



NORTH STAR

Creating homes, building futures



Annual Report and Financial Statements

Year ending 31st March 2025

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Board Members, Executive Directors, Advisors and Bankers

Board

Anna Urbanowicz (Chair)
 Claire Warren (Deputy Chair – resigned 22/04/2025)
 Graeme Allinson (Chair of Risk & Audit Committee)
 David Lyall (retired 16/12/2024)
 Mark Thompson (Chair of Remuneration & Employment Conditions Committee)
 Jason Ridley (retired 16/12/2024)
 David Walker
 Simon Wake
 Nicki Clark
 Joanne Todd
 Manisha Sharma
 Richard Hukin (Appointed 01/10/2024, Resigned 08/08/2025)

Chief Executive

Angela Lockwood (retired 31/07/2024)
 James Walder (appointed 01/08/2024)

Executive Directors

Emma Speight, Executive Director of Assets & Growth
 James Walder, Executive Director of Finance & Business Support (resigned 31/07/2024) and
 Company Secretary (resigned 17/09/2024)
 Carole Richardson, Executive Director of Customers (appointed 01/05/2024)
 Carole Richardson, Executive Director of People & Culture (resigned 30/04/2024)
 Andrew Carlton, Executive Director of Finance & Business Support (appointed 01/01/2025) and
 Company Secretary (Appointed 17/09/2024)

Registered office

Endeavour House
 St. Mark's Court
 Thornaby
 Stockton-on-Tees
 TS17 6QN

Registered numbers

Co-operative & Community Benefit Societies Act 2014 – registered number 21256R
 Regulator of Social Housing registered number LH0084

External Auditor

Beever and Struthers
 One Express
 1 George Leigh Street
 Manchester
 M4 5DL

Principal Bankers

Lloyds Banking Group Plc.
 Corporate Markets
 25 Gresham Street
 London
 EC2V 7HN

Report of the Board

Results for the year

The Board presents its Annual Report and the audited Financial Statements for the year ended 31st March 2025.

Organisation Structure and Activities

North Star Housing Group (the Organisation) is a charitable, asset owning Housing Association (HA) and a registered society under the Co-operative and Community Benefit Societies Act 2014.

The principal activity of the Organisation is the provision of affordable rented accommodation for people with a diversity of needs and aspirations.

Review of the Year

Continuing the theme from previous years, it has been another year of change both for North Star and in the operating environment.

James Walder took over the role of CEO from Angela Lockwood (who had been CEO for over 15 years), becoming only the fourth CEO in 50 years. The recruitment process and transition were carefully and closely managed by the Board. Angela was with North Star for a total of 28 years and leaves a very strong legacy having transformed the culture, performance and profile of North Star over a number of years. There were also changes to the Executive team and new Director roles were also created to respond to the requirements of the Consumer Standards.

There was change in the external environment with a new Labour government coming to power in July 2024. The ambition to deliver 1.5m new homes in this Parliament and the extension of the rent settlement agreement were positive news for the sector, but the rise in Employer's National Insurance added to the financial pressures that have impacted the sector in recent years. The Comprehensive Spending Review announcements in June 2025 were positive for the sector with a 10-year CPI+1% rent settlement agreement, rent convergence and £39bn for new homes helping rebuild financial capacity and support the delivery of new homes.

The legacy of double-digit inflation continued to put pressure on the sector finances – this was particularly evident in the costs of development and maintenance – and interest rates have remained higher for longer than forecast. Rising prices were compounded with increasing demand for services, especially routine maintenance.

Civil unrest, and anti-Islamic riots affected our customers, communities and staff team in August 2024 – our strong links with community leaders and relationships with customers allowed us to respond quickly and effectively to a very challenging situation. We have subsequently joined the Middlesbrough Silver Recovery Group and are active members of the North East Anti Racism Coalition, working hard to bring about positive change.

The cost-of-living crisis continues to disproportionately impact our customers and the communities where we operate. For many years we have employed Welfare Benefits staff to support our customers and to do what we can to help alleviate financial distress. Through the year the team supported 742 households, increasing their income by over £1m. Recent government announcements about reshaping benefit support will impact our customers so we will be working to ensure we understand how we can support our customers as the new policies are introduced.

The operating area remains challenging because of the requirement for regeneration activity with limited available funding, acute deprivation, an above-average ageing population and a complex political environment. These issues require innovative and creative solutions so we can maximise the help we can provide our customers and the impact we can have in our communities.

Devolution has been a key feature of the early months of the new government – the Tees Valley Combined Authority was already in place and a new North East Combined Authority came into operation in May 2024. The white paper set out clear intentions for funding to be channelled through the Combined Mayors. In response, the North East Housing Partnership and Tees Valley Housing Partnership have been formed with North Star represented in both partnerships. There is a clear desire from the housing sector and local authorities to work more collaboratively across the North East to maximise our combined positive impact in communities.

It is more important than ever for North Star to maintain our financial strength to manage the volatility and uncertainty. Our financial resilience has allowed us to continue to build new properties and invest in our existing stock whilst many in the sector have had to scale back their development aspirations.

North Star has continued to work hard to support existing and future customers thrive against a backdrop of a very challenging environment. The housing crisis remains, with huge demands on housing providers to deliver new homes. Continued cost increases and community stress because of high levels of deprivation, new Consumer Standards, a more pro-active Housing Ombudsman and financial issues for Local Authorities have all impacted on the business during the year. With challenge comes opportunity and our commitment to build more homes, to deliver high quality services and stock investment, and to do all we can to support communities is constant. To this end we are very proud of our achievements. We are benefitting from the opportunities of Artificial Intelligence (AI), new partnerships, learning from all sectors, experimenting, and continued strong external relationships.

Ensuring we are financially strong is always balanced with the need to meet increasing demands and to deliver more in an environment that is dynamic, volatile, and uncertain. Never has value for money been so critical in supporting our ambitions and priorities. Our surplus and operating margin remain strong which is testament to the robustness of the business. Our values, social purpose and people approach have never been more needed and the work we have done to create high levels of trust through strong relationships continues to support our resilience.

We were pleased to retain our G1/V1 Regulator of Social Housing (RSH) rating in December 2024 and are working hard to achieve a C1 rating at our next RSH inspection. Board strategy has been developed to deliver against the Consumer Standards that came into force in April 2024. Board continue to provide ongoing oversight and scrutiny work on the Consumer Standards with regular updates of the work done by staff and lessons learned from RSH inspections.

We have appointed a Member Responsible for Complaints who has worked closely with staff and customers to improve complaints handling. We also have two Board members responsible for customer engagement – although all Board members will be attending customer meetings, we wanted to ensure that there was a clear link between The Tenant Voice (TTV) and Board.

Despite the level of change and challenge experienced during the years, we are pleased to report another successful year for North Star. A culture of strong financial management has provided resilience in the operating model and enabled us to withstand repeated external shocks. In addition, we have had an even stronger focus on the business and financial plans, budgets, risk management and assurance to ensure we can deliver our ambitions and promises. Our commitment to customers remains a priority, not only delivering high quality services but regular and planned stock investment, decarbonisation work and building new homes. We have targeted support in communities and to individuals as we look to sustain our customers tenancies. North Star has worked to balance these priorities, by listening to customers and understanding what matters.

Finances

The Organisation achieved an operating surplus for the year of £6,872k (2024: £5,644k) and an overall net surplus for the year of £3,052k (2024: £2,700k). This success is despite competing priorities, increased costs, and a commitment to deliver our ambitious three-year strategy: Leading & Growing to 2026. We are pleased with these results as it enables us to continue moving forward at pace. It also aligns with our Surplus for Purpose Statement capturing our intention to ensure all surpluses are invested back into the business, and ensures North Star remains strong for the future.

We have very good external connections, partnerships, and links, which we highly value as we know strong relationships and good collaboration are critical to the success of the business. Our positive local and national reputation holds strong but is never taken for granted; we value all we achieve.

We continue to benefit from our well-timed debt refinancing and organisation consolidation project carried out in 2020. We agreed new loan facilities in 2024 for £50m with Virgin Money and have finalised a new £20m loan with Santander in the summer of 2025. With the volatility in the global economy, we have entered into hedging arrangements to protect North Star from any rise in interest rates and continue to work with our external advisors, Centrus, to manage all aspects of Treasury risk.

Our performance across all main KPIs is benchmarked through HouseMark and has remained solid despite external challenges.

The Value for Money section contains further details about our 12-month performance. Our core strategic objectives for 2024/25 were customers and communities, growth, assets and the green agenda, technology, people and culture, value for money and governance. Progress against some of the main objectives is detailed underneath:

Objective	Outturn
To ensure the voice of the customers influences decisions	New customer engagement framework is in place and creation of The Tenant Voice – more information is set out below.
To deliver 75 new units	We delivered 74 new homes in the year.
To develop proposals for the provision of new supported housing	We developed a model with Stockton Council for housing and supporting homeless people.
To appoint a new CEO	James Walder appointed as CEO from 1st August 2024.
To develop an approach for the formulation of the next vision	Discussions at Board residentials during 2024/25 and process for new vision started in July 2025.
To improve the energy performance of our properties	Works completed at 122 properties to improve them to EPC 'C'.
To develop staff from across the organisation	Skills for Change and Aspiring Managers courses have been run internally. Number of staff working towards university or professional qualifications.

Digital progress

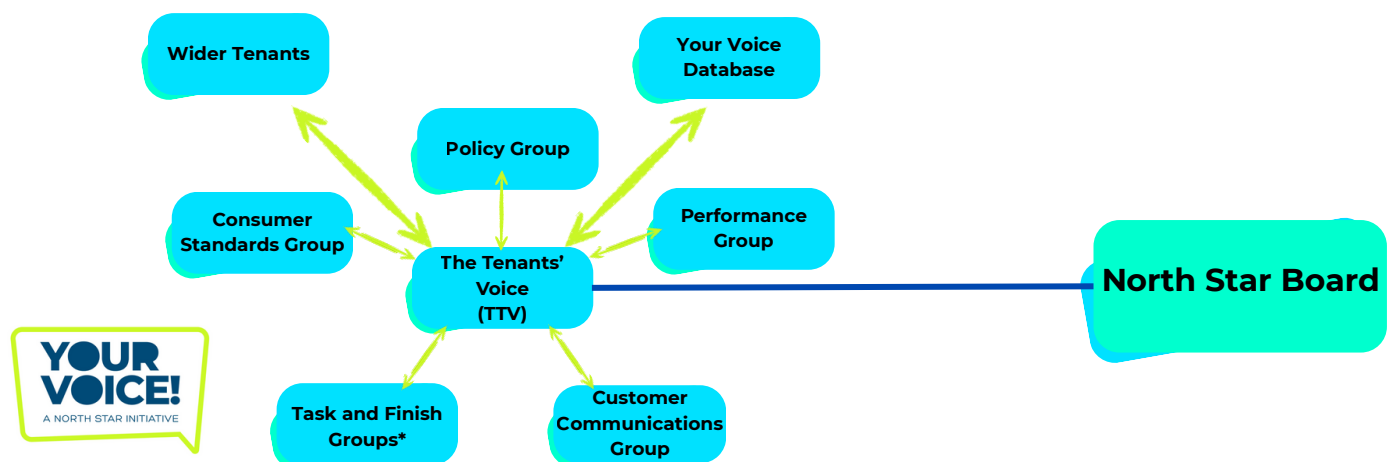
Work to transition to our new Housing management system was completed in October 2024 when the repairs module went live. The project was delivered on time and on budget which demonstrates not only an efficient use of our resources but also provides a foundation for future digital and data strategies. The new system, which is based on a Microsoft Dynamics platform, was named HMS Endeavour in recognition of the history of North Star and its founding organisation. The move to more automation and the use of AI has freed up staff time so they can focus on providing services and support to those customers who need it most.

We continue to focus on cyber security with regular updates provided to staff and work closely with our infrastructure partner, Exponential-E and their security team, to ensure our network, software and devices are secure and protected.

Customer Insight, Satisfaction and Involvement

In 2024 North Star staff and Board worked with Involved Tenants to review the purpose, impact and structure of Tenant Involvement. We established a new tenant group – The Tenant Voice (TTV) - with 75 customers applying to be part of this group and have used an external consultant to support the induction process for the members of this group.

TTV has a role to coordinate and connect across all engagement groups to ensure that North Star captures and acts upon customer insight. The group is representative of the wider tenant base and has a direct link to the Board. There are two Board member leads for customer engagement and customer insight, with feedback and recommendations to be regularly shared with Board. This will help Board to consider the voice of the customer when it makes decisions that will affect them. A graphic illustration of the involved structure co-created with customers is outlined below.



We now have 400 customers that state they want to be involved in ways that suit their needs. This includes challenging performance, Consumer standards policy consultation, task and finish groups and tenant scrutiny. Several customers were involved in the creation of our new website.

We have continued to collect the Tenant Satisfaction Measures (TSMs) using an external specialist company providing independence and confidence. We collect these measures across the full year allowing us to act if there are any areas of concern or lower performance. Our performance on the TSMs is shared later in this report and more information is available on our website. We are pleased with the outturn for 2024/25 but know we need to continue to improve our repairs service and our approach to complaints handling.

We capture customer satisfaction for a range of services daily – this is used to understand service quality and enables the quick resolution of issues. A key area of focus has been satisfaction with complaints. We have a complaints clinic that meets every six weeks to review complaints, identify themes and ensure lessons are learned and changes are made quickly. The Member Responsible for Complaints attends these meetings and provides feedback at Board. TTV has also carried out a review of complaints with all its recommendations implemented. There is more information about customer satisfaction performance later in this report.

We carried out an Institute of Customer Service (ICS) survey with our staff and customers at the end of 2024. It was pleasing to see our staff score increase to 90.8 but our overall customer satisfaction score dropped from 83.6 (May 2022) to 80.7. We know from ICS data that there has been a general reduction in customer satisfaction in recent years, but we are working closely with the ICS and customers to improve this score before our next survey in 2026.

We continue to work in partnership with a range of organisations to benefit our customers and communities. Our partnership with regional housing associations through the Housing Employment Northeast Network (HENNE) project has further grown and HENNE is providing funding in 2025/26 for two new roles to specifically focus on North Star tenants. We have also worked with Little Sprouts, Cornerhouse and Ground Works. Ground Works have been working from our community hub in Evenwood, providing community activities and opportunities to our customers in the Teesdale area. We are excited for the introduction of our Heartbeat project in 2025/26, which is a project primarily focused on improving customer service. The project will involve all staff working in small patch-based groups as we look to ensure all staff truly know our customers.

Delivering new homes

During 2024-25 we delivered 74 new homes across Teesside, North Yorkshire, County Durham and Sunderland. New homes included 2 to 4 bedroomed houses and 29 high quality bungalows in Hartlepool, including 4 to full wheelchair user specification, to meet the needs of older and less mobile individuals and those with learning difficulties.

All the year's new homes were for Social or Affordable Rent and included a second phase of the Afghan Resettlement Programme and an empty homes renewal scheme in a regeneration area of Stockton. We also completed our first scheme with the Upper Dales Community Land Trust, delivering a chapel conversion in rural North Yorkshire.

Many of our new homes have been purchased from volume builders as Section 106 units and are therefore integrated within private, for sales sites, thus bringing a rental opportunity to those who do not have the means to purchase homes in those areas.

We have a strong pipeline for the next two years and are keen to play our part in building the new homes needed for the North East. We continue to experience increases in costs across both new build and those purchased through planning gain (S106) which has required us to continually review our development appraisal model, affordability, costs of borrowing and business plan capacity.

Investing in homes and decarbonisation

In 2024/25 we invested over £5m on works to 1,033 existing properties and there was customer satisfaction of 91% on these programmes. There was a focus on stock condition surveys with over 1,300 surveys completed in the year and we are now back on a five-year cycle for these vital surveys.

We carried out decarbonisations works to 122 properties with £680k invested to get these properties to EPC 'C'. We have been successful in being awarded funding in the latest Warm Homes funding round and will receive £930k over the next three years to support these works.

Working with consultant Savills, we implemented a new asset sustainability model during the year. This will be a key tool in helping us understand the options for managing our stock in low value, challenging areas where sustainability is challenging.

The cost of achieving EPC level C by 2028, which is two years earlier than government requires, and a significant investment towards the net zero 2050 government targets are included in the business plan.

Equality, diversity and Inclusion

Our commitment to equality, diversity and inclusion was reinforced by stretching targets for the diversity of the workforce and housing allocations by ethnicity. More information is available on our website.

We know there is more work to be done and how important diversity is at all levels of the organisation including the Board. Our inclusion group meet on a regular basis to review data, training and activities. Our targets will continue to be ambitious, our data will be stronger, and our intelligence and knowledge improved. Working with Housing Diversity Network, we have launched a new two-year Board trainee programme in 2025 and have selected four trainees. We have become members of the North East anti-racism coalition which has over 100 members.

We will continue developing approaches to ensure diversity of thought is brought into the Board and the wider organisation.



Future Developments

We have completed the second year of our Leading & Growing three-year strategy which has directed business priorities during the year. The strategy was developed working with tenants, staff and Board members providing real relevance, ownership and understanding across the organisation. This co-created and collaborative vision was carefully designed by all involved to create a balance of ambition and strength. In an anonymous ballot, 99% of staff, Board and tenants supported the strategy and in doing so, provided a very strong mandate to deliver its priorities. This relatively unique approach to process, design and outcome is leading to high performance and effective delivery of priorities. It will also keep North Star strong well into the future; everyone knows and understands their role and we have collective ambition, and mutually agreed outcomes.

We are moving into the final year of the strategy and as well as focusing on delivering the objectives and ambitions of the final year, we have started work on developing a new five-year strategy.

The new strategy will be co-created with customers, staff and Board and this process started in July 2025. The core themes are Customers & Communities, Growth, Assets and the Green Agenda, People & Culture, Technology & Data, Value for Money and Governance.

Corporate Governance

We fully comply with all the RSH Regulatory Standards, and the National Housing Federation (NHF) Code of Governance 2020. We have signed up to the NHF Code of Conduct for everyone across the business and we have adopted the Housing Ombudsman Code. We annually self-assess against these, identifying areas to strengthen. We have also adopted the NHF Mergers, Organisation Structures and Partnerships Code, which is voluntary and useful when faced with options. Enhancing this is a revised Merger Strategy that is reviewed and regularly approved by the Board. This demonstrated there was no imperative to merge, but the organisation would consider others joining North Star where value is added for both parties.

The Board have recently fully reviewed its risk appetite and carried out an extensive effectiveness review, including a skills assessment through a rigorous individual and collective appraisal process. The Board effectiveness review was supported by an external consultant and included a review of the key governance documents. The recommendations from this review were captured in the well monitored Corporate Plan. This ensures Board is progressive, constantly learning and moving at a pace that fits with the current requirements.



The organisation has an effective risk and business planning framework which includes:

- A three lines of defence risk mapping process, with clear segregation of oversight between Risk & Audit Committee (RAC) and Board, regular deep dives of a strategic risk area and detailed discussions on emerging risks, along with oversight of the operational risk register. Risk is embedded across the business, not only through well-managed frameworks and systems but also through dialogue and discussion.
- The business planning process is well established and is the cornerstone to all decision-making. With the support of external consultants, the process is validated at all levels to ensure external scrutiny, challenge and intelligence are embedded.
- Robust stress testing is carried out at least annually, against identified strategic risks and combinations of risks across a range of scenarios with and without mitigations. The Business Plan is agreed by Board annually and reviewed bi-annually as a minimum. The current Plan was fully stress tested and agreed in April 2025. Board understands the cause of major failure in the Plan which would be significant unplanned costs with no mitigations, or the impact of a rent decrease on a scale never experienced.
- We maintain accurate and up to date records of our assets and liabilities and use the records frequently.
- The annual Internal Audit Plan is approved by Risk and Audit Committee. This provides oversight to key aspects of the business and can focus on emerging issues. There is always at least one area of health and safety included in the Plan.

Board succession is well planned through regular reviews of terms of office, with adherence to the NHF Code of Governance on maximum terms served. The terms of reference of the Remuneration and Employee Conditions Committee were updated in 2024 to allow RECC to lead on succession planning for the Board. This ensures we plan early for known vacancies and recruit effectively.

The new NHF Code reduced terms for Board members to a maximum of two three-year terms. Because of this change, transitional arrangements were required to ensure minimum disruption to succession planning. In 2021, the Board agreed to extend the current Chair's term beyond the maximum six years which would be reached in 2023. The Board's decision has seen for an extension of the Chair's term up to a further 3 years to 2026 which is reviewed annually through the appraisal process.

As well as a strong fiduciary focus, the Board values its generative approach, that is brought not only at Board meetings but also at regular residentials that are externally facilitated. This also enables strong relationships to develop to enable Board to manage the complexity and changing requirements of its role. The Board revised its Purpose statement in March 2023 and has developed a set of Guiding Principles that details how it wants to operate. Board members are committed to learning and development and attend a wide range of external seminars and training events, complemented by planned internal briefings and overviews.

Employees

The organisation highly values its employees and their continued health and well-being. A cultural change process that has led to the organisation working with high levels of trust and accountability has been very successful, as evidenced in our business success and achievement of the Investors in People Platinum (IiP) accreditation in 2024. For the second time in three years North Star won the Platinum UK Employer of the Year (50-250 employees) at the IiP awards in November 2024. Our people focus and relationships set us apart from many other housing providers and help to keep North Star strong. In the reaccreditation survey, 95% of staff responded with 99% stating they share the same values as North Star that North Star is a great place to work, 98% feel trusted and 98% say that North Star has a positive impact on society.

Hybrid working is now part of how we operate which meets the needs of both the business and people employed. This not only protects the relational culture, but also provides more flexibility, fluidity and builds further on trust. It is a successful model that is regularly reviewed with staff and as new requirements emerge, we are well-placed to adapt. The office remains an important hub that is well used and valued.

Going Concern

The organisation's business activities, together with the factors likely to affect its future development, performance and position are set out in this report and the Financial Statements.

The organisation meets its day to day working capital requirements through the current account, which was cash positive throughout the year. The organisation meets its development programme requirements through a combination of grant and debt funding. Note 23 of the Financial Statements highlights the current level of debt and repayment terms.

The organisation's forecasts and projections show that it should be able to continue to operate within the level of its current facilities and no matters have been drawn to its attention to suggest that future funding may not be forthcoming on acceptable terms.

Our net current liability position as at the 31st March 2025 was expected and is not considered to be a going concern issue. The net liability position was a result of reduced cash balances held at the year-end with undrawn secured loans, of which there were £31.5m (as at 31st March 2025), only being drawn when necessary for effective cashflow management.

The organisation's business plan that was approved by Board in April 2025 sets out the financial plans for the next 30 years and includes a range of stress tests to give the Board additional assurance over the strength of these plans.

After making enquiries, the Board has a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the organisation continues to adopt the going concern basis in preparing these Financial Statements.

Value for Money

Current Context

The external environment continued to be challenging in 2024 with complexity, change and uncertainty requiring organisations to be increasingly agile, flexible, and fluid.

A new Labour government came to power in July 2024 and housing was a key topic during the election campaign. The positives of an initial five-year rent settlement agreement, extended to 10-years in June 2025, and ambitious housing targets have been tempered by the changes to Employer's National Insurance rates and fiscal pressures faced by the government.

North Star customers, staff and properties were all impacted by the civil unrest that took place in August 2024. Our good relationships with community leaders and strong links to communities helped inform our response. We have continued to work to rebuild trust in communities and are part of the silver recovery group in Middlesbrough. This is an ongoing priority.

Although inflation levels fell during 2024 the legacy of double-digit inflation continued to impact costs. There was further financial pressure from the interest costs with predicted rate cuts happening later in the year and being less than expected.

We continued to see pressure on the finances of customers and local authorities impacting our communities. A combination of strong financial management and a community approach, has led to increased support targeted at tenants most in need through a well-resourced welfare fund, skilled and supportive frontline staff, and specialist advice services. It is apparent that the previously challenged communities are facing even more poverty, isolation and often destitution because of the external environment. The inequality gap has widened and whilst North Star provides invaluable community services, the emerging issues will be felt for a long time to come. North Star will work closely with these communities and partners to assist in their recovery. This is likely to be a priority for the next few years, given the location of North Star's housing stock.

For staff, hybrid working is normal, the acceleration of technology has been rapid, connections and relationships have remained strong and responses to new issues have been speedy and effective. The new Housing Management Microsoft Dynamics system (HMS Endeavour) project was delivered on time and on budget and has become a key tool in delivering efficiencies freeing up staff to spend more time on frontline services. We continue to work on making use of Artificial Intelligence and new technology to improve our effectiveness and deliver more for our customers.

A continuing pressing issue is the lack of enough good quality housing, with insufficient numbers being built to meet demand. The Leading & Growing North Star three-year strategy to 2026 details plans to deliver new housing to help with the current crisis with a strong focus on rented housing across our geographical areas. The ambition of the Labour government to build 1.5m new homes in this parliament is a positive for the sector and this was supported by the announcement of additional funding the June 2025 Comprehensive Spending Review. We will do all we can to be part of the solution and to continue our commitment to build more homes as reflected in our Growth Strategy.

The health and safety of our properties is a key focus for staff and Board. Damp, mould and condensation remain a challenge for the sector and North Star has robust processes in place to identify, respond and remediate any issues in our properties. We continue to closely monitor our performance in this area and 2025 will see for the introduction of the first elements of Awaab's law.

The organisation can meet the 2030 housing environmental target and the Climate Change Committee's recommendation that all social homes be made energy efficient enough to meet an EPC rating of C. This investment has been included in the 2025 Business Plan and meets the targets some two years early; we believe this helps tenants with fuel poverty. The 2050 net zero targets are more challenging and emergent, and we are waiting to see the approach from the Labour government.

The Regulator of Social Housing (RSH) Consumer Standards came into effect from 1st April 2024. These strengthen safety and quality, transparency, influence and accountability, neighbourhoods and communities and tenancies. Judgements and ratings have been published during 2024 showing a focus on asset management, health and safety and customer insight. We are compliant with the new standards and have shared self-assessments and an assurance framework with Board in the last year.

We were pleased with the scores for the first year of the Tenant Satisfaction Measures published in the summer of 2024 placing North Star in the top quartile in nine of the twelve measures. The results for 2024/25 evidence that satisfaction with services has increased in 11 out of 12 areas. We will not be complacent, with staff working with customers to strengthen our approach in a number of areas and have ambitions to achieve a C1 rating as a part of our next inspection.

The Housing Ombudsman Service has strengthened its Code which we have adopted fully. We have a Complaints Working Group that meets regularly with meetings attended by our Board Member Responsible for Complaints and we use our transactional and perception satisfaction scores on complaints as we look to improve satisfaction in this area.

North Star implemented the full rent increase allowed for 2025/26 of 2.7% across all stock which was CPI plus 1% using the September 2024 CPI figure. There continues to be significant financial pressures, and it is vital that North Star remains financially resilient with a focus on Value for Money, supported by good business planning, robust budgeting, and extensive stress-testing.

The Regulator of Social Housing completed an In-Depth Assessment (IDA) in January 2023 that has resulted in us retaining our top judgements of G1/V1. This rating was confirmed by the RSH in December 2024.

Our Approach

The Board approved the Value for Money (VFM) strategy in January 2025.

VFM is a constant for North Star. VFM is about doing more with our resources so that we can achieve our corporate objectives. By optimising VFM throughout the organisation, we are better able to maintain our existing homes and increase the supply of new properties in our communities. We are also able to release additional capacity to invest in services to ensure customers have safe, secure and well-maintained homes to live in.

Delivering VFM is part of an integrated and embedded approach, rather than something that is separate or an annual task that must be completed. VFM is a critical business tool. VFM at North Star is not just about reducing costs. Quality and cost are both important, as is the relationship between investment and performance, and these form the basis of our VFM measurement and monitoring.

In summary, at North Star VFM means combining the outstanding efforts of our people with the best use of our assets and resources, delivering quality services for our customers and communities. To do this we have a detailed understanding of:

- The cost of providing our services.
- The effectiveness and quality of services we provide for customers.
- Our ability to invest in new and existing homes.
- Our capacity to provide social value & environmental sustainability.

Our comprehensive approach to VFM is not new, but it has been progressively honed over the years working closely with staff. The focus of our people on continuous improvement has enabled us to develop and invest in keeping North Star strong.

Our guiding principles for VFM are based on the 4 E's:

- **Economy:** Minimising the cost of resources that go into delivering our services, without compromising on quality.
- **Efficiency:** Delivering services to our customers with little to no waste of our efforts or energies.
- **Effectiveness:** Measuring the performance of our services against other organisations, capturing quantitative and qualitative outputs.
- **Equity:** Ensuring our services are available and accessible to intended customers, ensuring that the benefits of our work are distributed evenly throughout our communities.

We will deliver these objectives through strong resource management. This will require us to be creative, connected, and courageous by being at the forefront of new thinking.



VFM Activity During 2024/25

Overall financial performance of North Star

£'000	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Actual	Actual
Revenue	20,740	21,327	22,381	24,649	27,722
Operating expenditure	(14,573)	(15,209)	(17,254)	(19,005)	(21,266)
Operating surplus	6,167	6,118	5,127	5,644	6,456
Operating margin (%) [*]	29.7%	28.7%	22.9%	22.9%	23.3%
Amortisation of goodwill	(32)	(32)	(32)	(32)	(32)
FA surplus	50	32	115	0	416
Net interest	(2,554)	(2,658)	(2,656)	(2,912)	(3,788)
Net surplus	3,631	3,460	2,554	2,700	3,052
Net margin (%)	17.5%	16.2%	11.4%	11.0%	11.0%
[*] RSH Technical Guidance Note Definition					

The table excludes exceptional items relating to the refinancing project in 2020/21.

Our operating margin has averaged at 25.5% over the last five financial years, however the metric has been subject to cost pressure during the last 3 years where it has averaged at 23.0%.

In December 2023 Board approved the application of a 7.7% rent increase. At the time of approval, the increase reflected a one-year rent settlement in place with providers. Whilst benefitting from an increase to revenues in 2024/25, we have also seen a sustained increase within our operating costs, most notably within property maintenance. Demand for our repairs service continues to be high and the condition of properties being returned to us, are often requiring a broader scope of works prior to being relet. We are seeing an increased volume of repairs as we look to swiftly address issues of damp, mould and condensation. We have also incurred additional cost as we take a rigorous approach to responding to the fire safety and compartmentation needs of our stock.

Further increases in cost have been realised following the commissioning of external support as we moved to a 5 year cycle for stock condition surveys. During the year we have seen an increased volume of disrepair claims which has driven additional legal fees within the business. These factors in addition to further computer maintenance costs to deliver our Digital ambitions have all contributed to an eroding of the benefit generated by additional revenues. Our operating margin has marginally increased over the last 12 months. The measure continues to be area of strength where we continue to outperform our peers. More detail on our operating margin performance and comparison to the wider sector is shared later in this report.

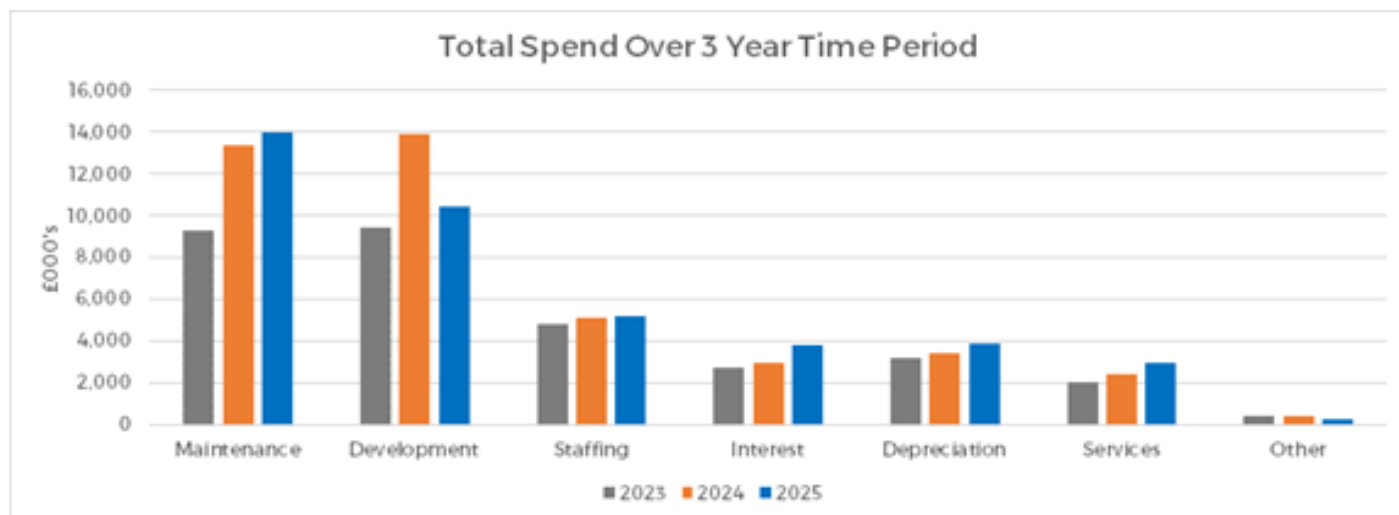
As referenced above, Board approved rent increase of 7.7% to take effect from 1st April 2024. Inflation has steadily declined from the September 2023 CPI figure of 6.7% that featured as part of the agreed rent settlement calculation. However, the high inflation has continued to impact our supply chain during 2024/25, and inflation has remained stubborn, sitting above the Bank of England's 2% target for much of the year. Global uncertainty driven by US tariff announcements, has seen for an upward trajectory in inflation in recent months. This has continued to have an impact on our cost base during the year, from which we have seen costs increasing at a not dissimilar rate to that of our income.

A key focus of our approach to financial management is demonstrated in the 2025/26 budget, which aims to further improve the performance of our operating margin to preserve the financial resilience and strength of the organisation. The 2025/26 budget approved by Board is at an operating margin of 25%.

The Building Cost Information Services (BCIS) reported in their March 2025 forecast that inflation in the construction industry is forecast to increase by 17% over the next five years. The impact of cost increase for materials and labour remains and this can be further compounded by contractor availability, where a scarcity of contractors can present additional challenges for providers.

Our exposure to the above inflationary increases in cost of materials and labour from the construction industry, continue to make for a challenging environment driving further increases in the cost of delivering our services to customers. This is a shared experience with others in the sector and as outlined above, our operating margin continues to remain above that of our peers.

Total Spend Comparison - 2022/23 to 2024/25



The most significant changes between 2024 and 2025 are:

- A decrease in overall spend of just under £1m, most of which (£3.5m) is attributable to a reduction in net spend on the development of new units. In 2024 we delivered 83 units and spent £13.9m; whereas in 2025 we delivered 74 new units incurring costs of £10.3m. The level of investment is reflective of the profile of our development schemes and our aspiration outlined in our 3-year corporate strategy to deliver a minimum of 225 new homes between 2024 and 2026.
- An overall increased investment in maintenance costs of £0.7m, which has been caused by several factors outlined below.
- The value of capitalised major repairs has decreased by £0.25m compared to 2023/24. The level of investment in 2024/25 was closely aligned to the expectation of the original budget. This investment is based on the latest available energy performance certificate (EPC) information and detailed stock condition survey (SCS) held on our properties. During 2024/25, 1,439 improvements were made to our customers' homes at a cost of £5.3m.
- We have continued to see an increase in the cost of delivering our Responsive Repairs services with costs increasing by £700k on the prior year. During 2024/25 we experienced a 21% increase in the volume of day-to-day repairs compared to the assumption of the original budget. We have continued to experience more specialist works carried out on areas such as roofing, joinery and ground works to address drainage issues –the average cost for these repairs is significantly higher than that of a standard repair.
- Our void costs have increased by £243k compared to the 2023/24 financial year. During 2024/25 we experienced a 7% increase in the number of properties becoming void compared to the assumption of the original budget. We continue to see some properties requiring a broader scope of works to be undertaken prior to relet due to costs of clearance, repairs and redecoration. During the year we engaged consultants to review our approach to voids. This work concluded that our processes and housing management arrangements were strong and costs in line with Peers.

- We have spent an additional £105k (Capital & Revenue expenditure) to address issues of damp, mould and condensation (DMC) in our properties in comparison to the last financial year. We have seen both the number of reported incidents and the average cost of the subsequent repair increasing. We have reviewed processes, reporting, inspection regimes, enhanced training for staff and provided advice for tenants. Continued vigilance in treating DMC issues remains a priority for us as we plan for the implementation for Awaab's Law in October 2025.

Whilst there is no peer data publicly available for 2024/25, following dialogue with other providers in the region we are anecdotally aware that many of our peers have had similar increases in maintenance spend during the year.

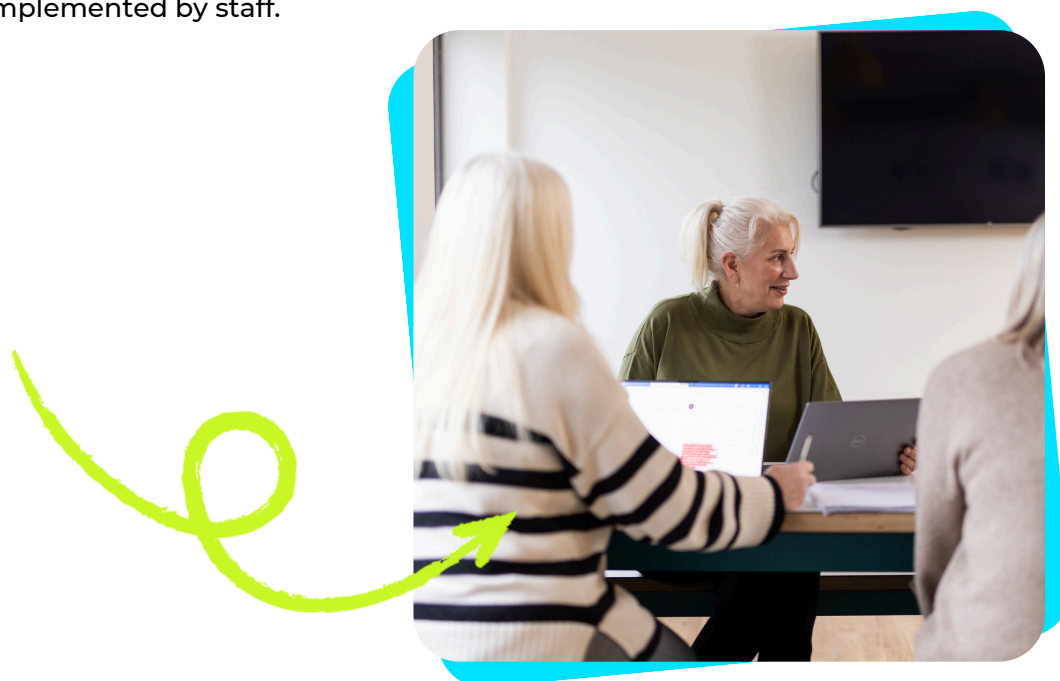
In response and in the summer of 2024, we commissioned 4i Solutions to undertake a review of our existing repairs contract with Ian Williams. The review considered an assessment of the contract's commercial sustainability and the level of value for money being delivered by the contract. Key findings of the review are summarised below:

- **Cost** – from the review and benchmarking exercise undertaken we are paying 'competitive prices' per repair across both responsive maintenance and voids. 4i also commented that the level of site and central overheads 'are sufficient to deliver contracts of the nature to achieve acceptable levels of performance'.
- **Value for Money** – performance scores show that service levels are broadly in line with KPI targets with VFM being achieved through a composite of both cost and quality.
- **Peer Comparison** – the service being delivered by Ian Williams compares favourably across a range of benchmarked measures such as customer satisfaction and job completions etc.

Some key comparative benchmarks emerging from the review are outlined below:

Health Check Measure	North Star	Peer Benchmark	Variance
Contractor Overhead %	18.0%	22.0%	4.0% below peer average
Central Overhead %	5.0%	5.2%	0.2% below peer average

4i have provided a series of recommendations to further improve control in relation to cost management that have been implemented by staff.



Performance against Targets

The actions and targets were set in the annual corporate plan for 2024/25 and the annual VFM report shared with Board in June 2024.

There were a total of 17 actions and more detail by exception on these actions can be viewed below:

- 16 actions have been completed
- 1 action has not been completed and is outlined in the table below:

VFM Theme	Action	Target	2024/25 Outcome
Smart Procurement	Review and re-procurement of IT infrastructure	Review completed with recommendations used to inform a new procurement process with transition planned for 2025/26	Objective carried forward to 2025/26 due to a number of key vacant roles during the year. A review of the infrastructure has taken place with procurement activity commencing in the first quarter of 2025/26.

Savings & Efficiencies

We have outlined below a definition of savings and efficiencies and captured their application in the business over the last 12 months.

- **Efficiencies** – there is a focus across North Star on working effectively and economically. This applies to both front line services as well as functions in the back office. Being efficient in our processes, allows us to maximise the effectiveness from our levels of available resource. Whilst this can lead to both staff and contractors being able to deliver more, it won't always result in cashable savings.
- **Savings** – this is where a reduction in cost has been delivered by a new or redesigned process or generated as a result of newly procured contract. A saving is created where a particular process requires less resource to achieve the same level of effectiveness.

Efficiencies

There have been improvements or changes made during the year, which may not directly impact or reduce costs but do support a more effective use of our resources. Some of the efficiencies introduced during the year are outlined below.

- During the year we leveraged funding through a North East partnership to work with the National Innovation Centre for Data (NICD). Working with a Data Scientist, we shared our repairs data to forecast the failure of boilers in our properties based on both the type and frequency of repairs experienced. The funding secured was worth approximately £25k.
- As a part of our HMS Endeavour project, a new Repairs module was introduced during the year as part of a phased implementation. The module streamlined the number of systems used by our Customer Services Team to one singular system. This simplified approach increases both the speed and ease at which repairs can be raised for customers.
- We introduced Housing Perks for both our customers and staff. Housing Perks is a nationally used discount scheme which offers the ability for customers to use their savings to pay off any rent arrears.

Efficiencies (continued)

- We have introduced a formal Change Advisory Board (CAB) to support the change management of IT systems within the business. This ensures all changes, including associated spend and system modifications are tracked, reviewed and authorised through a robust process which is well governed. Changes introduced, as suggested by staff, have delivered further aspects of automation within our new Housing Management System.
- In conjunction with our Repairs contractor, we have introduced SkyVac Technologies to clean the guttering of our properties. The new technology reduces the need for scaffolding, reduces costs, improves safety and speeds up the delivery of maintenance to our properties. The innovation has been welcomed by customers.

Savings

The delivery of £122k of savings was set out in the 2024/25 budget approved by Board in March 2024, with this value being surpassed during the year. There were savings of £208k made during the year from vacant roles, £140k from savings relating to procurement and a further £78k savings on property leasing costs.

Whilst we have secured cost savings during the year, we have seen areas of operating cost increase most notably so within responsive maintenance and central administration costs. Savings secured have been utilised to reduce the impact of cost increase elsewhere in the business.

Outcomes and Effectiveness

Community Investment and Generating Social Value

At North Star we have a long history of operating right at the heart of the communities we serve. We work hard to be not only a responsible landlord, but an active partner in our communities. We believe in working with a community's strengths to address the challenges they face, rather than focusing on perceived issues and problems.

Connecting communities to our business gives us the opportunity to understand what really matters to our tenants, demonstrate our role as an anchor organisation and support people to realise their ambition and achieve their potential.

This year we have conducted a community survey to find out what our tenants really want to see us supporting and developing in their communities. From this research and analysis of over 200 responses we know what individual communities want us to invest in as well as our tenant population as a whole. This will generate a refreshed strategy that focuses on challenging poverty, increasing opportunity and improving the physical environment of communities. It is a key strategic decision to invest in our communities, working with people to address community challenges and improve the quality of their lives. In 2024/25 North Star invested £320k.

North Star's investment generates social value which is measured, calculated and reported annually using a treasury approved method of calculation combining qualitative and quantitative outcomes. As a result of the investment North Star has delivered more than £4.4m of social value. This figure is made up of:

- Over £3.25m generated through community investment projects targeting food poverty relief, tackling the cost-of-living crisis and addressing loneliness.
- £100k generated by tenant connection activity reviewing of policies, procedures and performance of North Star.
- £1m generated in health and wellbeing outcomes through planned maintenance work improving the quality of homes we own.
- £70k generated through successful moves of people from supported housing to independent tenancies.

Asset Management

Our property portfolio is diverse. Our Asset Management Strategy sets out how we manage, maintain, and review the performance of our stock. Utilising staff and consultants we have developed a 5-year cycle of stock condition surveys and will survey 789 properties each year to maintain this cycle. This robust data helps to inform our strategic decisions relating to stock investment. Our investment programme is developed to combine works to both minimise disruption for customers and achieve efficiencies for North Star through procurement.

During 2024/25 we invested £5.3m in our existing properties. In total 1033 properties benefited from improvement works. Active asset management and planned investment is not only vital to ensuring homes meet customer expectations and meet the decent home standards, but it also reduces the need for responsive repairs.

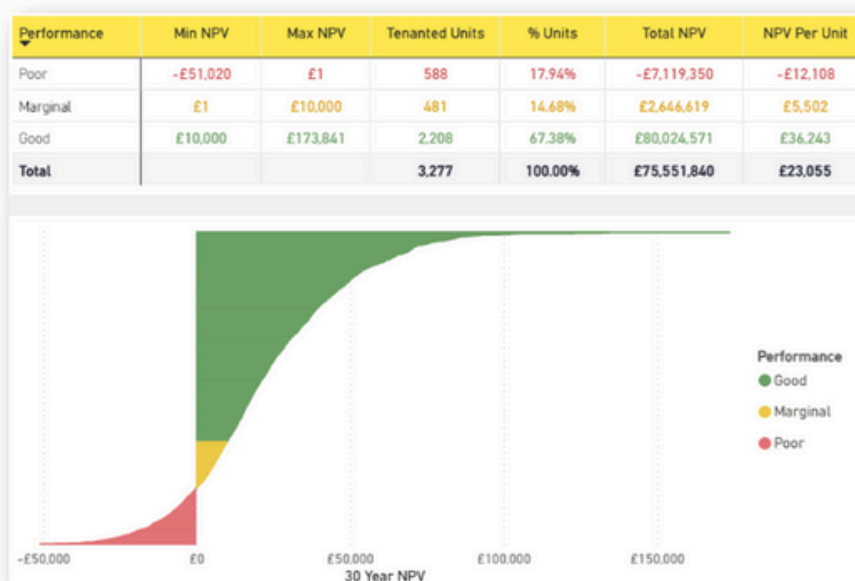
We are committed to the long-term aim of decarbonising our stock and meeting the Government's targets of getting our properties to EPC Level C by 2030. During the year we have continued to invest in the decarbonisation of our stock with 122 properties upgraded to EPC level C and have attracted Government funding of over £930k from round three of the Social Housing Decarbonisation Fund (SHDF).

Return on Assets

Understanding the performance of our assets, not just from a financial perspective but also their performance against social objectives is a driver of value for money. During 2024/25 we wanted to enhance our Return on Assets model, and commissioned consultants Savills to work with us utilising their sector leading SHAPE platform.

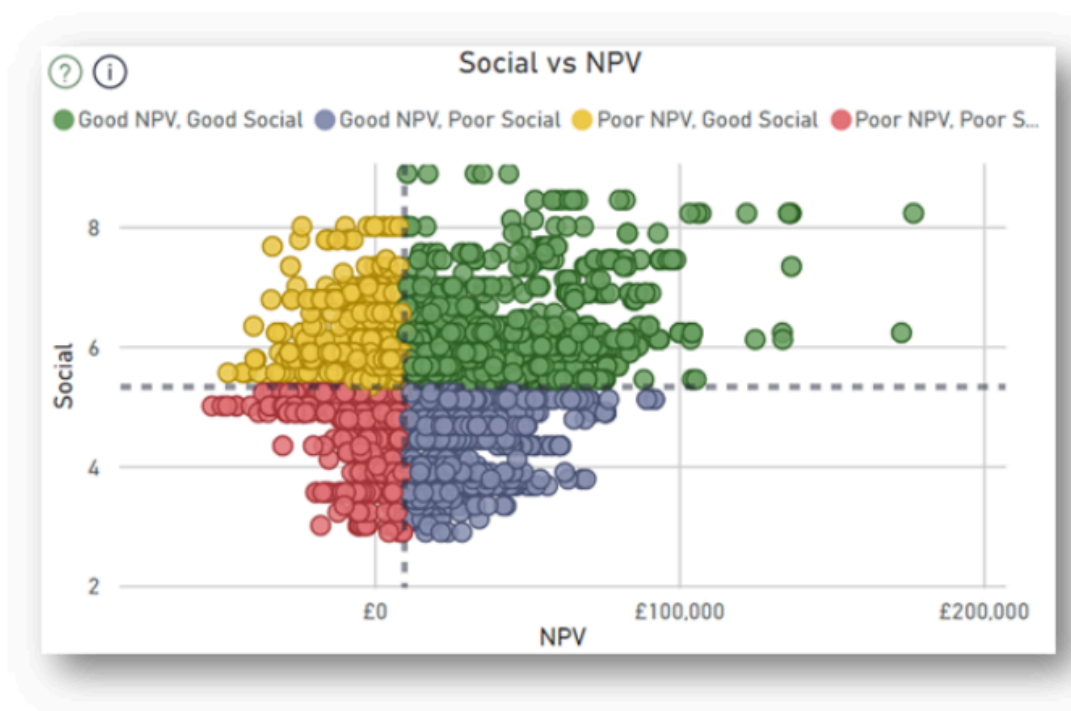
The model provides information on the performance of assets on a more granular basis, allows for options analysis and ability to access benchmarking information. We shared the model and outcomes with Board in April 2025 and it will be refreshed annually for review. The model will help support decision making on the investment needs of assets and will be an important tool in the strategic asset management of our properties and neighbourhoods.

The below graphic considers the Net Present Value (NPV) of stock, categorising performance as either 'Good', 'Marginal' or 'Poor'.



67.4% of our stock has an NPV over a 30-year period exceeding £10k. Savills have indicated that typically providers' portfolios consist of between 20% - 25% of marginal or poor performing stock. The NPV of properties has been negatively impacted in 2024/25 as a result of more prudent assumptions upon major repairs and operating costs acting to apply downward pressure. The updated model is based on the 2025 Business plan assumptions on rental income and therefore captures the extension of a CPI + 1% rent settlement to 2031. The performance of stock will be improved further in 2025/26 as well model the extension of the 10-year rent settlement to 2036.

The below graphic compares both the social and financial performance (NPV) our properties. The measures of social value are informed by 11 different 'Data Indicators' based upon a range of areas including anti-social behaviour, complaints, customer satisfaction, energy efficiency as well as aspect of digitalisation.



Our strategic approach in this area has been subject to recent review with a revised Asset Management Strategy approved by Board in July 2025. The next steps will be to incorporate our supported housing assets into the model and review in more depth the reasons behind the poorer performing assets groups (red quadrant). As appropriate, we will use SHAPE modelling to explore options and develop strategies to enhance performance.

Customers

At North Star, our commitment to delivering exceptional services goes hand in hand with understanding our customers' experiences. Customer satisfaction isn't just a metric — It's a reflection of how well we meet our customers' needs, drive value for money, and continually raise the standard of our services.

During the year we captured customer satisfaction through two robust methods: Rant and Rave and Tenant Satisfaction Measures (TSMs):

- Rant and Rave: Our real-time feedback system, capturing customer experiences immediately after a service is delivered, providing instant insight into transactional satisfaction.
- Tenant Satisfaction Measures (TSMs): These delve deeper, measuring customers' perceptions of our services over the last year, offering a broader view of their overall experience with North Star.

Our dual approach ensures we have both the pulse of day-to-day service delivery and the broader perspective on long-term customer experience.

As members of the Institute of Customer Service (ICS), we don't just measure ourselves against housing providers; we benchmark against the best in every sector. This gives us access to cutting-edge research, industry-leading innovations, and a platform to continuously improve. ICS's research underlines a powerful truth: great customer service drives financial performance and delivers value for money.

In our most recent ICS perception survey (December 2024), North Star scored 80.7 out of 100, the benchmarking of this score for the ICS overall is 75.8 and for Public Services (Local) is 70.3.



Customer Satisfaction

Through analysis of perception survey data, we continually identify key themes, emerging trends, and areas for improvement. This intelligence is at the core of our decision-making, driving enhancements in service quality and elevating customer experience.

We are delighted to be top quartile in 12 out of 12 categories for Tenant Satisfaction Measures (TSMs). We want to not just sustain our strong performance but look to improve year on year, focusing our efforts further, particularly in customer satisfaction with complaints handling.

RAG rated to RSH 2023/24 results					RSH Average results 2023/24	
TSM	TSM Description	2023/24	2024/25	Lower Quartile	Landlord Average	Upper Quartile
TP01	Satisfaction with overall service	83.2%	86.4%	63.7%	71.3%	78.4%
TP02	Satisfaction with the overall repairs service overall repairs service	78.5%	79.6%	65.7%	72.3%	78.7%
TP03	Satisfaction with time taken to complete most recent repair	74.7%	77.3%	61.1%	67.4%	75.3%
TP04	Satisfaction that their home is well maintained	83.0%	85.0%	64.4%	70.8%	77.6%
TP05	Satisfaction that their home is safe	91.1%	89.3%	70.5%	76.7%	82.5%
TP06	Satisfaction that North Star listens to tenant views and acts upon them	77.5%	79.4%	52.3%	60.4%	67.9%
TP07	Satisfaction that North Star keeps tenants informed about things that matter to them	80.0%	83.6%	63.8%	70.3%	75.9%
TP08	Proportion of respondents who report that they agree North Star treats them fairly and with respect	88.1%	89.2%	70.8%	76.8%	82.8%
TP09	Satisfaction with North Star's approach to handling complaints	50.8%	56.2%	27.5%	34.5%	41.1%
TP10	Satisfaction that North Star keeps communal areas clean and well maintained	75.8%	81.4%	58.2%	65.1%	71.7%
TP11	Satisfaction that North Star makes a positive contribution to neighbourhoods	72.3%	79.5%	55.1%	63.1%	70.4%
TP12	Satisfaction with North Star's approach to handling anti-social behaviour	71.3%	78.8%	51.3%	57.8%	64.8%

Our Rant and Rave platform gives us immediate feedback on key service areas, driving timely improvements:

Rant and Rave Customer satisfaction KPI	2022/23	2023/24	2024/25	Target 2024/25	Housemark median
Repairs	85.6%	83.8%	86.5%	88.0%	88.0%
Customer Service	95.5%	95.1%	96.4%	88.0%	No data available

We know that repairs are a cornerstone of customer satisfaction. Recent feedback indicates that communication and completion times are key drivers of dissatisfaction. We investigate every instance of low satisfaction to understand root causes and drive targeted improvements. Our commitment to refining the repairs service is resolute, with enhanced oversight and management focus.

We also used the same methodology to measure customer satisfaction in a number of different areas across the business. We use feedback, data and insight to improve the quality of services we deliver to customers.

Performance

Another measure of effectiveness is the KPI performance and the annual performance for 2024/25 was shared with Board in June 2025. A wide range of KPIs are captured and reported during the year with the key metrics for housing management, repairs and staff shown below:

KPIs	2022/23	2023/24	Target 2024/25	Outturn 2024/25	HouseMark Quartile Position
Current arrears – General Needs & Older Persons (GN&OP)	3.10%	3.02%	2.90%	2.35%	Median
% rent lost through homes being empty (GN&OP)	0.94%	0.78%	0.78%	0.79%	Upper
% of appointments kept	95.80%	96.50%	98.00%	94.40%	Lower
% of gas services completed before expiry date at quarter end	99.74%	99.94%	100.00%	100.00%	Upper
% of time lost to sickness	2.03%	1.57%	N/A	1.62%	Not available

We set challenging performance targets informed by three-year trend data and consideration of our operating environment.

We continue to support our customers through the delivery of benefits advice and income maximisation. During 2024/25, the Team supported customers to increase their income by over £1m.

Our performance on the percentage of repairs appointments kept was less than the specified target at the end of March 2025. In response to the underperformance in repairs targets, we have implemented several changes to drive improvement;

- Follow-on and rebooking processes have been redesigned in collaboration with Ian Williams our main contract partner for repairs
- Continued focus on resource allocation and monitoring trends.
- Working with the Customer Service Team to ensure appropriate classification of repairs and use of diagnostic technology.

Financial Capacity

Following our In-Depth assessment from the Regulator in 2022/23, our top regulatory judgements of G1/V1 were confirmed again in December 2024 as a part of the Regulator's Annual Stability Check. This next section sets out our approach to assessing, and evidencing use of, the financial capacity within the business.

Borrowings

As at the end of March 2025, the organisation had £129.8m of drawn debt to support investment in both new and existing properties. The level of debt drove gearing of 50.3%, which is higher than a sector median of 45.6% as outlined in [VFM metrics and reporting](#) for 2024. This indicates North Star is leveraging more debt from its available asset base to drive investment in our communities. Our VFM measure in relation to New Supply Delivered is further evidence of this. The measure is reflective of our Growth Strategy and indicates the organisation 'sweats' its assets more in comparison to similar sized providers.

In 2024 we introduced a new funder to the organisation (Clydesdale Bank Plc t/a Virgin Money) as a part of the latest refinancing project to replace our revolving credit facility with Yorkshire Building Society (YBS). The new facility, totalling £50m, increased our access to liquidity by £25m and allowed us to retain a harmonised suite of covenants across all principal funders. The new facility also allows us to manage interest rate risk, but also benefit from any future decline in the variable rate of interest.

As part of our medium-term funding strategy, we have executed an additional £20m of new finance in the summer of 2025 from Santander UK Plc. The facility from Santander permits the hedging of up to 100% of the drawn balance. The facility also has an availability period of up to 24 months, allowing us to only draw funds as they are required reducing the cost of carry during the early years of the agreement. Importantly the facility allows us to maintain a harmonised covenant suite across all principal lenders.

We have continued to model debt capacity stress testing in our Business Planning process for 2025. Similar to 2024, this has shown there continues to be more exposure to the availability of asset cover in our financial planning compared to other aspects of covenant risk. The April 2025 Business Plan does however make good use of the available security and holds sufficient headroom to help mitigate covenant risk.

Assumptions around the valuation growth of our stock, have been modelled alongside levels of projected borrowings to identify if we are sufficiently maximising the financial capacity of our plan. The 2025 Business plan approved by Board saw the percentage of available security reach as low as 29.2%, thus meaning the level of investment profiled is in line with the risk appetite and Golden Rule parameters approved by Board.

In 2025 we have continued to provide further analysis focusing upon the short-term liquidity impact generated by stress events. As at the end of March 2025, we had access to 37 months of liquidity (April 2028).

Investment

The 2024 Business Plan captured a commitment to deliver 375 new units between 2026 and 2031, and to deliver an EPC rating of 'C' across all our properties by 2028. In February 2025, the Regulator published the results of the Quarter 3 financial & risk survey outlining continued significant financial pressures within the sector. Capital works to existing stock are set to continue to record levels as providers deal with increased demand for repairs, whilst responding to the Social Housing Regulation Act 2023. In response it continues to be reported that providers in the sector are continuing to reduce capital expenditure in new development as a response to the challenging economic environment. There continues to be uncertainty as revised expectations around stock decency (Decent Homes II), provision of new homes (Future Homes Standard) and decarbonisation continue to emerge.

The financial strength of North Star has allowed for these investment commitments to continue in the 2025 Business Plan approved by Board in April 2025. The investment allows us to meet the housing need of future customers as well as support existing customers as we look to alleviate the impact of fuel poverty.

Investment in delivering social value remains at the core of North Star. Our financial strength, as evidenced by our strong operating margin, allowed us to spend £320k on Community Investment in 2024/25 with our work delivering more than £4.4m of social value during the period.

Over the last three financial years our operating margin has remained strong, averaging at 23.0% and continues to outperform our peers. Mirroring the approach of previous years, the Guiding Principles used to develop the 2025/26 Budget ensured there remained a focus upon identifying essential and discretionary spend within the business, with areas of discretionary spend being required to demonstrate 'positive business impact'.

Inside the last five years, we have undertaken three separate refinancing projects, to raise a combined debt value of £180m. The outcomes of the financing projects remain at the heart of increasing and sustaining capacity within the business. Reduced interest, liquidity, refinancing and covenant risk for North Star has offered us the flexibility to deal with economic challenges and emerging issues.

Sustaining our financial resilience continues to be an area of critical focus, with several direct references captured upon our Strategic Risk Register. Each specified risk has a series of risk controls that are being operated to both manage and mitigate potential impacts. The stress testing of our April 2025 Business Plan evidenced we are able to withstand aspects of financial uncertainty.

North Star Trends and Comparison to other Housing Associations

Benchmarking

Benchmarking enables us to assess our costs and performance against our peers.

There is a time lag to the publication of benchmarking data so the most up to date peer information is for the 2023/24 financial year. We know from speaking with peers and our own financial performance that there have continued to be cost pressures during 2024/25 mainly around maintenance costs.

There is a range of information available which can be used to benchmark the performance and costs of North Star. It can identify areas of high cost or poor performance that can be investigated by staff and action taken to improve if required. There can be difficulties in drawing absolute comparisons on benchmarking data. We use benchmarking in the following ways:

- HouseMark
- RSH Global Accounts
- RSH VFM Metrics
- Vantage Benchmarking Club
- Bespoke Peer Groups

RSH VFM Metrics

The table below show the performance on the VFM metrics over the last three years and includes the draft North Star figures for 2024/25.

RSH metrics	2022	2023	2024	2025	2022	2023	2024
	NS	NS	NS	NS	Peer	Peer	Peer
1. Reinvestment %	35%	6.6%	9.5%	7.15%	7.1%	5.9%	7.9%
2. New supply delivered (Social Housing Units) %	1.04%	1.78%	2.12%	1.91%	1.08%	1.62%	1.15%
3. Gearing %	45.8%	47.2%	48.8%	50.3%	42.4%	42.8%	43.9%
4. EBITDA MRI interest cover %	201%	169%	86%	111%	183%	152%	120%
5. HSCU	£3,930	£4,354	£5,332	£5,622	£3,908	£4,399	£5,158
6a. Operating Margin (Social Housing Lettings) %	27.6%	21.7%	21.7%	22.2%	20.7%	18.6%	15.5%
6b. Operating Margin %	28.7%	22.9%	22.9%	23.3%	21.0%	19.0%	16.1%
7. ROCE	2.9%	2.3%	2.4%	2.7%	3.4%	3.1%	2.9%

* RSH Technical Note Guidance Definitions

There is no peer group data available yet for 2024/25.

North Star Trend

The key points to note from the North Star data are:

- The reinvestment metric has decreased due to £4.4m less spent on the development programme during 2024/25. Despite the reduced level of spend we delivered 74 new properties in the year. During last financial year we have also invested £5.3m to meet the component needs of our existing properties as determined by stock condition and energy performance data.
- As a result of conscious accelerated investment decisions and inflationary pressures, our EBITDA MRI interest cover declined during 2023/24 to 86%. In 2024/25 the metric has demonstrated recovery. Improvement in the metric has been supported by our robust approach to budget management in addition to a well-managed treasury portfolio with high levels of hedged debt protecting us from interest rate risk.

North Star v Peer Group Metrics

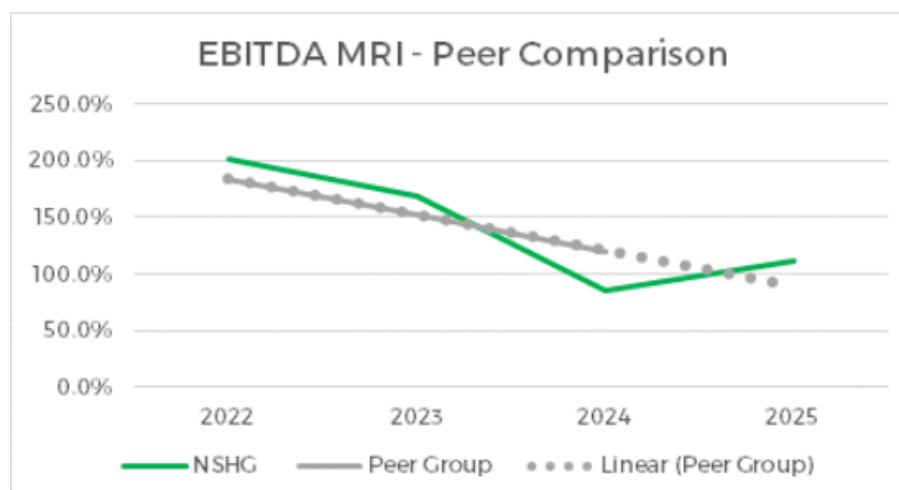
Data from our peers on their performance against the VFM metrics for 2024/25 is not yet available. To compare with others in the sector we have used our 2024/25 performance comparing with that of the trend from peers over the last three financial years. This makes absolute comparison difficult, as the impact of continued economic uncertainty will not yet be fully visible on peer metrics.

In many of the metrics, our experience is either reflective of or better than that of our peers. Our operating margin continues to be an area of strength, we sweat our assets to leverage comparatively more debt than peers to outperform on the level of new housing supply that we generate.

In recent years we have provided further analysis in relation to Headline Social Housing Cost per unit (HSCU) as a result of being more costly than our peer group. The 2025 position is in line with the forecast trajectory of the peer group and subsequently no further detail has been provided below. There are however, two metrics where the trend demonstrates a positive movement from our peer group. The areas are outlined further below.

EBITDA MRI Interest Cover

In 2022 and 2023 our performance in this area sat comfortably ahead of the peer benchmark. However, the recent experience in the sector has seen for a downward pressure on this metric as a result of cost increases coupled with an overall growth in interest rates since late 2021. The 2024 Global Accounts reported a decline of over 40% in the metric since 2021.



In 2024 we made conscious decisions to accelerate investment in the health and safety and energy efficiency of some of our properties. The investments ensured we prioritised the safety of our customers and supported tenants to alleviate the impacts of fuel poverty. This demonstrates North Star's strong social purpose, however the additional investment led to a deterioration in the metric that benchmarked less favourably than peers in 2024.

In 2025, the metric demonstrates recovery whilst a continued deterioration in interest cover is outlined in the forecast trend for the peer group. Whilst we have experienced cost challenges during the year, we have generated comparable levels of operating surplus to support the delivery of strong performance against this measure. Our investment in existing properties of £5.3m, was delivered to budget demonstrating our approach of robust financial management within the business. The level of investment represents a 4% decrease upon the level of capitalised repairs from the previous year.

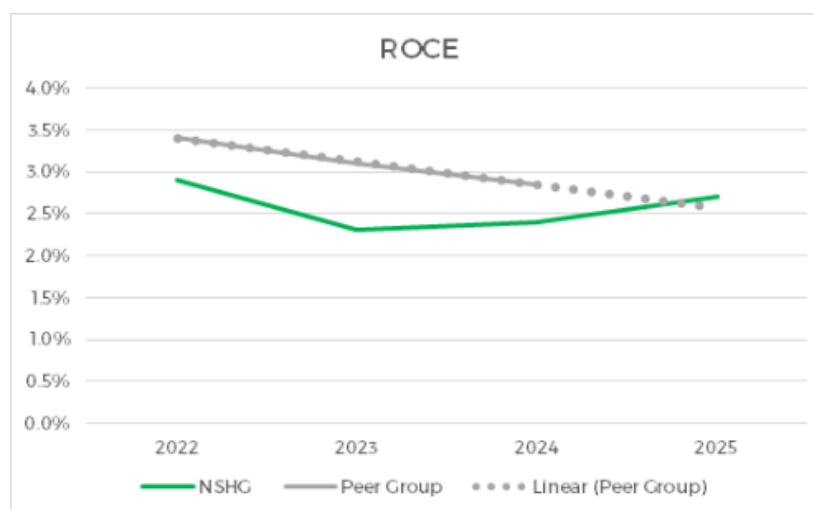
Drawing absolute comparisons with other providers in this area can be difficult given the fluctuating level of capitalised repair costs forming part of the calculation. The level of capitalised repairs is informed by stock condition and energy performance information held on housing stock, which ultimately vary between different organisations as a result of their stock investment needs.

We remain well protected from interest rate risk, where a rise in the rate of variable interest could further reduce this metric. As at the end of March 2025, 90% of our debt was drawn at fixed rates of interest meaning our exposure in this area continues to be low. For peers with a greater exposure to variable debt, performance may have continued to be challenging in an environment where interest rates remain comparatively high in the context of the last 16 years.

Whilst EBITDA MRI Interest Cover is a key measure of financial health; we continue to have flexibility to meet the investment needs of our properties without giving rise to covenant risk as a result of a harmonised EBITDA only covenant suite in place with our principal funders.

Return on Capital Employed (ROCE)

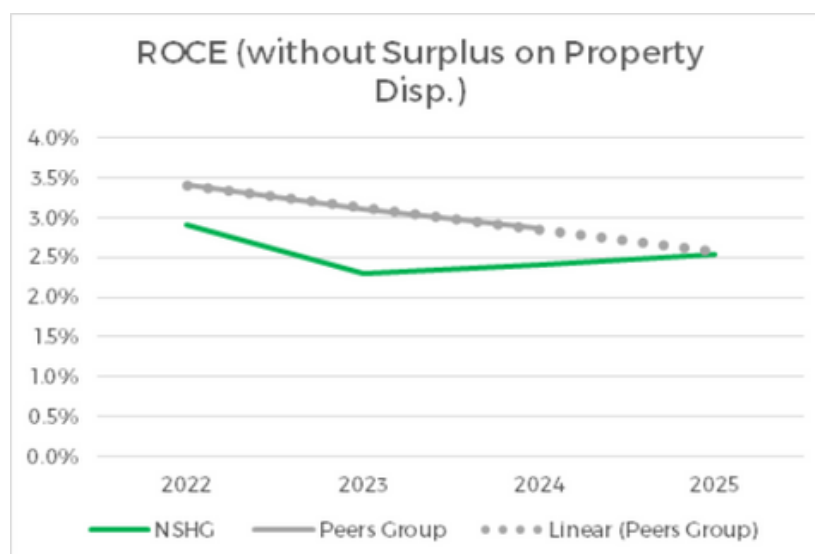
In recent years our ROCE performance has been below the average of our peer group. As reported in previous years, other providers generate higher levels of surplus from other and non-social housing activities (largely from Shared Ownership Sales) to bolster their performance in this area.



The metric for North Star has increased from 2.4% in 2024 to 2.7% in 2025. Improved performance in the metric has been supported by;

- Improved Operating Margin – our margin increased by 0.4% to 23.3% in 2024/25. Revenue was bolstered by the application of a 7.7% rent increase in 2024/25 as we looked to fund the growing investment needs of our properties and improve the quality of services we provide to customers.
- Increased Volume of Statutory Property Disposals – in the seven years prior to 2024/25, we averaged 3 statutory property disposals per annum. In this context, the disposals refer to Right-to-Buy (RTB), Right-to-Acquire (RTA) and Shared Ownership sales where a customer exercises a right to purchase their property. During 2024/25 eight separate property disposals were processed generating a surplus of more than £400k. This value is included in the ROCE calculation as defined by the Regulator.

We have restated our base performance in the below graph to exclude the impact of higher volumes of property disposals. On this basis, our 2024/25 performance is expected to in line with the measure expected to be recorded by our peers.



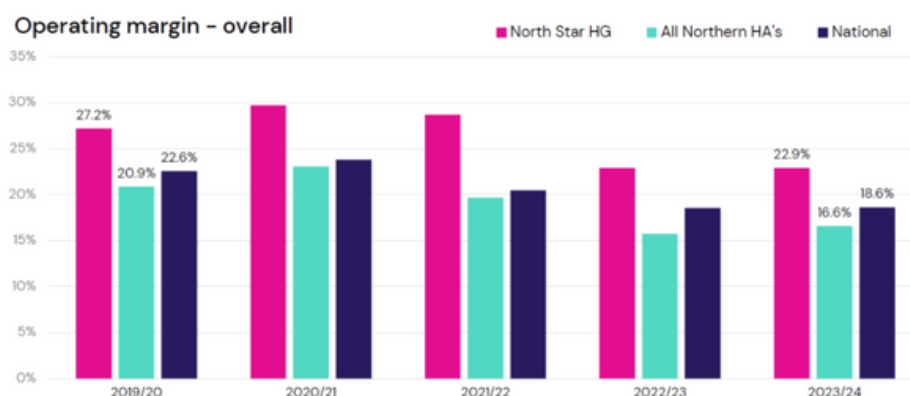
RSH have published trend analysis of the sectors performance against VFM metrics between 2022 and 2024. The analysis can be viewed [here](#) and demonstrates our experience over the last three years is reflective of or better than peers.

HouseMark

The level of analysis from HouseMark included in this report is brief as a result of the lag in data publication the inconsistencies between peers relating to aspects of cost allocation.

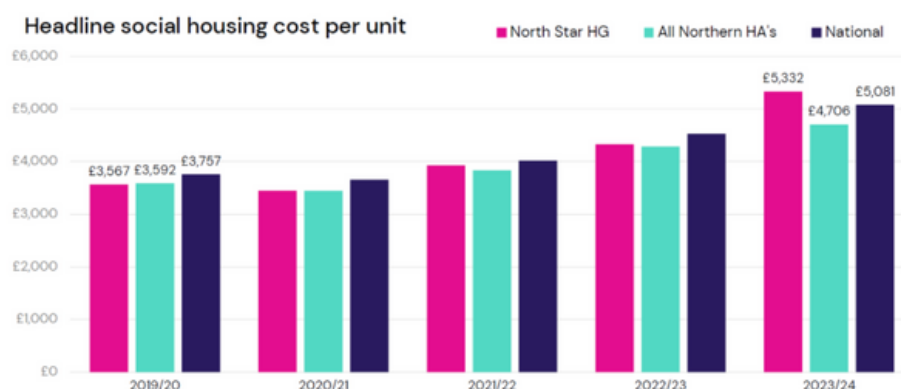
The peer group used in this analysis is different to the standard peer group referenced above. It is made up of either, all participating organisations in the North East, and Yorkshire & Humberside or all participating organisations in the North. The next section highlights both areas of strength and underperformance within the organisation.

Our operating margin continues to be an area of strength as demonstrated by the below graph. During 2023/24 we achieved an operating margin of 22.9% which was comfortably above that of our peers and the national sector average.



Our margin has increased in 2024/25 to 23.3%. Whilst we have experienced areas of cost increase during the year, our robust approach to budget management and ability to surpass savings targets have supported to deliver an improvement in this measure. Within our budget we make prudent assumptions in relation to the timing of income from new developments, which has also been surpassed following the accelerated handover of new properties on some schemes.

Whilst the operating margin has seen improvement in 2024/25, our recent experience of cost increase has also been experienced by other providers in both the region and nationally, as demonstrated by the below graph on Headline Social Housing cost per unit (HSCU) performance.



Whilst there is a consistent upward trajectory in the analysis for both ourselves and peers, it should be noted HSCU is impacted by the level of capitalised major repairs in any one year. The level of investment can fluctuate, with property investment needs being driven by stock condition survey and energy performance information. In 2023/24 an increased HSCU was reflective of conscious decision making to accelerate investment in existing properties as we looked to prioritise tenant health & safety.

The HouseMark data for 2023/24 shows that North Star continues to perform well in many key performance metrics. We have set out below some areas of strong performance:

- Average relet times at 23 days missed the internal target of 20 days but are significantly lower than the peer group median at 48.6 days.
- Metrics recording our customer experience are also strong, where North Star performs well against peers when responding to inbound telephone calls.

We have set out some analysis below of areas where North Star has recorded lower quartile performance in 2023/24:

- Overhead cost per unit (£1,017 vs Peer Median of £681). Spend captured in this area includes Finance, IT (Digital & Data), HR (People Services) and premises costs. Housemark no longer record 'Overheads as percentage of Turnover', which we have used for sharing in previous iterations of our VFM statement. However, this similar measure increased from 13.7% in 2021 to 15.3% in 2023 and was similarly an area of outlying performance.

The main impact on the performance of this metric has been the level of investment needed to deliver our strategy for Digital and Data over recent years. The data can also be impacted by varying cost allocations techniques between peers.

- Both the average number of responsive repairs per property and the average number of days taken to complete repairs are higher than the medians recorded by peers. During the year we have continued to experience more complex works than the previous year requiring the involvement of specialist contractors to undertake works relating to roofing, joinery and ground works to address drainage issues.

Despite the increased volume of repairs compared to peers, satisfaction with the overall repairs service at 83.6% was very close to the peer group median of 84.2%. This is a transactional measure and differs from the performance in the TSMs referenced on page 21, which looks at perception for which we measured upper quartile.

2024/25 and Beyond

VFM remains at the heart of our corporate objectives, budgeting and business planning processes. During the year Board approved a new VFM Strategy with its guiding principles based on the 4 E's of Economy, Efficiency, Effectiveness and Equity. VFM underpins the health of the organisation and is key to keeping North Star strong as we aim to achieve our strategic objectives.

Over the last 12 months the external environment has remained challenging. Stubborn inflation has seen our operating costs rise at a not dissimilar rate to our income, resulting in a marginal increase our operating margin for the year. During the year we have seen exposure to cost increase, particularly within property maintenance, as we responded to an increasing level of demand from our customers and a continued broadening scope of works required in our properties.

In 2025/26 we introduced further new funding as we look to sustain our access to liquidity and operate with a continued harmonised covenant suite, supporting effective management of treasury risk within the business. The facility ensures there is an availability of cash to meet the ambitions of L&G to 2026 to invest in both new and existing properties.

The strength of our financial viability and the preservation of our financial resilience remains of critical importance. Continuing to deliver VFM will be key to enabling North Star to remain strong, to support our customers and communities. Working with colleagues and customers to fully embed our new VFM Strategy will be part of the work we undertake in 2025/26.

By ensuring we are both conscious of and connected to VFM, we will be ideally placed to unlock efficiencies through a range of projects to meet the aspiration of our Digital Strategy. We will undertake service reviews, listening to the voices of our customers to improve the quality of the services we provide.

It is from this perspective our future financial plans ensure savings are captured and discretionary spend is identified as we look to sustain our strong operating margin performance.



2025/26 Value for Money Targets and Objectives

Our Corporate Plan captures VFM objectives for 2025/26 which can be viewed [here](#). We will continue to drive our approach on VFM having developed a new Strategy in January 2025. We fully expect additional VFM objectives to emerge during the year as we respond to the needs of our customers faced by a dynamic external environment.

Internal Controls Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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

The Board has received the annual review of the effectiveness of the system of internal control for the Organisation, as approved by RAC, and the Annual Report of the Internal Auditor. Both reports provided assurance that there were adequate systems of internal control and that these had operated effectively throughout the year.

The process for identifying, evaluating and managing the significant risks faced by the Organisation is ongoing and has been in place throughout the period commencing 1st April 2024 up to the date of approval of the Report and Financial Statements.

Key elements of the control framework include:

- Assessing compliance with the Regulator of Social Housing Regulatory Standards. Detailed self-assessments against all RSH standards were shared with Board at the June 2025 meeting.
- Adoption of and compliance with the National Housing Federation 2020 Code of Governance - Promoting Board Excellence in Housing Associations.
- Compliance with the Regulatory Standard on Governance and Financial Viability as evidenced by our G1/V1 rating in December 2024.
- Board approved terms of reference and delegated authorities for the Risk and Audit Committee and ad hoc working groups.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts.
- Formal recruitment, retention, training and development policies for staff and Board.
- Established authorisation and appraisal procedures for all significant new initiatives and commitments.
- A risk management framework, approved by the Board in December 2024, which includes the 'three lines of defence' assurance model for all risk registers.

Internal Controls Assurance (continued)

- The annual review of the effectiveness of the systems of internal control, which considers a range of areas including risk management, internal audit arrangements, and the approach to procurement and fraud. The 2024/25 review concluded that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year and that those systems were aligned to an on-going process for the management of the significant risks facing the Organisation.
- An independent Internal Audit function which agrees an annual programme of work with the Risk and Audit Committee (RAC), meets with the Committee (with and without management in attendance) and provides reports to the Committee detailing levels of assurance for each area reviewed, as well as an Annual Report.
- A comprehensive approach to treasury management which is subject to external review on an annual basis. RAC approved the Annual Treasury Strategy in May 2024, and this included a presentation from Centrus, the retained treasury advisors to the Organisation.
- Updated 'Golden Rules', which cover liquidity, covenants and key operational metrics which are reflective of our funding agreements. Performance against these is reported to the Board quarterly as part of the finance report.
- Regular reporting on key business objectives, targets and outcomes.
- A regular review of Internal and External Auditors and their roles/periods of appointment.

Risk Management

The Standing Orders, approved by Board in December 2024 state that:

"The Board shall lead the organisation within a framework of sound governance, continuous improvement and effective control which enables risks to be properly assessed and managed."

The Risk Management Framework was approved by Board in December 2024 and sets out the roles and responsibilities for risk management as well as the risk management process.

Risk Management Responsibilities

Board is responsible for leading the Organisation within a framework of sound governance, continuous improvement and effective control which enables risks to be properly assessed and managed. Board also oversees a risk management framework in order to safeguard the assets and reputation of the Organisation and review the high scoring strategic risks.

Board delegate the oversight of the risk management process to the Risk and Audit Committee. RAC review the quarterly risk management report, focusing on low and medium risks, assessing the direction of travel of risk scores, identifying and highlighting any issues in relation to these to the Board including any proactive measures which would prevent these risks being scored as high risks. This supports the Board with its overall responsibility for risk and enables the Board to focus more time on high scoring risks.

The Senior Management Team make up the Risk Group and they are responsible for supporting the Board in the strategic development and implementation of a pro-active approach to risk management for the Organisation. The Risk Group ensures the most significant risks faced by the Organisation are identified, analysed, prioritised, effectively managed and presented to RAC and Board. The Risk Group is also responsible for ensuring that any new or emerging risks are identified, assessed and presented to Board and RAC.

Risk Management Process

There are four aspects for managing and addressing risk – Tolerate, Treat, Transfer or Terminate – and there are four categories of controls – Preventative, Corrective, Directive and Detective. The controls and assurances are captured in our 4Risk software and we use the Three Lines of Defence model to classify assurances:

- **1st Line of Defence** – this is front line staff, policy and procedures.
- **2nd Line of Defence** – this is the review of management and/or Board, RAC and RECC.
- **3rd Line of Defence** – this is external validation of the control. For example, internal audits of a service area provided third party validation of controls.

There are owners for each risk control and these owners are responsible for assessing the level of assurance for that control.

The Risk Group meet every quarter and as well as discussing the strategic risks also consider feedback from the operational risk group and discuss emerging risks. The Risk Group meeting notes are made available to all Board members.

The Strategic Risk Register is reported to Board and RAC quarterly. The quarterly risk report also includes details of the emerging risks that have been considered by the Risk Group.

Operational risks within the business are owned and managed by the Functional Directors and Heads of Services Risk Group. The group meets quarterly to identify, assess and escalate where appropriate to the Risk Group areas or activity that could threaten the achievement of corporate objectives. The Operational Risk Register is also reported to the RAC annually.

Risk Management Activity 2024/25

Following an update of the Risk Management Framework in December 2024, there were only a small number of key risk management actions to complete during the year. This involved:

- Board approving annual stress testing scenarios for featuring within the 2025 Business Plan (January 2025)

The Board reviewed, updated and approved its Risk Appetite in June 2025. There is a robust risk management framework in place with clear responsibilities set for Board, RAC and the Risk Group with a clear risk management process in place.

Financial Risk Management

The Organisation's operations expose it to a variety of financial risks including credit risk, interest rate risk and liquidity risk. Principal financial instruments comprise of cash and bank deposits, bank loans and overdrafts, other loans and obligations under operating leases, together with debtors and creditors that arise directly from its operations.

The main risks arising from financial instruments can be analysed as follows:

Credit Risk

Principal financial assets are bank balances, cash and rent debtors, which represent the Organisation's maximum exposure to credit risk in relation to financial assets.

Exposure to credit risk is primarily attributable to rent debtors. Detailed arrears monitoring processes are in place and the amounts shown in the balance sheet are net of a provision for doubtful debts estimated by management, based on prior experience. Performance on arrears has been strong in 2024/25 despite the challenging economic environment.

The credit risk on liquid assets is limited because the counterparties are banks that retain high credit ratings with international credit rating agencies.

Interest Rate Risk

The Organisation's policy is to ensure that between 70% and 100% of its long-term borrowings are held on fixed interest rate arrangements with a range of maturity dates to ensure that the Organisation's exposure to significant movements in interest rates is limited. The Organisation continues to be well protected against this risk, where at the 31st March 2025, 90% of drawn debt was at fixed rates of interest.

Liquidity Risk

The Organisation continues to ensure that its liabilities can always be met when due and that adequate liquidity is at all times available to meet unexpected expenditure requirements that may arise from time to time. One of our 'Golden Rules' prescribes a minimum level of cash reserves. As at the 31st March 2025, North Star had access to £33.2m of liquidity made up of cash balances (£1.7m) and secured and undrawn loan facilities (£31.5m).

Disclosure of Information to Auditor

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

Auditor

A resolution to re-appoint Beever & Struthers as Auditor will be proposed at the Board meeting on 15th September 2025.



Statement of the Board's responsibilities in respect of the Board's Annual Report and the Financial Statements

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

The Co-operative and Community Benefit Societies Act 2014, and registered social housing legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Organisation and of the income and expenditure of the Organisation for that period. Under those regulations the Board has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice 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 Organisation will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Organisation and enable it to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Organisation and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Organisation's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

Approval

This Report was approved by the Board on 15th September 2025 and signed on its behalf by:



A Urbanowicz

Chair

Independent Auditor's Report to the members of North Star Housing Group

Opinion

We have audited the financial statements of North Star Housing Group (the 'Association') for the year ended 31 March 2025 which comprise the Association Statement of Comprehensive Income, the Association Statement of Financial Position, the Association Statement of Cash Flows, the Association Statement of Changes in Reserves and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities in respect of the Board's Annual Report and the Financial Statements set out on page 36, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- We obtained an understanding of laws, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the NHF Code of Governance 2020, the Regulatory Standards, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed the controls the Board has in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board has in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers

Statutory Auditor

One Express

1 George Leigh Street

Manchester

M4 5DL

Date: 25 September 2025

Association Statement of Comprehensive Income for the year ended 31st March 2025

	<i>Note</i>	Year ended 31 st March 2025 £000	Year ended 31 st March 2024 £000
Turnover	3	27,722	24,649
Operating expenditure	3	(21,266)	(19,005)
Operating surplus subtotal	3	<u>6,456</u>	<u>5,644</u>
Surplus on disposal of fixed assets	7	416	-
Operating surplus		6,872	5,644
Amortisation of intangible assets & goodwill	16	(32)	(32)
Interest receivable and similar income	8	8	53
Interest payable and financing costs	8	(3,796)	(2,965)
Surplus for the year before taxation		3,052	2,700
Tax on surplus on ordinary activities	13	-	-
Surplus for the year after taxation		3,052	2,700
Other comprehensive income/(expense)			
Actuarial gain/(loss) in respect of pension scheme	12	145	(367)
Total comprehensive income for the year		3,197	2,333

All results derive from continuing activities.

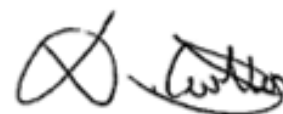
The Financial Statements, on pages 40 to 71, were approved by the Board and authorised for issue, on 15th September 2025 and signed on its behalf by:



A Urbanowicz
(Chair of Board)



G Allinson
(Chair of Risk and Audit Committee)



A Carlton
(Secretary)

The Notes on Pages 44 to 71 form part of these financial statements.

Association Statement of Financial Position at 31st March 2025

	Note	At 31 st March 2025 £000	At 31 st March 2024 £000
Fixed assets			
Housing properties	14	254,347	240,459
Other tangible assets	15	1,779	1,559
Intangible assets	16	36	68
Total fixed assets		256,162	242,086
Current assets			
Investments	17	30	30
Debtors (including £181k (2024 £207k) due after more than one year)	18	2,576	2,370
Cash and cash equivalents		1,707	1,983
		4,313	4,383
Creditors: amounts falling due within one year	19	(6,282)	(7,097)
Net current (liabilities)		(1,969)	(2,714)
Total assets less current liabilities		254,193	239,372
Creditors: amounts falling due after more than one year	20	(212,874)	(200,732)
Provisions for liabilities and charges			
Pensions	12	(1,312)	(1,814)
Other provisions	24	(53)	(69)
Total net assets		39,954	36,757
Capital and reserves			
Non-equity share capital	25	-	-
Restricted reserves		566	566
Revenue reserves		40,700	38,005
Pension reserves		(1,312)	(1,814)
		39,954	36,757

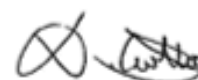
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A Urbanowicz
(Chair of Board)



G Allinson
(Chair of Risk and Audit Committee)



A Carlton
(Secretary)

The Notes on Pages 44 to 71 form part of these financial statements.

Association Statement of Cash Flows

for the year ended 31st March 2025

	Year ended 31 st March 2025 £000	Year ended 31 st March 2024 £000
Cash flows from operating activities		
Surplus for year	3,052	2,700
<i>Adjustments for non-cash items:</i>		
Depreciation of tangible fixed assets	4,208	3,565
Amortisation of Intangible fixed assets	32	32
Amortisation of Government grant	(1,017)	(991)
(Increase)/Decrease in trade and other debtors	(693)	33
(Decrease)/Increase in trade and other creditors	(961)	1,535
(Decrease) in provisions	(16)	(21)
Pension costs less contributions payable	(435)	(414)
Surplus on sale of tangible fixed assets	(416)	-
<i>Adjustments for financing activities:</i>		
Interest and financing costs	3,796	2,965
Interest receivable	(8)	(53)
Net cash from operating activities	7,542	9,351
Cash flows from Investing activities		
Purchase of tangible fixed assets	(18,560)	(23,200)
Proceeds from sale of tangible fixed assets	817	-
Grants received	3,237	4,389
Interest received	8	53
Net cash used in Investing activities	(14,498)	(18,758)
Cash flows from financing activities		
Interest paid	(3,748)	(3,038)
New secured loans	10,500	17,250
Loan Issue Costs	-	(593)
Repayments of borrowings	(81)	(9,287)
Net decrease in other loans	9	3
Net cash from financing activities	6,680	4,335
Net decrease in cash and cash equivalents	(276)	(5,072)
Cash and cash equivalents at 1 st April	1,983	7,055
Cash and cash equivalents at 31st March	1,707	1,983

The Notes on Pages 44 to 71 form part of these financial statements.

Association Statement of Changes in Reserves

for the year ended 31st March 2025

	Share capital £000	Restricted reserves £000	Revenue reserve £000	Pension reserve £000	Total reserve £000
Balance at 1 st April 2023	-	566	35,641	(1,783)	34,424
Total comprehensive income for the financial year					
Surplus for the year	-	-	2,700	-	2,700
Other comprehensive income					
Actuarial loss recognised in the pension scheme	-	-	-	(367)	(367)
Transfer to pension reserves	-	-	(336)	336	-
Balance at 31 st March 2024 & 1 st April 2024	-	566	38,005	(1,814)	36,757
Total comprehensive income for the financial year					
Surplus for the year	-	-	3,052	-	3,052
Other comprehensive income					
Actuarial gain recognised in the pension scheme	-	-	-	145	145
Transfer to pension reserves	-	-	(357)	357	-
Balance at 31 st March 2025	-	566	40,700	(1,312)	39,954

Notes

1. Legal Status

The Association is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014, registered number 21256R. The Association is registered with the Regulator of Social Housing as a Registered Provider under the terms of the Housing and Regeneration Act 2008, registered number LH0084. The Association is a public benefit entity (PBE) with its principal activity being to provide social housing.

2. Accounting Policies

Basis of Accounting

These Financial Statements are prepared in accordance with the Housing SORP 2018: (Statement of Recommended Practice for registered social housing providers), the Housing and Regeneration Act 2008, the Co-operative and Community Benefit Societies Act 2014, the Accounting Direction for Private Registered Providers of Social Housing 2022 and Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102"). The Association has taken the exemption not to restate business combinations that took place prior to 1st April 2014.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements. The accounts are prepared under the historical cost basis of accounting and are presented in pounds sterling and, unless otherwise noted, amounts are rounded to the nearest £'000.

Going Concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted in the business plan updated for 2025/26 and therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Our net current liability position at the 31st March 2025 was expected and is not considered to be a going concern issue. The net liability position was a result of reduced cash balances held at the year-end with undrawn secured loans, of which there were £31.5m (as at 31st March 2024), only being drawn when necessary for effective cashflow management.

Key Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements.

Categorisation of Housing Properties

The Association has undertaken a review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that it does not hold any investment properties.

Development Expenditure

The Association capitalises development expenditure in accordance with the accounting policy described on Page 46. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

2. Accounting Policies (continued)

Impairment

The Association considers whether indicators of impairment exist in relation to tangible assets. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The Association also considered expected future performance of the asset. Any impairment loss is charged to the Statement of Comprehensive Income.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Following a trigger for impairment, the Association performs impairment tests based on fair value less costs to sell or a value in use calculation. During 2024/25 the Association has not identified any triggers for impairment.

Key Estimates and Assumptions

Key Estimates applied in preparation of these financial statements:

Tangible Fixed Assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values. The carrying value of the tangible fixed assets at the 31st March 2025 was £256,126k.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuations, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases are based on expected future inflation rates for the respective sector. Further details are given in note 12.

We have undertaken some sensitivity analysis in relation to the assumptions used to calculate the pension deficit as outlined in note 12. The impact on the estimated pension provision of any movement in the assumption is outlined in the table below:

Assumption	Change in Assumption	Pension Provision Impact – (Increase)/Decrease
Discount Rate	+ 0.1% p.a	£111k
Inflation Rate	+0.1% p.a	(£28k)
Salary Growth	+0.1% p.a	(£1k)

2. Accounting Policies (continued)

Housing Properties

Housing properties are stated at their historical cost less depreciation and any provision for impairment. Costs include the costs of acquisition, construction, a fair proportion of direct and incremental internal staff time engaged on the development of the housing properties, interest which is capitalised up to practical completion and expenditure incurred in respect of improvements. Properties are transferred from schemes under construction to completed schemes on practical completion.

Improvements are works which result in an enhancement of the economic benefits of the asset to the Association arising from an increase in the net rental income over the life of the asset, such as a reduction in future maintenance costs, or which result in a significant extension of the useful economic life of the property in the business.

The Association operates a component accounting policy in relation to the capitalisation and depreciation of its completed housing property stock. All housing properties are split between their land, structure costs and a set of major components which require periodic replacement. Refurbishment or replacement expenditure on such major components is capitalised and depreciated over the estimated useful economic lives of the components. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

These useful economic lives are as follows:

Component	Useful Economic Life (Years)
Structure	100
Roof	60
Windows & Doors (incl. Fire Doors)	30
Kitchen	20
Bathroom	30
Boiler (inc Air Source Heat Pumps)	15
Electrics	30
Heating	30
Flooring (No Service Chargeable)	20
Cladding	25
Insulation (Cavity Wall, Loft & External Wall)	30-50
Damp Works	20
Service chargeable Communal replacements	3-30
Garage Additions	20
Solar Panels	25
Environmentals	25
Re-point/rendering	55
Ventilation Systems	10

2. Accounting Policies (continued)

The estimated useful economic life for each component has been based on the Association's current experience of component replacement. We are working with our Asset Management Teams to review the useful economic life (UEL) experience for energy efficiency components; where currently a range in UEL has been offered pending more detailed data on lifecycle becoming available. The Association will continue to monitor and review the useful economic lives of all components and make revisions where sustained material changes arise.

Depreciation of Housing Properties

Depreciation is provided to write down the cost of housing properties, other than freehold land, to their estimated residual value on a straight-line basis over their expected useful economic life. Freehold land is not depreciated.

Low-Cost Home Ownership (LCHO)/Shared Ownership Properties

The costs of shared ownership properties are split between current and tangible fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a tangible fixed asset and subsequent sales treated as sales of fixed assets/property sales in operating profit.

Capitalisation of interest and management costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the properties into their intended use.

Property managed by Agents

Where the Association carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income. Where the agency carries the majority of the financial risk, income includes only that which relates solely to the Association.

In both cases, the assets and associated liabilities are included in the Association's Statement of Financial Position.

Other Fixed Assets and Depreciation

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The following annual rates are used:

- i) Freehold office premises 2% to 5%
- ii) Office furniture, fittings and equipment 10% to 33%
- iii) Computer equipment 20% to 33%

Intangible Fixed Assets and Amortisation

The Association establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. The estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provision that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

2. Accounting Policies (continued)

Purchased goodwill (representing the surplus of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1st January 1998 is capitalised. Positive goodwill is amortised to nil by annual instalments over its estimated useful life of 20 years.

Short Term Debtors & Creditors

Debtors and creditors with no stated interest rate; receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

- Tenant Arrears, Trade and Other Debtors

Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

- Trade and Other Creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. If the arrangement constitutes a financing transaction, for example where payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at the market rate of interest for a similar debt instrument.

Mortgage Debtor Properties (HomeBuy).

The Association participated in a scheme to lend a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of social housing grant (SHG). On redemption:

- The SHG is recycled
- The SHG is written-off, if a loss occurs
- The Association keeps any surplus

HomeBuy loans are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and reviewed annually for impairment.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances which are reflected at transaction value.

Bad Debt Provision

The Association holds a provision for bad and doubtful debts. 100% of former tenant arrears are provided for at the point of tenancy termination. The Association provides for 20% of all current tenant arrears.

Provisions

Provisions represent the Association's liabilities to carry out future repairs on managed schemes as detailed in Note 24.

John Pease Cottages

North Star Housing Group is the Corporate Trustee of John Pease Cottages (JPC), an almshouse charity. JPC owns 4 properties and exists to provide housing for persons in need with preferences given to those who are members of the Society of Friends. JPC is a registered charity and registered with the RSH. The financial performance of JPC is not consolidated into the financial performance of North Star Housing Group on the basis that the impact is not material.

2. Accounting Policies (continued)

Categorisation of Loans

Under FRS102 the financial instruments of the Association have been classified as Basic Financial Instruments in accordance with Paragraphs 11.8 and 11.9 of FRS102 and are measured at transaction price. Interest payable is calculated using the effective interest method of the difference between the loan amount on initial recognition and amount of maturity of the related loan and is charged to the Statement of Comprehensive Income in the year.

Social Housing and Other Government Grants

Social Housing Grant (SHG) is utilised to subsidise the capital costs of housing properties. The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property. All SHG received by the Association is to assist with the cost of development of its housing properties, and therefore there is an ongoing linkage between the cost of constructing housing properties and Government grant.

SHG is initially recognised at fair value as a long-term liability, specifically as deferred grant income, and released through the Statement of Comprehensive Income as turnover over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords holding housing properties at cost.

On the disposal of properties, all associated SHG is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the Social Housing Grant funding regime.

Recycling of Capital Grant

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

Restricted Reserves

Restricted reserves represent amounts that are set aside for specific purposes where their use is subject to external restrictions. These restrictions arose from the stock transfer with Teesdale Council (now Durham County Council). The Association agreed to ring fence a portion from its share of the proceeds from Right to Buy sales to a restricted reserve for use only to develop additional social housing in Teesdale.

Turnover & Revenue Recognition

Turnover of the Association represents rental income, service charges, amortised capital grant, revenue grants from Local Authorities and Homes England, other income receivable from properties owned or managed by the Association and income from the sale of shared ownership properties.

Rental Income is recognised when the property is available for let, net of void loss. Income from property sales is recognised upon legal completion. Supporting People Income is recognised under the contractual arrangements.

Sale of properties developed for shared ownership are included in turnover and cost of sales and are recognised on legal completion.

2. Accounting Policies (continued)

Service Charges

Service charge income and costs are recognised on an accruals basis. The Association operates variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Where periodic expenditure is required, the Association will incur a capital cost on behalf of residents and recharge the depreciation through the service charge until full recovery is made.

Supported Housing Schemes Managed by Agents

Social housing capital grants are claimed by the Association as developer and owner of the property and included in the Statement of Financial Position of the Association. The treatment of other Income and Expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Association and its managing agents and on whether the Association carries the financial risk.

Where the Association holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's Income and Expenditure is included in the Statement of Comprehensive Income (Note 3).

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the Statement of Comprehensive Income includes only that Income and Expenditure which relates solely to the Association. Other Income and Expenditure of projects in this category are excluded from the Statement of Comprehensive Income (Note 3).

Taxation

The Association is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 meeting the definition of charitable companies for UK corporation tax purposes.

Accordingly, the afore referenced undertakings are potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

VAT

The Association 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 Association and not recoverable from HM Revenue & Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Leased Assets

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Holiday Pay Accrual

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

Right to Buy Sales

The gains or losses on disposal of social housing properties under Right to Buy arrangements are calculated as being the difference between the proceeds of a sale of a property and the balance sheet value of the property.

2. Accounting Policies (continued)

The gains or losses on disposal of Right to Buy properties are recognised in the Statement of Comprehensive Income at the date of transfer of title after deducting the element of proceeds that is payable to the Local Authority under the Right to Buy sharing arrangement.

Pension Costs

The Association operates a Defined Contribution Scheme under which the Association pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

The costs of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates and future pensions increases.

Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the actuary considers the interest rates of corporate bonds in the respective currency. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rates are based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 12.

Social Housing Pension Scheme

The SHPS surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the Scheme surplus/deficit is split between operating charges, finance items and, in the Statement of Comprehensive Income, actuarial gains and losses.

Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Further details of the assumptions and the pension plans are in Note 12.

3. Turnover, Operating Expenditure and Operating Surplus

	2025			2024		
	Turnover £000	Operating Expend. £000	Operating Surplus £000	Turnover £000	Operating Expend. £000	Operating Surplus £000
Social housing lettings	27,344	(21,266)	6,078	24,267	(19,005)	5,262
Other social housing activities						
Charges for support services	320	-	320	348	-	348
Other	34	-	34	11	-	11
	354	-	354	359	-	359
Activities other than social housing						
Other	24	-	24	23	-	23
Total	27,722	(21,266)	6,456	24,649	(19,005)	5,644

3. Turnover, Operating Expenditure and Operating Surplus (continued)

	General Housing	Supported Housing (including housing for older people)	LCHO	Other Housing	Total 2025	Total 2024
	£000	£000	£000	£000	£000	£000
Turnover from social housing lettings						
Rent receivable net of identifiable service charges	19,316	2,969	25	193	22,503	19,756
Service charge income	248	2,679	11	-	2,938	2,656
Charges for support services	-	20	-	-	20	19
Net rental income	19,564	5,668	36	193	25,461	22,431
Amortised Government Grants	748	266	2	-	1,016	991
Other income from lettings	2	858	-	-	860	839
Other grants	7	-	-	-	7	6
Turnover from social housing lettings	20,321	6,792	38	193	27,344	24,267
Expenditure on social housing lettings						
Management	3,200	1,950	-	40	5,190	5,064
Service charge costs	422	2,371	-	137	2,930	2,423
Routine maintenance	4,735	1,398	8	89	6,230	4,609
Planned maintenance	922	796	1	6	1,725	1,888
Major repairs expenditure	928	69	-	7	1,004	1,294
Bad debts	55	29	-	(1)	83	86
Lease Costs	21	138	-	32	191	271
Depreciation of housing properties	3,194	708	11	-	3,913	3,370
Operating expenditure on social housing lettings	13,477	7,459	20	310	21,266	19,005
Operating surplus/(deficit) on social housing lettings	6,844	(667)	18	(117)	6,078	5,262
Void losses	(153)	(173)	-	(10)	(336)	(320)

4. Accommodation in Management and Development

The number of units of accommodation managed by the Association as at 31st March was as follows:

	No. of Properties 2025		No. of Properties 2024	
	Owned No.	Managed No.	Owned No.	Managed No.
SOCIAL HOUSING				
Under Development at Year End				
General Needs Housing Social Rent	14	-	-	-
General Needs Housing Affordable Rent	62	-	84	-
Supported Housing at Affordable Rent	-	-	7	-
	<u>76</u>	<u>-</u>	<u>91</u>	<u>-</u>
Under Management at Year End				
General Needs Housing Social Rent	2,266	35	2,245	44
General Needs Housing Affordable Rent	1,074	-	1,029	-
Supported Housing	281	-	266	-
Housing for Older People	193	-	193	-
Intermediate Rent	10	-	10	-
Low-Cost Home Ownership	15	-	16	-
	<u>3,839</u>	<u>35</u>	<u>3,759</u>	<u>44</u>

	2024	Additions	Disposals	Movements	2025
	No.	No.	No.	No.	No.
Summary Owned and/or Managed					
General Needs Housing at Social Rent – Owned & Managed	2,245	19	(5)	7	2,266
General Needs Housing at Social Rent – Managed for Others	44	-	(9)	-	35
General Needs Housing at Affordable Rent	1,029	49	(2)	(2)	1,074
Supported Housing at Social Rent	401	8	(1)	(5)	403
Housing for Older People at Social Rent	193	-	-	-	193
Intermediate Rent	10	-	-	-	10
Low-Cost Home Ownership	29	-	(1)	-	28
	<u>3,951</u>	<u>76</u>	<u>(18)</u>	<u>-</u>	<u>4,009</u>

Where other organisations manage accommodation owned by the Association and those organisations carry the financial risks associated with management, then the Income and Expenditure accounts of the Association include only the Income and Expenditure which relates solely to the Association.

There were a further 3 (2024: 4) general needs affordable rent units which had reached practical completion but had not been handed over to housing management by 31 March 2025.

The Association owns 135 (2024: 148) supported housing units and registered care homes as set out in Note 5 that are managed on its behalf, under management agreements, by other bodies who contract with Supporting People Administering Authorities and carry the financial risk relating to the supported housing units.

5. Accommodation Managed by Others

The number of units managed by others as at 31st March was as follows:

	2025 No.	2024 No.
SOCIAL HOUSING		
Under Management at Year End		
Supported Housing	119	132
Registered Care Homes	3	3
Low costs Home Ownership	13	13
	<hr/>	<hr/>
	135	148
	<hr/>	<hr/>

6. Operating Surplus

This is arrived at after charging/(crediting):

	2025 £000	2024 £000
External Auditor's remuneration in their capacity as auditors (excluding VAT)	37	37
Depreciation of housing properties	3,913	3,370
Depreciation of other tangible fixed assets	294	195
Surplus on sale of Fixed assets	(416)	-
Operating lease rentals (Land and Buildings)	190	271
Amortised government grants	(1,016)	(991)
	<hr/>	<hr/>

7. Surplus on Disposal of Fixed Assets

	2025 £000	2024 £000
Disposal proceeds	832	
Carrying value of fixed assets and costs of disposal	(330)	-
Retained by Durham County Council	(10)	-
Transfer to Recycled Capital Grant Fund	(76)	-
	<hr/>	<hr/>
	416	-
	<hr/>	<hr/>

In relation to the original Teesdale Housing Association properties, Durham County Council retains a proportion of Right to Buy sale proceeds as agreed under the Transfer Agreement.

8. Net Interest

Interest Receivable and Similar Income

	2025 £000	2024 £000
Interest Receivable and Similar Income	6	6
Interest Receivable from short term deposits	2	47
	<hr/>	<hr/>
	8	53
	<hr/>	<hr/>

8. Net Interest (continued)

Interest Payable and Financing Costs	2025	2024
	£000	£000
On Loans wholly or partly repayable in more than 5 years	3,763	3,038
Amortisation of loan fees	99	67
Other interest expense on SHPS (pension scheme Note 12)	78	78
Other interest payable	3	4
	<hr/>	<hr/>
	3,943	3,187
Less interest capitalised on Housing Properties under construction (Note 14)	(147)	(222)
	<hr/>	<hr/>
	3,796	2,965

9. Payments to Members of the Board

The members of the Board received the following emoluments:

	2025	2024
	£000	£000
Relating to North Star Housing Group Board membership	67	61
	<hr/>	<hr/>
	67	61
	<hr/>	<hr/>
	2025	2024
	£	£
Anna Urbanowicz	12,172	11,559
David Lyall	3,806	4,833
Jason Ridley	4,713	6,571
Claire Warren	7,429	7,075
Mark Thompson	5,075	4,833
Graeme Allinson	5,982	4,833
Simon Wake	5,075	4,833
David Walker	5,075	4,833
Nicki Clarke	5,075	4,833
Joanne Todd	5,075	4,833
Manisha Sharma	5,075	2,417
Richard Hukin	2,550	-
	<hr/>	<hr/>
	67,102	61,453

Expenses reimbursed to members of the Association's Board were £3,368 (2024: £2,648).

10. Directors' Emoluments

The remuneration of the Chief Executive, who was also the highest paid director in the year, was as follows:

	Gross Pay*	Basic salary	2025 National Insurance contributions	Pension contributions	Total	2024 Total
	£000	£000	£000	£000	£000	£000
Chief Executive	147	142	18	19	179	180

*Gross Pay prior to Salary Sacrifice

The highest paid executive officer was the Chief Executive Officer. As the Chief Executive was already employed with North Star Housing Group the banding includes the salary in their role as Executive Director of Finance and Business Support from 1st April to 31st July 2024 and their Chief Executive role from 1st August 2025 to 31st March 2025, excluding pension contributions, totalling £179k (2024: £180k).

The Chief Executive is an ordinary member of the Social Housing Pension Scheme, has no enhanced or special pension terms and has no other pension arrangements to which the Association contributes. Pension contributions during the year totalled £19k (2024: £39k). Staff members are able to make pension contributions via a salary sacrifice arrangement. For staff members opting into the scheme, employer pension contributions were increased in favour of an equal and opposite reduction in salary. The total remuneration payable to staff remained unchanged.

The remuneration of the Executive Directors (being the key management personnel) in the year was as follows. As the Executive Director of Finance and Business Support was already employed with North Star Housing Group, the banding includes the salary in their role as Director of Finance from 1st April 2024 to 31st December 2024 and their Executive Director of Finance and Business Support role from 1st January 2025 to 31st March 2025.

	Gross Salary*	Basic Salary	2025 NI Cons	Pension contributions	Total	2024 Total
	£000	£000	£000	£000	£000	£000
Aggregate emoluments of Executive Directors	401	373	47	73	493	557
Aggregate emoluments of Executive Directors including Chief Executive & Board Members (Key Management Personnel)	615	582	65	92	739	798

*Gross Pay prior to Salary Sacrifice

11. Employees

Average monthly number of employees expressed in full time equivalents and are calculated based on a standard working week of 35 hours.

	2025 No.	2024 No.
Office Staff	88	87
Wardens, Caretakers and Cleaners	2	2
	<hr/> 90	<hr/> 89
	<hr/>	<hr/>
	2025 £000	2024 £000
Wages and salaries	4,016	3,851
Social security costs	421	389
Pension costs: Social Housing Pension Scheme	375	336
	<hr/> 4,812	<hr/> 4,576
	<hr/>	<hr/>

At 31 March 2025 nil (2024 nil) was outstanding in respect of unpaid pension contributions.

Aggregated number of full-time equivalent number of staff (including directors) whose remuneration payable in the year fell above £60,000 was:

	2025 No.	2024 No.
£60,001 - £70,000	3	4
£70,001 - £80,000	4	5
£80,001 - £90,000	3	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	2
£130,001 - £140,000	2	1
£140,001 - £150,000	-	-
£150,001 - £160,000	-	-
£160,001 - £170,000	1	1

Loans totalling £46k have been made to employees in the year (2024: £70.8k). All loans are at a fixed rate of interest with the term of the loans not exceeding 5 years.

12. Pension Obligations

The Social Housing Pension Scheme (SHPS)

The organisation participates in the Social Housing Pension Scheme (the Scheme), a multiemployer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

12. Pension Obligations (continued)

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 inclusive.

The liabilities are compared, at the relevant accounting date, with the organisation's fair share of the Scheme's total assets to calculate the organisation's net deficit or surplus.

The financial assumptions underlying the latest valuation of the Scheme for FRS102 purposes were as follows:

	31 st March 2025	31 st March 2024
	%	%
Discount Rate	5.82	4.9
RPI Inflation	3.10	3.15
CPI Inflation	2.79	2.78
Salary Increases	3.79	3.78
Allowance for Commutation of Pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

12. Pension Obligations (continued)

The approximate split of assets of the Scheme as a whole are as follows:

	Asset Split at 31 st March 2025 £000	Asset Split at 31 st March 2024 £000
Global Equities	872	786
Absolute Return	-	308
Distressed Opportunities	-	278
Credit Relative Value	-	258
Alternative Risk Premia	-	250
Emerging Markets Debt	-	102
Risk Sharing	-	461
Insurance –Securities	24	41
Property	390	317
Infrastructure	1	796
Private Equity	7	6
Real Assets	932	-
Private Debt	-	310
Opportunistic Illiquid credit	-	308
Private Credit	953	-
Credit	298	-
Investment Grade Credit	240	-
High Yield	-	1
Cash	106	156
Liquid Alternatives	1,444	-
Long Lease Property	2	51
Secured Income	130	235
Liability Driven Investments	2,358	3,208
Currency Hedging	12	(3)
Net Current Assets	17	14
Total Assets	7,786	7,883

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

	Life expectancy at age 65 (Years)	Life expectancy at age 65 (Years)
Male retiring in 2025 (2024)	20.5	20.5
Female retiring in 2025 (2024)	23.0	23.0
Male retiring in 2045 (2044)	21.7	21.8
Female retiring in 2045 (2044)	24.5	24.4

12. Pension Obligations (continued)

The estimated net pension deficit at the end of the year is as follows:

	Value at 31 st March 2025 £000	Value at 31 st March 2024 £000
Fair value of plan assets	7,786	7,883
Present value of defined benefits obligation	(9,098)	(9,697)
Net (deficit)	(1,312)	(1,814)
	Value at 31 st March 2025 £000	Value at 31 st March 2024 £000
Defined benefit obligation at 1 st April	9,697	9,714
Expenses	8	8
Interest expense	466	467
Actuarial loss/(gain) due to scheme experience	411	(30)
Actuarial (gain) due to changes in demographic assumptions	-	(112)
Actuarial (gain) due to changes in financial assumptions	(1,115)	(28)
Benefits paid and expenses	(369)	(322)
Defined benefits obligation at 31st March	9,098	9,697
	Value at 31 st March 2025 £000	Value at 31 st March 2024 £000
Fair value of plan assets at 1 st April	7,883	7,931
Interest income	388	389
Experience on plan assets (excluding amounts included in interest income – (loss))	(559)	(537)
Employer contributions	443	422
Benefits paid and expenses	(369)	(322)
Fair value of plan assets at 31st March	7,786	7,883

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2024 to 31 March 2025 was (£171,000) (2024: £148,000).

12. Pension Obligations (continued)

Analysis of amounts charged to Statement of Comprehensive Income

	2025 £000	2024 £000
Expenses	8	8

Analysis of amounts (charged)/credited to other finance cost

	2025 £000	2024 £000
Expected return on Scheme assets	388	389
Interest on Scheme liabilities	(466)	(467)
	(78)	(78)



12. Pension Obligations (continued)

Defined benefit cost recognition Other Comprehensive Income (OCI)

	Value at 31 st March 2025 £000	Value at 31 st March 2024 £000
Experience on plan assets (excluding amounts included in interest income – (loss))	(559)	(537)
Experience of gains and losses arising on the plan liabilities - (loss)/gain	(411)	30
Effects of changes in the demographic assumptions underlying the present values of the defined benefits obligations – gain	-	112
Effects of the changes in the financial assumptions underlying the present value of the defined benefits obligations- gain	1,115	28
	<hr/>	<hr/>
Total amount recognised in the Other Comprehensive income – gain/(loss)	145	(367)
	<hr/>	<hr/>
Analysis of amounts recognised in the Statement of Comprehensive Income		
	2025 £000	2024 £000
Actuarial gain/(loss)	145	(367)
	<hr/>	<hr/>

The Social Housing Pension Scheme (SHPS) Growth Plan

The organisation participated in the scheme, a multi-employer scheme which provides benefits to some 521 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the organisation to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

12. Pension Obligations (continued)

A full actuarial valuation for the scheme was carried out at 30 September 2023. This valuation showed assets of £514.9m, liabilities of £531.0m and a deficit of £16.1m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2025 to 31 March 2028:	£2,100,000 per annum	(payable monthly)
--	-----------------------------	--------------------------

Unless a concession has been agreed with the Trustee the term to 31 March 2028 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
--	-----------------------------	--------------------------

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the organisation has agreed to a deficit funding arrangement the organisation recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

North Star exited the scheme on the 31st May 2024.

Reconciliation of opening and closing provision

	2025 £000	2024 £000
Provision at 1 st April	(1)	(3)
Deficit contribution paid	1	2
Provision at 31 st March	-	(1)
Amounts falling due within one year	-	1
Amounts falling due after more than one year	-	-
	-	1

12. Pension Obligations (continued)

Assumptions

	2025 % per annum	2024 % per annum
Rate of discount	4.84	5.31

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the organisation and the scheme at each year end period:

Deficit contributions schedule

	2025 £	2024 £
Year 1	-	1,434
Year 2	-	-

The organisation must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e., the unwinding of the discount rate as a finance cost in the period in which it arises.

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with the Court's determination expected no earlier than Summer 2025. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

13. Tax on Surplus on Ordinary Activities

	2025 £000	2024 £000
Total Tax Charge in the Statement of Comprehensive Income	-	-
Current tax reconciliation		
Surplus on ordinary activities before taxation	3,052	2,700
Theoretical tax at UK corporation rate 25% (2025: 25%)	(763)	(675)
Effects of:		
Charitable income not taxable	763	675
	-	-

14. Tangible Fixed Assets - Housing Properties

	Completed properties		Under construction	
	For rent £000	*LCHO £000	For rent £000	Total £000
Cost				
At 1 st April 2024	268,724	941	8,136	277,801
Development of New Properties	40	-	12,736	12,776
Works to Existing Properties	5,270	-	-	5,270
Interest Capitalised	-	-	147	147
Disposals	(850)	(87)	-	(937)
Schemes Completed	14,335	-	(14,335)	-
At 31st March 2025	287,519	854	6,684	295,057
Depreciation				
At 1 st April 2024	37,003	148	-	37,151
Charge for year	3,902	11	-	3,913
Disposals	(523)	(22)	-	(545)
At 31st March 2025	40,382	137	-	40,519
Impairment				
At 1 st April 2024 and 31 st March 2025	191	-	-	191
Net book value				
At 31 st March 2025	246,946	717	6,684	254,347
At 31 st March 2024	231,530	793	8,136	240,459

'Low Cost Home Ownership

	2025 £000	2024 £000
Housing properties cost comprises:		
Freehold	245,677	230,520
Long leasehold	8,670	9,939
	254,347	240,459
Expenditure on works to housing properties:		
Amount capitalised	5,270	5,518
Amount charged to Income and Expenditure account	1,004	1,294
	6,274	6,812

Freehold land and buildings and leasehold properties with a carrying amount of £185,368k (2024: £181,983k) have been pledged to secure borrowings of the Association.

15. Tangible Fixed Assets – Other

	Freehold office premises £000	Office furniture fittings and equipment £000	Computer equipment £000	Total £000
Cost				
At 1 st April 2024	2,066	287	1,021	3,374
Additions	10	16	488	514
Disposals	-	-	(38)	(38)
At 31st March 2025	2,076	303	1,471	3,850
Depreciation				
At 1 st April 2024	379	161	418	958
Charge for year	23	31	240	294
Disposals	-	-	(38)	(38)
At 31st March 2025	402	192	620	1,214
Impairment				
At 1 st April 2024 and 31 st March 2025	857	-	-	857
Net Book Value				
At 31st March 2025	817	111	851	1,779
At 31st March 2024	830	126	603	1,559

The £857k impairment provision relates to the difference between the actual costs held in the accounts compared to the most recent valuation (February 2019) after the completion of the refurbishment works carried out at the Registered Office, St. Mark's Court, Thornaby, Stockton-on-Tees, TS17 6QN completed in 2018/19.

16. Intangible Fixed Assets

	Goodwill £000
Costs	
At 1 st April 2024 and 31 st March 2025	630
Amortisation	
At 1 st April 2024	562
Charge for year	32
At 31st March 2025	594
Net book value	
At 31st March 2025	36
At 31st March 2024	68

Goodwill of £630k arising on the acquisition by Teesdale Housing Association of assets and liabilities from Teesdale District Council is being amortised over 20 years, being the period over which the Board believes that the Association will continue to derive economic benefit.

17. Investments

	2025 £000	2024 £000
Other Investment	30	30
	<u>30</u>	<u>30</u>

The Association is a shareholder in MORhomes, a borrowing vehicle for the social housing sector. Over 60 Housing Associations have come together to set up a new PLC whose public debt is listed on the London Stock Exchange. MORhomes raises finance on the bond markets and lends it on to Housing Associations.

18. Debtors

	2025 £000	2024 £000
Due within one year		
Arrears of rent and service charge	978	820
Less: provision for doubtful debts	(231)	(253)
	<u>747</u>	<u>567</u>
Other debtors	637	270
Loan to managed Association (John Pease Cottages)	37	20
Prepayments and accrued income	974	1,306
	<u>2,395</u>	<u>2,163</u>
Due after more than one year		
Loan to managed Association (John Pease Cottages)	75	75
Employee loans	62	88
Mortgage debtors	44	44
	<u>181</u>	<u>207</u>
	<u>2,576</u>	<u>2,370</u>

19. Creditors: amounts falling due within one year

	2025 £000	2024 £000
Housing loans (Note 23)	46	41
Other taxation and social security	4	5
Trade creditors	1,776	603
Other creditors	1,010	812
Accruals and deferred income	2,014	4,422
Rents and service charge paid in advance	381	186
Deferred income – grant (Note 21)	1,051	1,027
Pension Growth plan (Note 12)	-	1
	<u>6,282</u>	<u>7,097</u>

Loans are secured by Housing Properties, see note 14.

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

	2025 £000	2024 £000
Housing loans (Note 23)	129,187	118,674
Deferred Income Grant (Note 21)	83,541	81,991
Recycled Capital Grant Fund (RCGF) < 3 years (Note 22)	146	67
	<hr/>	<hr/>
	212,874	200,732
	<hr/>	<hr/>

Loans are secured by Housing Properties, see note 14.

21. Deferred Capital Grant

	2025 £000	2024 £000
Cost at 1 st April	100,990	97,320
Additions in the year	2,658	3,670
Disposals in the year	(78)	-
	<hr/>	<hr/>
At 31st March	103,570	100,990
	<hr/>	<hr/>
Amortisation at 1 st April	17,972	16,981
Charge in the year	1,016	991
Disposals in the year	(10)	-
	<hr/>	<hr/>
At 31st March	18,978	17,972
	<hr/>	<hr/>
Deferred income total at 31st March	84,592	83,018
	<hr/>	<hr/>
	2025 £000	2024 £000
Amounts falling due within one year	1,051	1,027
Amounts falling due after more than one year	83,541	81,991
	<hr/>	<hr/>
Recognised in the Statement of Comprehensive Income	18,978	17,972
Held as deferred income	84,592	83,018
	<hr/>	<hr/>
	103,570	100,990
	<hr/>	<hr/>

The total accumulated amount of financial assistance and other Government grant received or receivable at the balance sheet date, based upon the properties owned at that date, was recognised as outlined above.

22. Recycled Capital Grant Fund

	2025 £000	2024 £000
Opening balance	67	111
Inputs to fund	76	-
Grants recycled	-	-
Interest accrued	3	4
	146	115
Recycling of grant	-	-
New build	-	(48)
Repayment of grant to Homes England	-	-
Closing balance	146	67

23. Housing Loans Analysis

Housing loans from private lenders are secured by fixed charges on individual properties.

Housing loans are repayable via a profile of instalments or 'bullet' repayments as outlined in the facility loan agreements. The organisation has facilities at both fixed and variable rates of interest ranging from 2.22% to 10.91%. The final redemption payment against existing loan facilities falls due in 2060.

At 31st March 2025 the Association had undrawn facilities of £31.5m (2024: £42m), consisting of an undrawn revolving credit facility of £30m and access to a further £1.5m upon a term loan facility. The maturity profile of the Association's borrowings is as follows:

	2025 £000	2024 £000
Within one year	46	41
Between one and two years	283	46
Between two and five years	2,966	1,034
In five years or more	126,460	118,175
Unamortised loan fees	(522)	(581)
	129,233	118,715

24. Provisions for Liabilities and Charges

	2025 £000	2024 £000
Opening balance	69	90
Income (increase in provision in the year)	33	82
Expenditure	(49)	(103)
Closing balance	53	69

The provision exists for the costs of future repairs across two schemes.

25. Non-Equity Share Capital

	2025 £	2024 £
Shares of £1 each issued and fully paid		
At 1 st April	11	10
Shares issued during the year	1	1
Shares surrendered during the year	(2)	-
	<hr/>	<hr/>
At 31st March	10	11
	<hr/>	<hr/>

The shares do not provide members with any rights to dividends or distribution on winding up.

26. Capital Commitments

	2025 £000	2024 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	8,857	10,727
	<hr/>	<hr/>
Capital expenditure that has been authorised by the Board but has not yet been contracted for	23,035	20,941
	<hr/>	<hr/>
The Association expects these commitments to be contracted within the next year and financed with:		
Committed Loan Facilities	28,044	27,980
Social Housing Grant	3,848	3,688
	<hr/>	<hr/>

27. Operating Lease Commitments

Total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2025 £000	2024 £000
Land & Buildings:		
Less than one year	94	232
Between two and five years	213	564
More than five years	216	255
Others:		
Less than one year	21	31
Between two and five years	26	12
	<hr/>	<hr/>
	570	1,094
	<hr/>	<hr/>

During the year £213k was recognised as an expense in the Statement of Comprehensive Income in relation to operating leases (2024: £271k).

28. Related Party Transactions

During the year the following transactions arose between the Association and John Pease Cottages:

	2025 £000	2024 £000
Management expenses recharged to John Pease Cottages	7	5
Day to day repairs recharged to John Pease Cottages	3	9
	<hr/>	<hr/>

John Pease Cottages is an almshouse of four properties where the Association provides housing management and maintenance services.

During 2020/21 the Association entered into a loan agreement with John Pease Cottages, details are disclosed in Note 18. The loan made to John Pease Cottages is for an amount up to £150k. The facility comprises of a £75k 30-year term loan and a £75k five-year revolving credit facility. Other related party transactions and balances in relation to John Pease Cottages are disclosed in Note 18.

29. Analysis of Changes in Net Debt

	As at 1 st April 2024 £000	Cash flows £000	Other non- cash items £000	At 31 st March 2025 £000
Cash	1,983	(276)	-	1,707
Bank loans due within one year	(41)	41	(46)	(46)
Bank loans due after more than one year	(119,255)	(10,500)	46	(129,709)
Unamortised Fees	581	-	(59)	522
	<hr/>	<hr/>	<hr/>	<hr/>
	(116,732)	(10,735)	(59)	(127,526)
	<hr/>	<hr/>	<hr/>	<hr/>