new build projects and maintenance, and there is therefore a strong commitment to minimise our environmental impacts as far as is reasonably practicable. An Environmental Management System (EMS) is in place that is certified to ISO14001. We are committed to conserving resources, minimising the risk of pollution and reducing waste. The EMS is regularly reviewed, and all significant impacts are monitored to ensure that adequate measures are in place to reduce our impacts and promote environmental sustainability. Further information is available on page 14.

Health and Safety

The Board is aware of its health and safety responsibilities and receives reports on health and safety issues. Detailed health and safety policies and procedures are in place and provide colleagues training and education on matters of health, safety and welfare. The Health and Safety Manager reports to the Board, Leadership Team and Group Finance, Risk and Audit Committee. Besides the duties of compliance testing and evaluation, the Health and Safety Manager serves the interests of colleagues reducing the risk of accidents and loss to the business. The British Safety Council audit grading has been in place since 2015 and is a validation of the work taking place organisation wide and the importance given to a safe working culture. Our last assessment on health and safety in January 2025 resulted in us achieving British Safety Council level 5 award ('excellent'). This is an important external validation of our robust approach to health and safety management.

Going concern

After reviewing the budget of mhs homes for 2025/26 and a period beyond 12 months from the signing of the accounts, and based on normal business planning and control procedures, the Directors have a reasonable expectation that **mhs homes** has adequate resources to continue in operational existence for the foreseeable future. The Group has available £90 million of undrawn funding across two revolving credit facilities and a private placement.

Compliance with Governance and Financial Viability Standard

The Board of **mhs homes** determines and monitors the strategic direction of the Group and has adopted the National Housing Federation's Code of Governance: promoting board excellence for housing associations (2020 edition). It is an RSH requirement under the Governance and Financial Viability Standard to adopt an appropriate code and therefore a regulatory requirement for Heart of Medway. Both **mhs homes** and Heart of Medway undertake an annual review of compliance against this code which is certified by the Board. As the unregistered Parent of a registered provider, **mhs homes** is fully committed to maintaining Heart of Medway compliance with the RSH's Governance and Financial Viability Standards. **mhs homes** has formalised the management arrangements in place through an Intra Group Agreement that acknowledges and supports the Registered Provider status of Heart of Medway.

Auditor

All of the current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Associations' auditor for the purpose of their audit and to establish that the auditor is aware of that information. The Board members are not aware of any relevant audit information of which the auditor is unaware. BDO LLP have expressed their willingness to continue to act as our auditors. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

TRUSTEES' ANNUAL REPORT INCORPORATING DIRECTORS REPORT: OUR STRUCTURE, GOVERNANCE AND MANAGEMENT

Fundraising statement

Although we do not undertake fundraising from the public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable would be presented in our accounts as donations. In relation to the above we confirm that if funds were held, they would be managed internally, without involvement of third parties. The day-to-day management of all income generation is delegated to the Leadership Team, who are accountable to the Trustees. The charity has no undertaking to be bound by any regulatory scheme. We have received no complaints in relation to fundraising activities. Our terms of employment require colleagues to behave reasonably at all times; as we do not approach individuals for funds, we do not consider it necessary to design specific procedures to monitor such activities.

Our Reserves Policy

Reserves held by a registered charity will normally be the amount of unrestricted funds held. However, the past activities of **mhs homes** have been funded through a combination of surpluses and borrowings which means that this methodology is not appropriate and does not reflect the substantial portfolio that is held that allows **mhs homes** to meet its charitable objectives. **mhs homes** is in the position where it has a high degree of certainty over the income from its property portfolio, being able to set rents that it feels are affordable within the boundaries of providing social housing. This allows the long-term financial plans to incorporate:

- A surplus that exceeds the covenants set by its funders after allowing for management and maintenance costs that ensure our homes are kept at a high standard.
- This surplus being reinvested into new homes that meet the objectives of the charity.

For the purpose of financial management, the Trustees are concerned more with the management of working capital and consider that a healthy working capital position is in line with a policy of keeping reserves to fund future unrestricted expenditure in the event of a material decline in surpluses. Therefore, **mhs homes** has a robust treasury strategy that ensures:

- Sufficient cash is available to fund three months of cashflow.
- Sufficient charged loans are available to cover twenty-four months of cashflow.
- Sufficient loans are in place to cover three years of cashflow.

mhs homes currently exceeds the requirements of the reserves policy and our future planning shows us maintaining this position for the foreseeable future.

Qualifying third part indemnity provisions

The directors have the benefit of an indemnity which is a qualifying third-party indemnity provision. The indemnity was in force throughout the last financial year and is currently in force. The group also purchased and maintained directors and officer's liability insurance in respect of itself and its directors throughout the financial year.

Responsibility to Heart of Medway Housing Association

mhs homes acknowledges its responsibility as Parent of Heart of Medway; an entity regulated by the RSH and subject to the regulatory Framework. An Intra Group Agreement exists between Heart of Medway Housing and **mhs homes** that recognises the duty of the unregistered parent to provide support or assistance to the registered provider to ensure that it fulfils its regulatory requirements. It further ensures that the social housing assets within Heart of Medway cannot be put at risk through the activities of the Parent.

Trustees' responsibilities for the financial statements

The Trustees, who are also Directors of **mhs homes limited** for the purposes of company law, are responsible for preparing the Strategic Report, the Trustees' Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the Group for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Trustees are also responsible for safeguarding the assets of the charitable company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

How the Board complied with its Section 172 duty

The Companies Act 2006 (CA2006) sets out a number of duties which directors owe to the company. Under section 172, directors have a duty to promote the success of the company for the benefit of the members as a whole and also should have regard to (amongst other matters) six specified areas below that relate to wider stakeholder interests.

1. Likely consequence of any decision in the long-term

mhs is a long-term business that provides homes and security for our customers whilst generating surpluses that allow us to invest, in new social housing. As new social housing developments can be a loss-making activity, we monitor closely the impact of our developments on the long-term financial plan. This is considered by the Board on an annual basis, or more often if the situation demands, and is considered in detail in the section "Future Planning" on page 11.

2. Foster business relationships with suppliers, customers and other

mhs homes works in collaboration with a variety of national, regional and local suppliers, including voluntary and charitable organisations. Our engagement with suppliers promotes fair and open competition, and where appropriate we look to foster long-term relationships. We work closely with the councils and other stakeholders in the areas in which we are based and value highly their support. We engage with our customers in several ways:

- The workings of the Customer Scrutiny Panel are described on page 29.
- We measure how our customers feel about their day-to day interactions with the Group by use of regular surveys.
- We aim to deal with complaints promptly so we can learn as a business and resolve the issue for the customer.

3. Maintain a reputation for high standards of business conduct

As a charity our reputation for high standards is essential to how we work. To ensure we meet the highest standards we have policies on fraud, whistleblowing and anti-bribery in place which are described in more detail on page 35 and 36.

4. Act fairly as between members of the company

The disclosure is relevant to joint ventures and associates, and those companies with multiple classes of shares, minority or dissenting shareholder groups. mhs homes is a company limited by guarantee without share capital and no payment of dividends. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member.

5. Interests of employees

This is considered on page 29.

6. Impact of operations on the community and the environment

See pages 14 and 16 for our impact on the environment and community.

ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS

Statement of Internal Control

The Board has overall responsibility for establishing and maintaining the whole system of internal control for the organisation and for reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

Whilst **mhs homes** is not a registered provider, our subsidiary, Heart of Medway Housing Association, is registered with the Regulator of Social Housing (RSH). In accordance with the RSH regulatory framework, mhs homes must support and assist Heart of Medway to comply with the regulatory requirements.

The focus on financial controls extends to the commitment of resources for monitoring operations, compliance testing, reputational risk evaluation and a wide range of risk management activities. This has included stress-testing of different scenarios, and the creation of an Assets & Liabilities Register. Self-assessments against the Governance and Viability Standard have found that the Heart of Medway is compliant. In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed.

The Group Treasury Committee is responsible for scrutinising treasury activities and recommending policies, strategies and new borrowings to the Boards. The Group Remuneration Committee is responsible for reviewing the pay and conditions of service of the Executives and has oversight of the Chief Executive's annual appraisal.

The Group has adopted the National Housing Federations Code of Governance (2020) and is compliant. The process adopted by the Board in reviewing the effectiveness of the system of internal controls, together with some key elements of the controls framework, includes the items listed below:

Identification and evaluation of key risks

Management responsibility has been clearly defined for identification, evaluation and control of significant risks through the Risk Management Strategy. This puts in place a formal and on-going process of management review for all areas of the Group's activities. The Leadership Team regularly reviews and receives reports on significant risks facing the organisation and the Chief Executive is responsible for reporting to the Group Finance Risk and Audit Committee and the Board any significant changes affecting key risks. The key risks are described on page 19.

Control environment and control procedures

The Board retains responsibility for a defined range of matters covering strategic, operational, and financial and compliance issues, including treasury strategy and large new investment projects. The Board has adopted and disseminated a code of conduct for employees. This sets out the Group's policies regarding the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, and fraud prevention and detection.

ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS

Information and financial reporting systems

The Board approves a long-term financial plan and limits on investment in its various activities on an annual basis that link through to the strategic plan. This is agreed in three-year cycles but is updated and reviewed regularly. Financial reporting procedures include detailed budgets for the year ahead, management accounts produced monthly and forecasts for the remainder of the financial year. These are reviewed in various levels of detail by appropriate colleagues and in summary on a quarterly basis by the Board. The Board also regularly reviews progress towards the achievement of key business objectives, targets and outcomes.

Fraud

The Board has a policy on fraud covering prevention, detection and reporting of fraud and the recovery of assets. A register is maintained of any frauds or potential frauds. The Finance, Risk and Audit Committee reviews the fraud register at each meeting and has taken the results of these reviews into account in its report to the Board.

Anti-bribery Policy Statement

We seek to maintain the highest standards of ethics and integrity in the way we conduct our business. We recognise that bribery and corruption, in all forms, are illegal and unacceptable. Our Anti-bribery Policy Statement has been integrated into our code of conduct and our gifts and hospitality policy, adopted by the Board, and made available on our intranet.

Audit assurance

A summary of all internal reports and the resultant actions are reported to the Finance, Risk and Audit Committee during the year. The Business Assurance Manager has direct access to the Finance, Risk and Audit Committee. An audit plan was agreed by the Committee for 2025/26. All recommendations are followed up by Internal Audit to ensure complete implementation. The internal audit service is co-sourced with the audit contractor, RSM-UK, with a new contractor, Beevers & Struthers from 1st April 2025. The Committee met six times during the financial year and considered internal control and risk at each of its meetings.

BDO LLP provides external auditing services. This service was tendered in 2019. The Board receives a letter from the external auditors identifying any internal financial control weaknesses that may have come to their attention in the course of their duties. This letter is considered by the Finance, Risk and Audit Committee and the Board. The Committee met with the internal and external auditors during the year without the presence of any paid employee or executive directors. The Committee conducts an annual review of the effectiveness of the system of internal control and takes account of any changes that may be needed to maintain the effectiveness of the risk management and control process. The Committee makes an annual report to the Board, which the Board has received.

Other external sources of advice and evaluation

The Board has at its disposal a wide range of independent external sources of advice to validate control mechanisms, verify performance and report on findings. Quality assurance is assessed through the regular renewal of ISO and Customer Service Excellence standards. The Group's commitment to drive improvement by listening to customers is supported by the use of various methods to measure customer insight and satisfaction which are subject to annual audit. Ad-hoc advice on legal issues is provided by Trowers & Hamlin, who are leading lawyers in the sector. Other expert professionals are engaged from time to time; for example, Savills and Jones Lang LaSalle Limited advise on matters of stock valuation and Centrus Financial Advisors Limited act as advisors on treasury management.

ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS

Performance indicators

Reports are presented to the Board covering key performance indicators across the activities of the Group. These are subject to a continuous review to reflect current targets and business priorities. Reports cover progress against the annual business plan, budget performance information, treasury management, equal opportunities, employee sickness and absence, colleagues' turnover, housing statistics, health and safety and customer complaints.

The Board of **mhs homes** confirms there were no material failures in its control environment, and an effective control framework has been in place for the 2024/25 year and up until the adoption of these accounts.

Financial Controls

On behalf of the Board, the Finance, Risk and Audit Committee has reviewed the effectiveness of the system of internal control, which operated across the Group for the year ended 31 March 2025. Recognising the importance of this Committee, the membership includes two independent committee members. The Chair is also a non-executive director on the Group Board. The system of internal financial control includes:

- The operation of formal policies and procedures, including the documentation of key systems and processes recorded in Financial Regulations, Standing Orders and Delegated Arrangements which enables the monitoring of controls and restricts the unauthorised use of assets. Regular reviews take place to ensure that procurement takes place in a manner that complies with Financial Regulations and Delegated Arrangements.
- A proactive approach to fraud based on prevention and detection rather than being reactive to frauds that have taken place. An Anti-Fraud and Corruption Policy is in place, which is reviewed and approved by the Group Board. A fraud risk register is incorporated within the Risk Management Framework and controls are monitored regularly. The organisation has a whistleblowing policy encouraging colleagues to raise issues of malpractice or irregularities which are investigated independently under the Public Interest Disclosure Act. The Group Finance Risk and Audit Committee also receive reports if issues are raised.
- Suitably qualified and experienced colleagues take responsibility for important business functions. Each service receives a Performance Review Board appraisal by the Executive Team every six months to review risk, performance and service delivery.
- Long term financial forecasts, stress testing, budgets and forecasts are prepared and reviewed on a systematic basis, which enables the Board and management to monitor the key business risks, financial performance and track progress against targets. All major new initiatives, commitments and investment projects are subject to formal authorisation procedures, through relevant committees comprising Board members and other suitably experienced and qualified executives.

Approved by the Board of Trustees on 19 July 2025.



Nigel Hopkins
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF mhs homes limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2024 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources 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 requirements of the Companies Act 2006.

We have audited the financial statements of mhs homes limited ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activity, the Consolidated and mhs homes Limited Statements of Comprehensive Income, the Consolidated and mhs homes Limited Statements of Financial Position, the Consolidated Statement of Cashflows and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Charitable Company 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Trustees' 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 of the Parent Charitable Company'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 of Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Strategic Report, Statement of Corporate Governance and Internal Controls and, in doing so, consider whether the other information is materially

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF mhs homes limited

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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Report of the Board, included in the Trustees' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Report of the Board, included in the Trustees Report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of board trustees' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

Responsibilities of the Trustees

As explained more fully in the Trustees' responsibilities statement, set out on page 30, the Board of Trustees 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 Trustees determine 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 Trustees are responsible for assessing the Group and the Parent Charitable Company'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 Trustees either intend to liquidate the Group or the Parent Charitable Company 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF mhs homes limited

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.

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

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management; those charged with governance and the Finance, Risk and Audit Committee; and
- Obtaining and understanding of the Group and Parent Charitable Company's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the applicable accounting framework, Companies Act 2006, Charities Act 2011 and UK tax legislation.

The Group and Parent Charitable Company are also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be Data Protection and health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of internal audit reports;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management; those charged with governance the Finance, Risk and Audit Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF mhs homes limited

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be journal entries, judgements and estimates and the revenue recognition relating to property sales.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, the Charities Commission and the Regulator of Social Housing;
- Assessing significant estimates made by management for bias; and
- Agreeing a sample of property sales to underlying documentation and confirming the recognition in the correct accounting period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company'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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:


Paul Jagger (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Guildford

Date: 08 August 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Consolidated Statement of Financial Activity

Consolidated mhs homes group		Revaluation reserve	Unrestricted funds	Restricted funds	Total funds	Total funds
		2025 £'000	2025 £'000	2025 £'000	2025 £'000	2024 £'000
Income from charitable activities						
Social housing lettings	4	-	70,442	-	70,442	61,411
Supporting People	4	-		294	294	286
Other income	4	-	76	-	76	367
Sale of fixed assets	12	-	819	-	819	402
First tranche s/o sales	4	-	6,128	-	6,128	3,445
Income from non-social housing activities						
Other	4	-	1,063	-	1,063	1,016
Income from investment activities						
Market rented Properties	4	-	4,662	-	4,662	4,204
Investment income	13	-	217	-	217	208
Total income		-	83,407	294	83,701	71,339
Expenditure on charitable activities						
Social housing lettings	4	-	50,237	-	50,237	41,768
Supporting people	4	-	109	294	403	668
Other expenditure	6	-	247	-	247	615
First tranche s/o sales	4	-	4,897	-	4,897	2,679
Other	4	-	812	-	812	619
Market rented properties	4	-	1,968	-	1,968	1,468
Interest costs	14	-	14,481	-	14,481	12,968
Total expenditure		-	72,751	294	73,045	60,785
Net income						
		-	10,656	-	10,656	10,554
Gain / (loss) in fair value of: -						
Investments	19	-	(1)	-	(1)	8
Investment properties	18	-	5,809	-	5,809	(4,262)
Actuarial (loss)/gain						
Defined benefit pension	26	-	(546)	-	(546)	(479)
Net movement in funds			15,918	-	15,918	5,821
Total funds brought forward		210,601	184,191	-	364,792	388,971
Movement in reserves		(92)	92	-	-	-
Total funds carried forward		210,509	200,201	-	410,710	364,792

All activities relate to continuing operations.
The notes on pages 45 to 77 form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Statements of Comprehensive Income

Consolidated mhs homes group	Note	Total 2025 £'000	Total 2024 £'000
Turnover	4	82,665	70,729
Cost of sales	4	(4,897)	(2,679)
Operating costs	4	(53,667)	(45,138)
Surplus on disposal of fixed assets	12	819	402
Operating surplus		24,920	23,314
Other interest receivable and similar income	13	217	208
Interest payable and financing costs	14	(14,481)	(12,968)
Movement in fair value of investments	19	(1)	8
Movement in fair value of investment properties	18	5,809	(4,262)
Surplus before taxation		16,464	6,300
Taxation on surplus	15	-	-
Surplus for the year		16,464	6,300
Actuarial loss on defined benefit pension scheme	26	(546)	(479)
Total comprehensive income for the financial year		15,918	5,821

mhs homes limited	Note	Total 2025 £'000	Total 2024 £'000
Turnover	4	72,490	62,456
Cost of sales	4	(4,897)	(2,679)
Operating costs	4	(47,717)	(38,982)
Surplus on disposal of fixed assets	12	598	239
Operating surplus		20,474	21,034
Other interest receivable and similar income	13	541	599
Interest payable and financing costs	14	(12,579)	(11,848)
Movement in fair value of investment properties	18	6,265	(4,251)
Surplus before taxation		14,701	5,534
Taxation on surplus	15	-	-
Surplus for the year		14,701	5,534
Actuarial loss on defined benefit pension scheme	26	(546)	(479)
Total comprehensive income for the financial year		14,155	5,055

All activities relate to continuing operations.

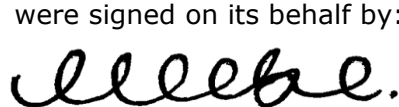
The notes on pages 45 to 77 form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Statements of Financial Position

	Note	Group 2025 £'000	Group 2024 £'000	mhs homes 2025 £'000	mhs homes 2024 £'000
Fixed assets					
Tangible fixed asset - housing properties	16	628,770	599,568	460,706	448,765
Tangible fixed assets - other	17	7,218	7,259	2,005	1,899
Investment properties	18	86,582	80,790	80,840	74,592
Investments	19	281	282	-	-
		722,851	687,899	543,551	525,256
Current assets					
Stock and work in progress	20	972	3,496	972	3,496
Debtors – receivable within one year	21	4,255	3,130	3,551	2,597
Debtors – receivable after one year	21	-	-	28,770	14,943
Short term deposits		3,242	2,884	2,186	1,949
Cash and cash equivalents		7,495	4,719	6,897	2,568
		15,964	14,229	42,376	25,553
Creditors: amounts falling due within one year	22	(17,617)	(17,518)	(17,368)	(16,028)
Net current (liabilities) / assets		(1,653)	(3,289)	25,008	9,525
Total assets less current liabilities		721,198	684,610	568,559	534,781
Creditors: Amounts falling due after more than one year:	23	(310,488)	(289,284)	(260,083)	(239,926)
Net assets excluding pension		410,710	395,326	308,476	294,855
Defined benefit pension liability	26	-	-	-	-
Provision for liability and charges	27	-	(534)	-	(534)
Net assets		410,710	394,792	308,476	294,321
Capital and reserves					
Income and expenditure reserve		200,201	184,191	98,005	83,758
Revaluation reserve		210,509	210,601	210,471	210,563
		410,710	394,792	308,476	294,321

These financial statements were approved and authorised for issue by the Board on 24 July 2025 and were signed on its behalf by:



Marie Claire Delbrouque
Chief Executive



L Humphrey
Company Secretary



N Hopkins
Chair

The notes on pages 45 to 77 form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Consolidated Statement of Cashflows

	Note	2025 £'000	2024 £'000
Cash flows from operating activities			
Surplus for the financial year		16,464	6,300
Adjustments for:			
Depreciation of fixed assets - housing properties	16	6,966	6,548
Loss on disposal of replaced components		734	460
Depreciation of fixed assets - other	17	451	353
Grant received in year		(1,079)	(601)
Impairment of assets	16	-	742
Interest payable and finance costs		14,481	12,968
Increase in provisions		(534)	7
Cost element of housing property sales in operating surplus	12	1,220	1,145
(Increase)\Decrease in fair value of investment properties	18	(5,809)	4,262
Decrease\Increase in fair value of investments	19	1	(8)
(Increase) in trade and other debtors		(1,125)	(129)
Difference between net pension expense and cash		(546)	(479)
Decrease in stocks		4,016	2,813
Increase in trade and other creditors		3,553	2,982
(Increase) in interest received		(217)	(208)
Cash from operations		38,576	37,155
Net cash generated from operating activities		38,576	37,155
Cash flows from investing activities			
Purchase of fixed assets - housing properties	16	(31,148)	(53,992)
Purchase of fixed assets - investment properties	18	17	-
Purchases of fixed assets - other	17	(410)	(340)
Major repairs capitalised as components	16	(7,896)	(8,533)
Receipt of grant		1,079	601
Interest received	13	217	208
Net cash used in investing activities		(38,141)	(62,056)
Cash flows from financing activities			
Interest paid		(15,051)	(13,350)
New loans	23	22,750	30,000
Repayment of loans	23	(5,000)	-
Net cash received from financing activities		2,699	16,650
Net increase\decrease in cash and cash equivalents		3,134	(8,251)
Cash and cash equivalents at beginning of year		7,603	15,854
Cash and cash equivalents at end of year		10,737	7,603

The notes on page 45 to 77 form part of these financial statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

1 Legal status

mhs homes is a Charitable Company limited by guarantee incorporated in England and a registered charity. The registered office is Broadside, Leviathan Way, Chatham, Kent ME4 4LL. In the event of the charity being wound up the liability in respect of the guarantee is limited to £1 per member. There were nine members at 31 March 2025.

2 Accounting Policy

The financial statements have been prepared in accordance with UK accounting standards, including Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Charities: Statement of recommended practice (FRS102).

Due to the majority activities of the group being social housing, the Parent and Group have chosen to include information required under the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers 2018" and the Accounting Direction for Private Registered Providers of Social Housing 2022 where it is judged that this information will aid the user of the accounts. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying **the Group's** accounting policies. mhs homes is a public benefit entity as defined by FRS 102.

The financial statements are prepared in sterling which is the functional currency of **the Group** and rounded to the nearest thousand.

Parent Charity Company disclosure exemptions

In preparing the separate financial statements of the Parent Charitable Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the

reconciliations for the group and the Parent Charitable Company would be identical.

- No cash flow statement has been presented for the Parent Charitable Company.
- No statement of financial activity has been presented for the Parent Charitable Company.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent association as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of **mhs homes** limited and its subsidiaries (**mhs commercial services limited, mhs community charity limited, Chatham Maritime K1 Construction Limited, Chatham Maritime K1 Development Limited, Lord Kitchener Memorial Homes Trust and Heart of Medway Housing Association Limited**) as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full, mhs homes is required by statute to prepare Group accounts.

Income

Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams.

- rental and service charges receivable (after deducting lost rent from void properties).
- first and subsequent tranche sales of shared ownership housing properties
- capital and revenue grants; and
- proceeds from the sale of land and property.

Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from first tranche sales and other property is recognised at the point of legal

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

completion of the sale. Income from revenue and capital grants is recognised when the conditions of the grant are met.

Supported housing schemes

The Group receives Supporting People grants from Medway Council. The grants receivable in the period, as well as costs in the provision of support services, have been included in the statement of Comprehensive Income.

Social Housing Grant

Where developments have been financed wholly or partly by social housing grant the amount of grant received has been included as income and recognised in turnover when it becomes receivable. Where social housing grant funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until reinvested in a replacement property.

Service charges

The Group operates both the variable and fixed method for calculating and charging service charges to its tenants and leaseholders. Where variable service charges are used expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable with any adjustments made in subsequent years.

Management of units owned by others

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

Taxation

The charge for taxation is based on surpluses arising from non – charitable group companies for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that an asset or liability is expected to be payable or recoverable in the foreseeable future.

The tax expense for the period comprises current and deferred tax. Tax is recognised in

profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income. Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by **the Group** and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pension costs

The Group participates in two schemes.

- Contributions to **the Group's** defined contribution pension scheme are charged to profit or loss in the year which they become payable. Contributions to the Group's defined benefit pension scheme are determined using actuarial valuations so as to spread the cost of pensions over employees' working lives and are based on triennial valuations. Details of the pension costs are disclosed in Note 26.
- The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that **the Group** is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

The current service cost and costs from settlements and curtailments are charged to income and expenditure. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Social housing properties

Social housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable). The cost of social housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate

amount for colleagues' costs and other costs of managing development. Directly attributable costs of acquisition include capitalised interest calculated on a proportional basis. Where housing properties are under construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated. Social housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in properties under construction and held at cost less any impairment, and are transferred to completed properties when ready for letting.

Deemed cost on transition to FRS 102 for social housing properties

On transition to FRS 102 **the Group** took the option of carrying out a one-off valuation exercise of selected items of social housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, **the Group** engaged independent valuation specialist Savills to value social housing properties on a EUV-SH basis. Social housing properties are subsequently measured at cost less depreciation. Any difference between historic cost depreciation and depreciation calculated on deemed cost is transferred between the revaluation reserve and income and expenditure reserve.

Shared ownership properties and staircasing

Under shared ownership arrangements, **the Group** disposes of a long lease to the occupier; the lease premium paid is for between 25% and 75% of the value. The occupier has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed. A shared ownership property comprises two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset and stated at the lower of cost and net realisable value; and that retained by **the Group**, which is recorded as a fixed asset in the same manner as for general needs housing properties. Proceeds of sale for first tranches are accounted for as turnover in the income and expenditure account, with the apportioned cost being shown as cost of sales

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

within operating results. Subsequent tranches sold ("staircasing") are reflected in the statement of comprehensive income as a surplus or deficit on sale of housing properties.

Allocation of costs for mixed tenure and shared ownership developments

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

Depreciation of social housing property

Social Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life. The costs of replacement or restoration of these components are capitalised and depreciated over the same average useful economic life. Assets under construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed. The structure and other major components are depreciated over the determined average useful economic life in years as follows:

Description	
Structure – houses	100
Structure – flats	65
Roofs	50
Electrics, External windows & doors	30
Bathroom and new central heating	30
Kitchen & adaptations	20
Boilers	15

Tangible fixed assets – other

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of

such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range in years as follows:

Description	
Freehold premises	50
Fixtures and fittings	1-5
Other offices	50

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct **the Group** to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three-year period, it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Investment properties

Investment properties consist of market rented properties and part of the head office rented to other organisations not held for social benefit measured at fair value

Market Rent properties were valued in March 2025 by Jones Lang LaSalle Limited in accordance with the current UK national supplement (the RICS Red Book) published by the Royal Institution of Chartered Surveyors on the basis of Market Value.

The Head Office was valued in March 2025 by Jones Lang LaSalle Limited in accordance with

the current RICS Valuation – Global Standards, incorporating the IVS, and the RICS Valuation – Global Standards – UK National Supplement published by the Royal Institution of Chartered Surveyors. Changes in fair value are recognised in the statement of comprehensive income. Investment properties under construction are carried at cost.

Stock

Stock represents work in progress and completed properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche. Materials are stated at the lower of cost and net realisable value. Cost comprises of materials and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

Leasehold sinking funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors. A review during the year has led to this being classified under creditors greater than one year.

Loans and short-term deposits

All loans and short-term deposits held by **the Group** are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historic cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however **the Group** determined that the difference between the historic cost and amortised cost is not material and so these financial instruments are stated on the balance sheet at historic cost.

Concessionary loans

Concessionary loans are those loans made by **mhs homes** that are made:

- to further its public benefit objectives,
- at a rate of interest which is below the prevailing market rate of interest
- to be repayable on demand.

These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment.

Provisions

The Group recognises provisions for liabilities of uncertain timing or amounts. Provision is made for specific and quantifiable liabilities, measured at the best estimate of expenditure required to settle a legal or constructive obligation at the balance sheet date.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund. The revaluation reserve is created from surpluses on asset revaluation. Unrestricted reserves are subject to specific conditions imposed by the donors and are within the objectives of the Charity. The funds are transferred to the unrestricted when the specific requirements of the income are satisfied.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Other key sources of estimation uncertainty.

Tangible fixed assets (see note 16 and 17)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values. These are assessed annually and consider issues such as future market conditions, the remaining life of the asset and projected disposal values. For housing property assets, the asset cost is broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Investment Properties (see note 18)

The Group's market rented investment properties are measured at cost on initial recognition and subsequently carried at a value determined by external valuers in March 2025. The valuation has been prepared in accordance with the current UK national supplement (the RICS Red Book) published by the Royal Institution of Chartered.

To arrive at an opinion of value, comparable evidence at the micro-market level of similar properties offered for sale and completed transactions for similar properties to the subjects over the last 12 months has been collected

Rental and other trade receivables (debtors) (see note 21)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Valuation of pension scheme (see note 26)

The estimates have been informed by an actuary and are presented in note 26. The note sets out the assumptions used by the actuary in determining the assets and liabilities of the pension scheme. The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

4 Particulars of turnover, cost of sales, operating costs and operating surplus

mhs homes group	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus/ (deficit)
	2025 £'000	2025 £'000	2025 £'000	2025 £'000	2025 £'000
Social housing lettings (Note 5)	70,442	-	(50,237)	-	20,205
Other social housing activities					
First tranche shared ownership sales	6,128	(4,897)	-	-	1,231
Development	-	-	(118)	-	(118)
Supporting people	294	-	(403)	-	(109)
Managed properties	76	-	(129)	-	(53)
Charitable activities	76,940	(4,897)	(50,887)	-	21,156
Non-social housing activities					
Market rented properties	4,662	-	(1,968)	-	2,694
Other income	25	-	-	-	25
Other properties & commercial	1,038	-	(812)	-	226
Non charitable activities	5,725	-	(2,780)	-	2,945
Surplus on disposal of fixed assets	-	-	-	819	819
	82,665	(4,897)	(53,667)	819	24,920

mhs homes group	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus/ (deficit)
	2024 £'000	2024 £'000	2024 £'000	2024 £'000	2024 £'000
Social housing lettings (Note 5)	61,411	-	(41,768)	-	19,643
Other social housing activities					
First tranche shared ownership sales	3,445	(2,679)	-	-	766
Development	-	-	(150)	-	(150)
Supporting people	286	-	(668)	-	(382)
Managed properties	73	-	(128)	-	(55)
Charitable activities	65,509	(2,679)	(43,051)	-	19,779
Non-social housing activities					
Market rented properties	4,204	-	(1,468)	-	2,736
Other income	30	-	-	-	30
Other properties & commercial	986	-	(619)	-	367
Non charitable activities	5,220	-	(2,087)	-	3,133
Surplus on disposal of fixed assets	-	-	-	402	402
	70,729	(2,679)	(45,138)	402	23,314

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

4 Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

mhs homes limited	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus/ (deficit)
	2025 £'000	2025 £'000	2025 £'000	2025 £'000	2025 £'000
Social housing lettings (Note 5)	60,843	-	(44,660)	-	16,183
Other social housing activities					
First tranche shared ownership sales	6,128	(4,897)	-	-	1,231
Development	-	-	(118)	-	(118)
Supporting people	102	-	(119)	-	(17)
Managed properties	76	-	(129)	-	(53)
Charitable activities	67,149	(4,897)	(45,026)	-	17,226
Non-social housing activities					
Market rented properties	4,434	-	(1,879)	-	2,555
Other income	25	-	-	-	25
Other properties & commercial	882	-	(812)	-	70
Non charitable activities	5,341	-	(2,691)	-	2,650
Surplus on disposal of fixed assets	-	-	-	598	598
	72,490	(4,897)	(47,717)	598	20,474

mhs homes limited	Turnover	Cost of Sales	Operating costs	Other operating items	Operating surplus/ (deficit)
	2024 £'000	2024 £'000	2024 £'000	2024 £'000	2024 £'000
Social housing lettings (Note 5)	54,099	-	(36,351)	-	17,748
Other social housing activities					
First tranche shared ownership sales	3,445	(2,679)	-	-	766
Development	-	-	(150)	-	(150)
Supporting people	94	-	(326)	-	(232)
Managed properties	73	-	(128)	-	(55)
Charitable activities	57,711	(2,679)	(36,955)	-	18,077
Non-social housing activities					
Market rented properties	3,932	-	(1,408)	-	2,524
Other income	30	-	-	-	30
Other properties and commercial	783	-	(619)	-	164
Non charitable activities	4,745	-	(2,027)	-	2,718
Surplus on disposal of fixed assets	-	-	-	239	239
	62,456	(2,679)	(38,982)	239	21,034

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

5 Income and expenditure from social housing lettings

mhs homes group	General needs £'000	Affordable Rents £'000	Supported housing £'000	Foyers £'000	Intermediate Rent £'000	Shared ownership £'000	Total 2025 £'000	Total 2024 £'000
Income								
Rents net of identifiable service charges	51,531	6,983	3,253	131	223	3,139	65,260	58,893
Service charge income	776	622	388	257	3	586	2,632	1,629
Government grant receivable	1,350	590	-	-	-	-	1,940	799
Other income	438	65	5	-	-	102	610	90
Turnover from social housing lettings	54,095	8,260	3,646	388	226	3,827	70,442	61,411
Expenditure								
Management	(7,463)	(781)	(1,293)	(30)	(17)	(336)	(9,920)	(8,061)
Service charge costs	(3,128)	(388)	(714)	(275)	(3)	(328)	(4,836)	(4,309)
Routine maintenance	(9,419)	(886)	(507)	(103)	(21)	(86)	(11,022)	(8,728)
Planned maintenance	(7,580)	(703)	(739)	(129)	(4)	(40)	(9,195)	(7,240)
Major repairs	(5,328)	(170)	(1,310)	(73)	(9)	(260)	(7,150)	(5,165)
Bad debts	(269)	(56)	(14)	-	-	(75)	(414)	(515)
Depreciation of housing properties:								
- annual charge	(4,811)	(1,013)	(380)	(92)	(38)	(632)	(6,966)	(6,548)
- impairment	-	-	-	-	-	-	-	(742)
- accelerated on disposal of components	(604)	(130)	-	-	-	-	(734)	(460)
Operating expenditure on social housing lettings	(38,602)	(4,127)	(4,957)	(702)	(92)	(1,757)	(50,237)	(41,768)
Operating surplus on social housing lettings	15,493	4,133	(1,311)	(314)	134	2,070	20,205	19,643
Void losses	(689)	(27)	(68)	(118)	-	(32)	(934)	(581)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
Notes forming part of the Financial Statements (Continued)

5 Income and expenditure from social housing lettings (continued)

mhs homes limited	General needs £'000	Affordable Rents £'000	Supported housing £'000	Foyers £'000	Shared ownership £'000	Total 2025 £'000	Total 2024 £'000
Income							
Rents net of identifiable service charges	49,723	3,011	2,863	17	1,929	57,543	52,951
Service charge income	622	238	331	27	289	1,507	1,071
Government grant receivable	1,350	-	-	-	-	1,350	-
Other income	438	1	4	-	-	443	77
Turnover from social housing lettings	52,133	3,250	3,198	44	2,218	60,843	54,099
Expenditure							
Management	(7,598)	(343)	(1,229)	(15)	(240)	(9,425)	(7,856)
Service charge costs	(3,015)	(129)	(657)	(45)	(203)	(4,049)	(3,646)
Routine maintenance	(9,188)	(426)	(495)	(4)	(41)	(10,154)	(8,296)
Planned maintenance	(7,519)	(344)	(685)	-	(22)	(8,570)	(7,040)
Major repairs	(5,110)	(24)	(1,273)	-	(32)	(6,439)	(4,047)
Bad debts	(265)	(22)	(14)	-	(28)	(329)	(423)
Depreciation of housing properties:							
- annual charge	(4,214)	(180)	(232)	(92)	(417)	(5,135)	(4,675)
- impairment	-	-	-	-	-	-	-
- accelerated on disposal of components	(535)	(24)	-	-	-	(559)	(368)
Operating expenditure on social housing lettings	(37,444)	(1,492)	(4,585)	(156)	(983)	(44,660)	(36,351)
Operating surplus on social housing lettings	14,689	1,758	(1,387)	(112)	1,235	16,183	17,748
Void losses	(674)	(8)	(68)	(97)	(31)	(878)	(550)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
Notes forming part of the Financial Statements (Continued)

6 Expenditure on charitable activities

mhs homes group	Depreciation and amortisation		Direct activities		Support and governance costs		Total	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
General needs and Foyers	(6,797)	(6,076)	(27,933)	(22,704)	(8,700)	(7,767)	(43,430)	(36,547)
Intermediate Rent	(38)	-	(38)	-	(17)	-	(93)	-
Supported housing	(380)	(1,103)	(4,017)	(2,370)	(560)	(539)	(4,957)	(4,012)
Shared ownership	(632)	(571)	(689)	(255)	(436)	(383)	(1,757)	(1,209)
Social housing lettings	(7,847)	(7,750)	(32,677)	(25,329)	(9,713)	(8,689)	(50,237)	(41,768)
Supporting People	-	-	(403)	(668)	-	-	(403)	(668)
Other expenditure	-	-	(247)	(615)	-	-	(247)	(615)
Total charitable expenditure included in operating costs	(7,847)	(7,750)	(33,327)	(26,612)	(9,713)	(8,689)	(50,887)	(43,051)
First Tranche shared ownership sales	-	-	(4,897)	(2,679)	-	-	(4,897)	(2,679)
Total	(7,847)	(7,750)	(38,224)	(29,291)	(9,713)	(8,689)	(55,784)	(45,730)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
Notes forming part of the Financial Statements (Continued)

6 Expenditure on charitable activities (continued)

mhs homes limited	Depreciation and amortisation		Direct activities		Support and governance costs		Total	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
General needs	(4,953)	(4,457)	(25,359)	(20,538)	(8,623)	(7,693)	(38,935)	(32,688)
Foyers	(92)	-	(19)	-	(46)	-	(157)	-
Supported housing	(232)	(214)	(3,793)	(2,197)	(560)	(539)	(4,585)	(2,950)
Shared ownership	(417)	(373)	(221)	(48)	(345)	(292)	(983)	(713)
Social housing lettings	(5,694)	(5,044)	(29,392)	(22,783)	(9,574)	(8,524)	(44,660)	(36,351)
Supporting people	-	-	(119)	(326)	-	-	(119)	(326)
Other expenditure	-	-	(247)	(278)	-	-	(247)	(278)
Total charitable expenditure included in operating costs	(5,694)	(5,044)	(29,758)	(23,387)	(9,574)	(8,524)	(45,026)	(36,955)
First tranche shared ownership sales	-	-	(4,897)	(2,679)	-	-	(4,897)	(2,679)
Total	(5,694)	(5,044)	(34,655)	(26,066)	(9,574)	(8,524)	(49,923)	(39,634)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
Notes forming part of the Financial Statements (Continued)

7 Units of housing stock

	As at 1 April 2024	Purchased from registered provider	Additions	Disposals	Transfers	As at 31 March 2025
Social Housing						
mhs homes						
General needs housing	6,728	-	77	(3)	-	6,802
Sheltered schemes	471	-	-	(29)	-	442
Shared ownership	340	-	27	-	(4)	363
Social leaseholders	479	-	-	-	3	482
Foyers	-	-	30	-	-	30
Heart of Medway						
General needs housing	743	-	-	-	6	749
Sheltered schemes	54	-	-	-	-	54
Shared ownership	271	-	-	(2)	(2)	267
Intermediate rent	24	-	-	-	-	24
Foyers	36	-	-	-	-	36
Social leaseholders	78	10	-	(2)	3	89
Lord Kitchener						
General needs housing	6	-	-	-	-	6
Total social housing	9,230	10	134	(36)	6	9,344
Non – social housing						
mhs homes						
Managed freeholders	180	-	-	-	1	181
Market rent	362	-	-	-	-	362
Commercial lettings	45	-	-	-	-	45
Heart of Medway						
Market rent	17	-	-	-	-	17
Managed freeholders	18	-	-	-	(1)	17
Total non- social housing	622	-	-	-	-	622
Total owned	9,852	10	134	(36)	6	9,966
Accommodation managed						
for others	84	-	-	-	-	84
by others	25	-	-	-	(6)	19
Total owned or managed	9,961	10	134	(36)	-	10,069
Garages	1,310	-	-	-	-	1,310

* Properties leased to Heart of Medway between 1 and 15 years

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

7 Units of housing stock (continued)

	Group 2025	Group 2024	mhs homes 2025	mhs homes 2024
Units under construction:				
Houses	45	18	45	18
Sheltered	90	74	-	30
Flats	20	114	20	92
Units under development:				
Houses	-	-	-	-
Sheltered	-	46	-	-
Flats	-	-	-	-
	155	252	65	140

8 Operating Surplus

	Group 2025 £'000	Group 2024 £'000	mhs homes 2025 £'000	mhs homes 2024 £'000
This is arrived at after charging:				
Depreciation of housing properties: annual charge	7,113	6,548	5,136	4,675
Depreciation of other fixed assets: annual charge	451	353	303	206
Accelerated depreciation on replaced components	735	460	559	368
Operating leases	1,099	1,000	1,099	1,000
Auditors' remuneration (excluding VAT):				
- fees payable to the group's auditor for the audit of the group's annual accounts	61	58	61	58
- fees for audit of accounts of subsidiary entities	50	47	-	-
- fees for other audit services	8	6	8	6

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

9 Employees

	Group 2025	Group 2024	mhs homes 2025	mhs homes 2024
Number of employees	291	268	291	268
	£'000	£'000	£'000	£'000
Wages and salaries	15,002	12,685	15,002	12,685
Social security costs	1,400	1,172	1,400	1,172
Cost of defined contribution scheme	525	448	525	448
Cost of defined benefit scheme (see note 26)	275	258	275	258
	17,202	14,563	17,202	14,563

The average number of employees (including Executive Management Team) expressed as full-time equivalents (calculated based on a standard working week of 37 hours) during the year was 291 (2024: 268).

A defined benefit (closed to new members) and a defined contribution pension scheme is operated by **the Group** on behalf of the employees. The assets of the scheme are held separately from those of **the Group** in an independently administered fund. Full details are contained in note 26.

10 Trustee remuneration

The trustees are defined as Directors under company law and are defined as the members of the Board of Management as disclosed on page 24.

Trustee	Remuneration £'000	mhs homes Board	Heart of Medway Board	Remuneration Committee	Treasury Committee	Finance, Risk and Audit Committee
N Hopkins	25	✓		✓	✓	
R Christopher	14	✓		✓	✓	
M Miles Lea	14	✓	✓			
J Carr	14	✓				✓
I Cain	11	✓		✓		
M Mulligan	10	✓				
L Heffernan	10	✓				
G Taylor	9				✓	✓
E Thomas	6					✓
S Skeete	3	✓	✓			
J Chia	2		✓		✓	

The articles of association contain the clause "members may receive such reasonable and proper remuneration as the Boards members may from time to time decide having taken advice from an independent remuneration committee": Expenses paid in 2025 were £2,334 (2024: £1,977).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

11 Senior executive remuneration

	Group 2025 £'000	Group 2024 £'000
Key Management personnel emoluments	809	726
Amounts paid to non-executive	118	91
	927	817

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments, was £223,562 (2024: £191,346). Pension contributions of £54,874 (2024: £46,992) were made to Kent County Council Pension Fund on his behalf. As a member of the Kent County Council Pension Fund, the pension entitlement of the Chief Executive is identical to those of other members.

There were three Executive Directors (2024: three) in **the Group's** defined contribution pension scheme. Contributions were paid into the scheme on their behalf of £37,987 (2024: £20,845).

Salary banding for all employees earning over £60,000 (includes salary, performance related pay, compensation for loss of office, benefits in kind and pension contributions paid by the Group)

	Group 2025 No.	Group 2024 No.
£60,000 - £69,999	12	8
£70,000 - £79,999	8	5
£80,000 - £89,999	3	-
£90,000 - £99,999	4	3
£100,000 - £109,999	1	-
£130,000 - £139,999	1	2
£140,000 - £149,999	1	-
£150,000 - £159,999	1	1
£180,000 - £189,999	-	1
£190,000 - £199,999	1	-

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

12 Surplus on disposal of fixed assets

	Right to Buy	Active Asset Management	Staircasing	Total	Total
GROUP	2025	2025	2025	2025	2024
	£'000	£'000	£'000	£'000	£'000
Disposal proceeds	293	270	1,681	2,244	1,687
Cost of disposals	(19)	(55)	(1,146)	(1,220)	(1,145)
Grant repayment	-	-	(156)	(156)	(135)
Legal and other fees	(2)	-	(47)	(49)	(5)
	272	215	332	819	402
mhs homes	2025	2025	2025	2025	2024
	£'000	£'000	£'000	£'000	£'000
Disposal proceeds	293	270	885	1,448	1,298
Cost of disposals	(19)	(55)	(627)	(701)	(920)
Grant repayment	-	-	(103)	(103)	(135)
Legal & other fees	(2)	-	(44)	(46)	(4)
	272	215	111	598	239

13 Interest receivable and income from investments

	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Interest receivable from group undertakings	-	-	324	394
Interest receivable and similar income	217	208	217	205
	217	208	541	599

14 Interest payable and similar charges

	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	14,548	12,719	12,534	11,478
Other fees	738	825	649	839
	15,286	13,544	13,183	12,317
Amortisation of issue costs	251	246	222	221
	15,537	13,790	13,405	12,538
Net interest on defined pension liability (note 26)	(486)	(431)	(486)	(431)
Interest capitalised on construction of properties	(570)	(391)	(340)	(259)
	14,481	12,968	12,579	11,848

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

15 Taxation on surplus on ordinary activities

The tax assessed for the year differs from the standard rate of corporation tax in the UK applied to surplus before tax. The differences are explained below:

	Group	Group	mhs	mhs
	2025	2024	homes	homes
	£'000	£'000	2025	2024
			£'000	£'000
Surplus on ordinary activities before tax	16,464	6,300	14,701	5,534
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 25% (2024 - 25%)	4,116	1,575	3,675	1,384
Effects of:				
Net income subject to charitable exemptions	(4,046)	(1,777)	(3,675)	(1,384)
Adjustments in respect of prior years- deferred tax	(70)	202	-	-
Total tax charge for period	-	-	-	-

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a nil charge (2024: nil charge)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

16 Tangible fixed assets - housing properties

mhs homes group	Completed		Under Construction		Total
	General needs*	Shared ownership	General needs*	Shared ownership	
Cost or valuation:	£'000	£'000	£'000	£'000	£'000
At 1 April 2024	572,815	70,081	30,017	2,439	675,352
Additions - construction costs	-	-	27,313	3,703	31,016
Additions - works to existing properties	7,896	-	-	-	7,896
Completed schemes	21,489	4,746	(21,489)	(4,746)	-
Transfer to current assets	-	(798)	-	-	(798)
Staircasing disposals	-	(1,199)	-	-	(1,199)
Property Disposals	(91)	-	-	-	(91)
Disposal of replaced components	(1,727)	-	-	-	(1,727)
At 31 March 2025	600,382	72,830	35,841	1,396	710,449
Depreciation:					
At 1 April 2024	69,912	2,889	-	-	72,801
Charge for the year	6,368	598	-	-	6,966
Eliminated on staircasing disposals	-	(53)	-	-	(53)
Eliminated on transfer to current assets	-	(8)	-	-	(8)
Eliminated on Property Disposals	(17)	-	-	-	(17)
Disposal of replaced components	(993)	-	-	-	(993)
At 31 March 2025	75,270	3,426	-	-	78,696
Impairment:					
At 1 April 2024	2,008	233	742	-	2,983
Charge for the year	-	-	-	-	-
At 31 March 2025	2,008	233	742	-	2,983
Net book value at 31 March 2025	523,104	69,171	35,099	1,396	628,770
Net book value at 31 March 2024	500,895	66,959	29,275	2,439	599,568

* General needs include Affordable and Supported Housing

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

16 Tangible fixed assets - housing properties (continued)

mhs homes limited	Completed		Under Construction		Total
	General needs*	Shared ownership	General needs*	Shared ownership	
Cost or valuation:	£'000	£'000	£'000	£'000	£'000
At 1 April 2024	448,529	45,955	14,490	2,440	511,414
Additions - construction costs	-	-	8,364	3,703	12,067
Additions - works to existing properties	7,060	-	-	-	7,060
Completed schemes	21,489	4,746	(21,489)	(4,746)	-
Transfer to current assets	-	(798)	-	-	(798)
Staircasing disposals	-	(659)	-	-	(659)
Property Disposals	(91)	-	-	-	(91)
Disposal of replaced components	(1,394)	-	-	-	(1,394)
At 31 March 2025	475,593	49,244	1,365	1,397	527,599
Depreciation:					
At 1 April 2024	59,647	1,461	-	-	61,108
Charge for the year	4,734	402	-	-	5,136
Eliminated on staircasing	-	(32)	-	-	(32)
Eliminated on transfer to current asset	-	(8)	-	-	(8)
Eliminated on Property Disposal	(17)	-	-	-	(17)
Disposal of replaced components	(835)	-	-	-	(835)
At 31 March 2025	63,529	1,823	-	-	65,352
Impairment:					
At 1 April 2024	1,541	-	-	-	1,541
Charge for the year	-	-	-	-	-
At 31 March 2025	1,541	-	-	-	1,541
Net book value at 31 March 2025	410,523	47,421	1,365	1,397	460,706
Net book value at 31 March 2024	387,341	44,494	14,490	2,440	448,765

* General needs include Affordable and Supported Housing

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

16 Tangible fixed assets - Housing properties (continued)

Impairment

The Group considers schemes to represent separate cash generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS 102 and SORP 2018.

Valuation

The estimated value in use of the social housing stock is estimated as below.

	Group 2025 £'million	Group 2024 £'million	mhs homes 2025 £'million	mhs homes 2024 £'million
Estimated total EUV – SH	773	750	643	624
Estimated EUV- SH value of properties charged	575	612	493	537

The net book value of housing properties may be further analysed as:

	Group 2025 £'000	Group 2024 £'000	mhs homes 2025 £'000	mhs homes 2024 £'000
Freehold	626,197	596,956	459,695	447,740
Long leasehold	2,573	2,612	1,011	1,025
	628,770	599,568	460,706	448,765

Interest capitalisation

Interest capitalised in the year	570	391	340	259
Cumulative interest capitalised	5,770	5,200	3,082	2,742

Works to existing properties

Expenditure capitalised	7,896	8,449	7,060	7,908
Expenditure to income and expenditure account	7,150	5,103	6,439	3,985
	15,046	13,552	13,499	11,893

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

17 Other tangible fixed assets

mhs homes group	Head Office £'000	Freehold premises £'000	Fixtures & fittings £'000	Total £'000
Cost or valuation				
At 1 April 2024	7,982	2,120	7,338	17,440
Additions	-	-	410	410
At 31 March 2025	7,982	2,120	7,748	17,850
Depreciation				
At 1 April 2024	2,624	735	6,822	10,181
Charge for year	148	27	276	451
At 31 March 2025	2,772	762	7,098	10,632
Net book value				
At 31 March 2025	5,210	1,358	650	7,218
At 31 March 2024	5,358	1,385	516	7,259
mhs homes limited		Freehold premises £'000	Fixtures & fittings £'000	Total £'000
Cost or valuation				
At 1 April 2024		2,120	7,337	9,457
Additions		-	410	410
At 31 March 2025		2,120	7,747	9,867
Depreciation				
At 1 April 2024		735	6,823	7,558
Charge for year		28	276	304
At 31 March 2025		763	7,099	7,862
Net book value				
At 31 March 2025		1,357	648	2,005
At 31 March 2024		1,385	514	1,899

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

18 Investment Properties

	Head Office Buildings	Market Rent completed	Market Rent under construction	Total
mhs homes group	£'000	£'000	£'000	£'000
At 1 April 2024	2,554	78,236	-	80,790
Construction costs	-	(17)	-	(17)
Fair value adjustment	-	5,809	-	5,809
At 31 March 2025	2,554	84,028	-	86,582
mhs homes limited		£'000	£'000	£'000
At 1 April 2024		74,592	-	74,592
Construction costs		(17)	-	(17)
Fair value adjustment		6,265	-	6,265
At 31 March 2025		80,840	-	80,840

The Group's market rented investment properties are measured at cost on initial recognition, then remeasured to fair value at each balance sheet date. Changes in fair value are recognised in the statement of comprehensive income. The gain on revaluation of investment property arising of £5,809m (2024 – a loss of £4,262m) has been charged to the Statement of Comprehensive Income for the year. Further details on the valuation methodology are provided in the accounting policy.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	Group 2025 £'000	Group 2024 £'000	mhs homes 2025 £'000	mhs homes 2024 £'000
Historic cost	54,040	54,031	50,633	50,624
Accumulated depreciation	(8,112)	(7,416)	(7,550)	(6,846)
	45,928	46,615	43,083	43,778

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

19 Fixed asset investments

mhs homes group	Investments	Listed Investments	Other Investments	Total
	£'000	£'000	£'000	£'000
At 1 April 2024	185	92	5	282
Revaluation	-	(1)	-	(1)
At 31 March 2025	185	91	5	281

mhs homes limited	Total 2025	Total 2024
	£	£
Heart of Medway Housing Association Limited	1	1
mhs Commercial Services Limited	1,500,000	1,500,000
Chatham Maritime K1 Developments Limited	1	1
Chatham Maritime K1 Construction Limited	1	1
Provision against mhs Commercial Services Limited	(1,500,000)	(1,500,000)
	3	3

Details of subsidiary undertakings, associated undertakings and other investments

The group comprises of the following entities all incorporated in England.

Subsidiary undertaking	Nature of business	Registered Number	Company	charity\ society
Nature of Entities: Company				
Proportion of ordinary share capital 100%				
Chatham Maritime K1 Developments Limited	Ownership of Head Office	03254705	-	-
Chatham Maritime K1 Construction Limited	Development Activity	03254689	-	-
mhs Commercial Services Limited	Not Active	02751669	-	-
Nature of Entity: Community Benefit Society				
Proportion of voting rights 14%				
Heart of Medway Housing Association Limited ¹	Social Housing	-	31076R	
Nature of Entity: Charity				
mhs Community Charity Limited ²	Not Active	03714658	1080067	
Nature of Entity: Trust				
Lord Kitchener Memorial Homes Trust ³	Social Housing	-	209751	

¹ mhs homes controls Heart of Medway through an inter group agreement.

² mhs community charity is a company limited by guarantee with mhs homes defined as the parent charitable company.

³ Lord Kitchener is administered by mhs homes who are appointed as corporate trustee.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

20 Stock and Work in Progress

	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Materials	35	32	35	32
Shared ownership : completed properties	391	2,551	391	2,551
Shared ownership : under construction	546	913	546	913
	972	3,496	972	3,496

21 Debtors

	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charge arrears	4,430	3,525	3,700	2,994
Less: provision for doubtful debts	(1,391)	(1,417)	(1,072)	(1,140)
	3,039	2,108	2,628	1,854
Prepayments	799	707	799	707
Other debtors	416	314	123	35
Loans to employees	1	1	1	1
	4,255	3,130	3,551	2,597
Due after one year				
Loan to Heart of Medway Housing Association Limited	-	-	18,373	4,134
Loan to Chatham Maritime K1 Development Limited	-	-	10,397	10,809
	-	-	28,770	14,943

mhs homes has provided an intercompany loan to Heart of Medway Housing Association Limited that stands at £18.4 million at 31 March 2025 (2024 : £4.1 million). The loan is provided to further its public benefit objectives, at nil rate, unsecured and is repayable by 2038 and is therefore treated as a concessionary loan.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

22 Creditors: amounts falling due within one year

	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade creditors	1,975	706	1,965	697
Rent in advance	1,236	1,318	1,100	1,194
Taxation and social security	2	5	53	56
Other creditors	668	544	631	537
Amounts due to subsidiaries	-	-	2,022	3,766
Accruals	9,738	8,416	8,080	4,465
Loan interest and fees due	3,998	3,645	3,517	3,364
Sinking fund balances	-	2,884	-	1,949
	17,617	17,518	17,368	16,028

23 Creditors: amounts falling due after more than one year

	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Loans (Note 24)	310,000	292,250	260,000	242,250
Less issue costs	(2,755)	(2,966)	(2,103)	(2,324)
Sinking fund balances	3,243	-	2,186	-
	310,488	289,284	260,083	239,926

24 Loans and borrowings: Maturity of Debt

	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Less than one year	-	-	-	-
Between two and five years	10,000	10,000	10,000	10,000
In five years or more	300,000	282,250	250,000	232,250
Loans and borrowings	310,000	292,250	260,000	242,250

Liquidity is strong with £80 million of fully charged undrawn revolving credit facilities in place and a £10m private placement arranged and due to be received in January 2026.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

24 Loans and borrowings: Maturity of Debt (continued)

The debt is comprised of £60 million of bank debt in mhs homes, due for repayment between 2027 and 2042 along with the private placements noted below.

Entity	Private placement	Repayment terms	Interest rate
mhs homes	£40 million	Amortising from 2030 to 2056	2.36%
	£30 million	Bullet repayment 2044	5.50%
	£50 million	Amortising between 2049 and 2058	6.19%
	£40 million	Bullet repayment 2051	3.92%
	£40 million	Bullet repayment 2054	3.53%
Heart of Medway	£10 million	Bullet repayment 2038	3.68%
	£20 million	Bullet repayment 2055	2.67%
	£20 million	Bullet repayment 2044	6.01%

Interest rates are fixed for more than one year on 87% of the debt in mhs homes and 100% in Heart of Medway.

25 Financial instruments

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cashflow and interest rate risk is included in Strategic review. The carrying values of **the Group** and Association's financial assets and liabilities measured at fair value through profit or loss are summarised by category below:

	Group 2025 £'000	Group 2024 £'000	mhs homes 2025 £'000	mhs homes 2024 £'000
Financial assets measured at fair value: Investments	281	281	-	-
Total financial assets	281	281	-	-

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

26 Pensions

Defined benefit pension scheme

mhs homes limited is a community admission body in the Kent County Council Local Government Superannuation Scheme. It provides benefits based on final pensionable pay with contributions being charged to the income and expenditure account so as to spread the cost of pensions over employees working lives with mhs homes limited. The employer contributions are determined by a qualified actuary whilst the employee contributions are fixed by regulations governing the scheme. The most recently completed full actuarial valuation was in 2022 with the next formal valuation due in 2025. The contribution rate for the Group was 25.7% (2024: 25.7%) for employer contributions and 5.5% to 11.4% (2024: 5.5% to 11.4%) for employee contributions. The most recent actuarial valuation confirmed that the employer contribution would stay at 25.7% till 2025. The pension contribution for the year for the Kent County Council Local Government Superannuation Scheme amounted to £275,818 (2024: £257,587). The scheme was withdrawn from new staff in 2005, and a defined contribution scheme offered in its place.

- Pension benefits depend upon age, length of service and salary level.
- A valuation for the purposes of the accounts is provided annually by a qualified independent actuary.
- There were no changes to the scheme during the year and no amounts owing to the scheme at the year end.

<i>Reconciliation of present value of plan liabilities</i>	31 March 2025 £'000	31 March 2024 £'000
At the beginning of the year	38,049	38,677
Current service cost	217	212
Interest cost	1,817	1,816
Change in financial assumptions	(3,943)	(510)
Change in demographic assumptions	(101)	(553)
Experience loss	(88)	120
Benefits paid net of transfers in	(2,013)	(1,753)
Contributions by scheme participants	92	80
Unfunded pension payments	(42)	(40)
At the end of the year	33,988	38,677

<i>Reconciliation of fair value of plan assets</i>	31 March 2025 £'000	31 March 2024 £'000
At the beginning of the year	47,808	47,503
Interest on assets	2,303	2,247
Return on assets less interest	(742)	(489)
Other actuarial gains	-	-
Administration expenses	(45)	(43)
Contributions by employer excluding unfunded	322	303
Contributions by members	92	80
Benefits paid	(2,055)	(1,793)
At the end of the year	47,683	47,808

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

26 Pensions (continued)

	31 March 2025 £'000	31 March 2024 £'000
Fair value of plan assets	47,683	47,808
Application of asset ceiling	(13,695)	(9,759)
Present value of plan liabilities	(33,575)	(37,584)
Surplus	413	465
Present value of unfunded obligation	(413)	(465)
Net pension scheme liability	-	-
Amounts recognised in other comprehensive income are as follows:	31 March 2025 £'000	31 March 2024 £'000
Included in administrative expenses:		
Service cost	217	212
Net interest on the defined liability	(486)	(431)
Administration expenses	45	43
	(224)	(176)
Analysis of actuarial gain recognised in other comprehensive income	31 March 2025 £'000	31 March 2024 £'000
Actual return less expected return on fund assets	(742)	(489)
Other actuarial gains on assets	-	-
Experience losses on defined benefit obligation	88	(120)
Change in demographic assumptions	101	553
Changes in financial assumptions	3,943	510
Application of asset ceiling	(2,844)	25
	546	479
Composition of plan assets	31 March 2025 £'000 %	31 March 2024 £'000 %
Equities	27,153 57	27,812 58
Gilts	2,826 6	3,503 7
Other bonds	7,088 15	6,884 14
Property	3,905 8	4,289 9
Cash	1,886 4	761 2
Target return portfolio	2,435 5	2,416 5
Infrastructure	2,390 5	2,143 5
Total plan assets	47,683 100	47,808 100
Return on plan assets	3.32%	3.76%

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

26 Pensions (continued)

<i>Principal actuarial assumptions used at the balance sheet</i>	31 March 2025	31 March 2024
Discount rates	5.75%	4.90%
Future salary increases	3.90%	3.90%
Future pension increases (CPI)	2.90%	2.90%
Life expectancy from age 65 years: Males (years)	20.7	20.8
Life expectancy from age 65 years: Females (years)	23.3	23.3

Defined Contribution Scheme

mhs homes limited also operates a defined contribution scheme administered by Aviva. The employer's contributions, at a rate of between 1% to 10%, were £488,449 (2024: £448,258). At 31 March 2025, the number of staff participating in the scheme was 261 (2024: 291). There were £85,086 contributions outstanding as at 31 March 2025.

27 Provision

	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Health and Safety Executive Provision	-	534	-	534

The Health and safety executive (HSE) provision represents a fine due to a reportable incident that occurred in January 2023 which was confirmed in April 2024 and was provided for in the accounts at 31 March 2024 and paid in the current year.

28 Contingent liabilities

Social Housing Grant: **The Group** receives grant from Homes England, which is used to fund the acquisition and development of housing properties and their components. **The Group** has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2025, the value of grant received in respect of these properties that had not been disposed of was £49,263,000 (2024: £50,207,000). As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements.

Total Social Housing Grant received or receivable to date is as follows:	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Recycled Capital Grant	156	81	-	-
Capital Grant	49,107	50,126	16,574	16,511
Total Grant	49,263	50,207	16,574	16,511

Parent Guarantees

mhs homes has guaranteed construction contracts for Heart of Medway and K1 Construction. At the year end the liabilities covered by these guarantees are £1,129,000 (2023: £12,835,000).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

29 Operating Lease

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

Amounts payable as Lessee	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Not later than one year	124	49	124	49
Later than one year not later than five years	975	951	975	951
	1,099	1,000	1,099	1,000

Amounts receivable under operating leases as lessor	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Not later than one year	194	73	194	73
Later than one year not later than five years	624	6	624	6
	818	79	818	79

30 Capital Commitments

	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Commitments contracted				
New build developments	22,368	26,928	13,617	12,645
Commitments approved by the board but not contracted				
New build developments	-	11,144	-	-
	22,368	38,072	13,617	12,645

Capital commitments for **the Group** and mhs homes will be funded as follows:

	Group	Group	mhs homes	mhs homes
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Social Housing Grant	495	1,941	-	1,250
New loans	5,000	10,000	5,000	-
Sales of properties	2,774	12,765	2,774	5,803
Existing reserves	14,099	13,366	5,843	5,592
	22,368	38,072	13,617	12,645

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Notes forming part of the Financial Statements (Continued)

31 Related party disclosures

The Board includes two tenant members who hold a tenancy agreement on normal terms and cannot use their position to their advantage. The rent charged for the year was £13,161 (2024: £12,326) and the tenants had arrears balances of £1,325 at the 31 March 2025 (31 March 2024: £132.72). The Association provides management services, other services and loans to its subsidiaries. The Association also receives charges from its subsidiaries. The charges are set out below.

Payable to mhs homes by subsidiaries:	Management charges		Interest charges	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Heart of Medway Housing Association Limited	805	605	-	-
Chatham Maritime K1 Development Limited	-	-	332	394
	805	605	332	394

Intra-group management fees are receivable by the Association from subsidiaries to cover the running costs that the Association incurs on behalf of managing its subsidiaries.

Entity granting loan	Entity receiving loan	Repayable by	Interest Rate	Restated At 1 April £'000	Movement £'000	At 31 March 2025 £'000
mhs homes limited	Heart of Medway Housing Association Limited	2038	-	4,134	14,239	18,373
mhs homes limited	Chatham Maritime K1 Development Limited	2040	4.36%	10,809	(412)	10,397
				14,943	13,827	28,770

mhs homes provided parent guarantees as disclosed in note 28.

Kent County Council Pension Scheme is a related party, refer to note 26 for transactions during the year.

L&Q Housing Trust made a settlement refund of rents to Heart of Medway Limited in the amount of £88,007 relating to rents received by L&Q on properties owned by Heart of Medway. Nigel Hopkins is the Chair of the Audit and Risk Committee of L&Q and Chair of mhs homes, the parent of Heart of Medway.

32 Capital and reserves

The revaluation reserve contains unrealised gains of £210.5 million (2024: £210.6 million) in respect of fixed assets for which the deemed cost option was taken.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
Notes forming part of the Financial Statements (Continued)

33 Net debt reconciliation

Group	At 1 April 2024 £'000	Cash flows £'000	Non-cash movement £'000	At 31 March 2025 £'000
Short term deposits	2,884	359	-	3,243
Cash at bank	4,719	2,776	-	7,495
Cash and cash equivalents	7,603	3,135	-	10,738
Loans and borrowings	(292,250)	(17,750)	-	(310,000)
Net debt	(284,647)	(14,615)	-	(299,262)