Annual Report and Financial Statements

2022/2023

Contents

5 Chair's statement

7 Strategic report

- 7 About us
- 9 Our strategy
- 11 Our performance
- 17 Our colleagues
- 19 Value for money
- 23 Our finances
- 27 Risks
- 29 Leadership and Governance

39 Report of the Audit Committee

41 Report of the Remuneration and Nominations Committee

42 Report of the Independent Auditor

47 Consolidated statement of comprehensive income

48 Association statement of comprehensive income

49 Consolidated statement of financial position

50 Association statement of financial position

51 Consolidated and Association statement of changes in reserves

52 Consolidated statement of cash flows

53 Notes to the financial statements


Ekta Ghar
Gravesend

Moat in numbers

Finance	Homes	Customers
£161m turnover (£181m)	21,865 homes in management (21,581)	64% overall satisfaction (69%)
£45.9m surplus (£47.9m)	389 new home starts (356)	82% satisfaction: responsive repairs
39% operating margin (35%)	459 new homes delivered (500)	3.41% rent arrears: renters (3.22%)
£1.7bn housing properties cost (£1.6bn)	1,938 homes in pipeline (1,528)	109 days void (empty homes) turnaround (58 days)
£558m borrowings (£567m)	£124m spend on new builds (£109m)	115 complaints per 1,000 homes (78)
G1/V1 Regulator of social housing rating (G1/V1)		

Knights Wood, Tunbridge Wells

One and two bedroom apartments at Knights Wood in Tunbridge Wells. The apartments are well-equipped with modern fixtures and fittings. Set in 150 acres of beautiful woodlands, with multiple amenities and a local primary school, Knights Wood is the perfect location for any age.

Beulah Hill, Crystal Palace

A collection of one to four bedroom apartments for shared ownership in the highly-sought after area of Beulah Hill. Crystal Palace is set 109 metres above sea-level and this stunning new development takes full advantage of the elevated position by offering panoramic views towards central London and Surrey.

Riverbrook Place, Crawley

A collection of one and two bedroom apartments for shared ownership at Riverbrook Place in Crawley, Sussex. These homes will include modern specification including fully-fitted kitchens, quality flooring throughout and parking space. Surrounded by the open fields of the countryside, Riverbrook Place is conveniently positioned under 4 miles from Crawley's town centre with a superb selection of amenities available.

Ashvine Park, Canterbury

A collection of two and three bedroom houses for shared ownership located in Canterbury, Kent. The houses on this development are attractively designed and well-equipped with modern fixtures and fittings. Located in the heart of Canterbury in Kent, this development is closely situated to everything needed including Canterbury East and Canterbury West train stations, Whitefriars shopping centre and a variety of bars, pubs and restaurants nearby.

Chair’s statement

With the help of our customers we have developed our new corporate strategy, the Customer Pioneer.

2022/23 has been an exceptionally challenging year for us all. The combination of high inflation, higher and increasing interest rates, labour and materials shortages and an economic downturn has put a strain on everyone. Facing these challenges, we have immersed ourselves during the year in speaking with our customers, colleagues, local authorities and Members of Parliament. With over 3,000 responses from our customers and collaborations with our stakeholders we developed our new three year corporate strategy, the Customer Pioneer.

At the heart of the new Customer Pioneer strategy is our commitment to deliver a great customer experience, create more ‘pride in homes and places’ and more ‘growth in new homes'.

During the year, Moat Foundation and key partners engaged with 10,396 customers (2022: 6,953), with many attending regular weekly community activities. We also talked to over 1,000 customers at one-off events such as the Cost of Living Roadshow, the Stanhope Community Event, and the Pollards Hill Customer Priorities Survey.

We responded to and worked with the government’s capping of social rent increases for 2023/24 to 7%. We extended the 7% cap to shared owners.

In our drive to produce high quality homes that our customers are proud to live in while reducing the environmental impact and daily running costs, we invested £41m (2022: £40m) in existing homes through repairs, maintenance, and replacements. We invested £124m (2022: £109m) in building new homes. Out of the 433 new affordable homes delivered, 280 are for rent and 153 are for shared ownership. We started construction of a further 389 new homes (2022: 356). We were awarded £6.4m funding from the Social Housing Decarbonisation Fund. This has enabled us to bring forward our plans for decarbonisation works on our existing homes and we are planning on spending £20m in the next two years.

We set up a damp and mould task force to take the lead on complex cases and utilise new approaches including reviewing new technology to help solve recurring problems.

Partnership working remains at the centre of us delivering a great customer experience. In April 2022, we welcomed Morgan Sindall Property Services (MSPS) as our new repairs, maintenance and voids work contractor partner. The mobilisation of the contract was met with staff and material shortages, and a higher level of reported repairs. Working with MSPS, an improvement plan was implemented, with set targets met at the end of April 2023. We are pleased to see that the commitments and agility in making changes are starting to deliver.

While the level of complaints has increased across the sector, the delays in repairs during the year has been the main factor in the 42% increase in the number of complaints we have experienced. We expanded the central Customer Resolutions team during the year, ensuring that we have dedicated colleagues to support customers where we get things wrong and to ensure lessons are learned.

Our values and our people are key to delivering our new strategy. Thanks to everyone's hard work, we are very proud to be awarded 'The Sunday Times Best Places to Work' (big organisations) accreditation.

We made a special cost of living payment to our colleagues most in need of support.

During the year, our long standing Chief Executive, Elizabeth, and Executive Director of Finance, Greg retired. We are grateful for their hard work and dedication, and the great foundation we are working from today.

We welcomed our new Chief Executive, Mary in April 2022, new Executive Director of Customer Experience, Annemarie in January 2023, and new Executive Director of Finance, Gloria in April 2023. The Board and I really look forward to working with the new leadership team to be the Customer Pioneer.

Looking ahead to the first year under the new strategy, we look to 'plan, deliver and learn'. Working with our customer advocates and our colleagues, we will implement our 'moments of belief', create the 'Moat customer experiences', and launch the new Diversity, Equality, and Inclusion Strategy.

Whilst many of the challenges remain for us in the coming year, I am inspired by the collaborations, passion and commitments shown by our customers, colleagues, and partners. I look forward to sharing our work with you!

Steve White
Chair

About us

We provide 21,865 affordable homes for rent and shared ownership across Kent, Essex, Sussex, and London.

As a not-for-profit organisation we are funded by a mixture of private finance and government grant. We reinvest any surplus we make to maintain and improve our existing homes and communities, while also building homes to address the ongoing housing shortage. We are proud of the great homes and communities we have helped to build and our ongoing commitment to improving the lives of our customers.

We provide and support services in our communities, and have a long-term impact on the prosperity of the areas we work in. Through Moat Foundation, we work to improve employability, empower local youth, tackle isolation, and create thriving places that people love to live in. We provide over 55s retirement housing, and we work with agents to provide specialist care and support to people with learning difficulties, physical disabilities and those fleeing domestic violence.

Our commitment to collaborative working enables us to use our collective strengths, expertise, and resources to deliver impactful outcomes for our customers and communities.

Our customers individual needs and circumstances drive the work we do, the homes we build and the services we provide.

We are more than just a landlord, we are here to open doors for better lives.

Moat's Company Structure: operating together as "Moat"

Moat Homes Limited
Registered under Cooperative and Community Benefit Societies Act 2014 No.17434R
Registered Provider L0386
Charitable status

Moat Homes Finance plc
Registered under Companies Act 2006
No 07743490
Issuer of £300m Public Bond

Moat Housing Group Limited
Registered under Cooperative and Community Benefit Societies Act 2014 No.17434R
Registered Provider L4047
Non-charitable status

Registered office

Mariner House, Galleon Boulevard, Crossways, Dartford, Kent DA2 6QE

Registered auditor

BDO LLP, 55 Baker Street, London W1U 7EU

Principal Banker

National Westminster Bank Plc, Europa House, 49 Sandgate Road, Folkestone Kent CT20 1RU

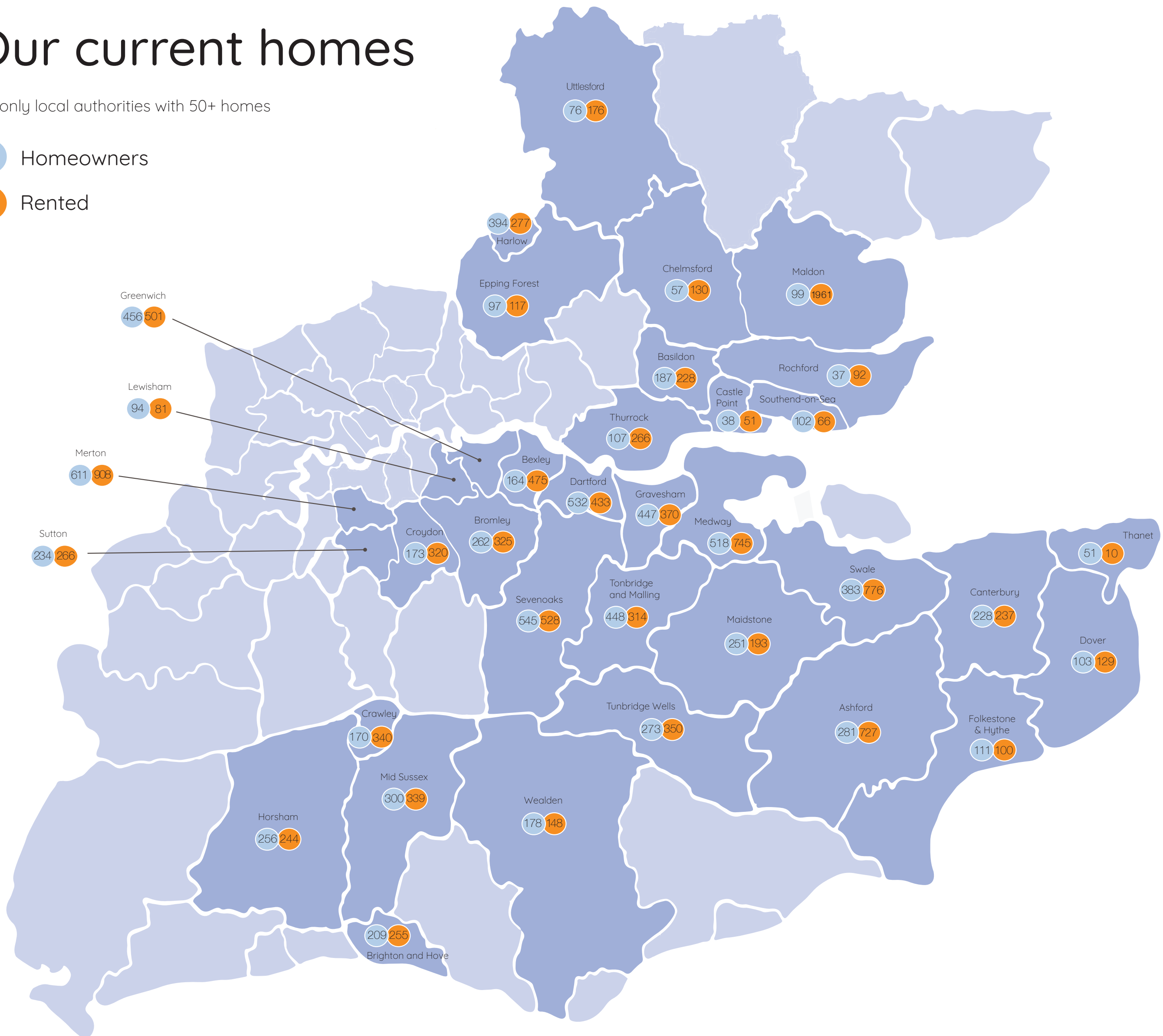
Our homes	New homes in 2022/2023	Homes managed and/or owned
General needs rented	27	8,487
Affordable rent	218	2,553
Housing for older people/supported - general needs rent	-	1,710
Housing for older people/supported - affordable rent	35	98
Low cost home ownership	153	5,786
Social leasehold	-	1,151
Other social	-	959
Non social housing	26	1,121
Total homes	459	21,865

Our current homes

NB only local authorities with 50+ homes

Homeowners

Rented



Our strategy

Our passion lies in the transformative effect that great homes and services have on the lives of the families and individuals we house, recognising that not all customers have the same needs.

The primary focus of our new three-year corporate strategy is to be a customer pioneer, genuinely working with customers to drive services and standards.

Great customer experience

Our customers will experience a landlord who is a customer pioneer. Making it easier and faster to access services, in a way that suits them and feels inclusive, warm and helpful, and tailored around their needs.

Pride in homes and places

Customers will feel proud to live in our good quality, safe, homes and places. We will reduce the environmental impact of our existing homes which will help customers with their running costs.

Growth in new homes and communities

Customers want to stay with us because we truly make a difference by building attractive, safe, and sustainable homes in desirable surroundings. We create communities where people want to live and create foundations for their future.

Enabling these three priorities is a fourth:

Making it happen

The three priorities are developed in a well-governed, financially robust way and supported by the right people, systems and data.

Our Values

Our values are the cornerstone of everything we do, and they provide clear expectations about how we act and behave. Meeting the expectations that our values reflect is essential to deliver our strategy.

Be the Change

Be flexible and adaptable to change, sharing ideas and focusing on solutions.

BEHAVIOURS

We champion and deliver change.

We welcome new ideas and different perspectives.

STANDARDS

Inclusive | Leadership

Better Together

Set high standards, working together and welcoming every opportunity to learn and improve.

BEHAVIOURS

We are one team, and learn from our mistakes.

We are keen to develop and help others progress.

STANDARDS

Skilled | Knowledgeable

Lead by Example

We work hard for our residents and take pride in making a difference to their lives.

BEHAVIOURS

We respond quickly for our customers and are proactive and ambitious on their behalf.

STANDARDS

Advocate

Own it

Take personal responsibility for making things happen and seeing things through.

BEHAVIOURS

We do the right thing for the right reasons.

We deliver on our commitments.

STANDARDS

Ethical | Integrity

Our performance

Great customer experience

	Actual 2022/2023	Target 2022/2023	Actual 2021/22
Overall satisfaction with the services provided	64%	74%	69%
Overall satisfaction with the services provided: renters	68%	80%	76%
Overall satisfaction with the services provided: shared owners	56%	65%	59%
Current rent gross arrears: general needs, housing for older people and supported	3.41%	3.00%	3.22%
Current rent gross arrears: shared ownership	1.58%	1.50%	1.59%
Bad debts per home	£22	£25	£20
Homes per FTE	47	53	52

Customer insight and engagement

We are committed to providing great customer service and ensuring that our customers are at the heart of service design and delivery. We believe that by listening to our customers and understanding their needs, we can provide them with the best possible housing and support.

Our Customer Advocate programme, which gives customers an opportunity to be more actively involved increased by 16% to 161 participants. During the year, they participated in policy consultations, focus groups and took part in the recruitment of our Diversity and Inclusion Manager and Executive Director of Customer Experience. As part of the creation of our new corporate strategy, 20 Customer Advocates also welcomed our senior leadership team into their homes to provide an in-depth understanding of their wants and needs.

Following the introduction of our new 10-year partnership with Morgan Sindall we established our Customer Repairs Forum. The group comprises of customer representatives to monitor and scrutinise the repairs service.

We continue to gather customer insight in a number of ways, including through our Real Time Customer Feedback programme. By asking customers to rate their experience of customer facing services via SMS/Text, negative feedback is addressed quickly.

Over 600 customers are contacted every three months by telephone as part of our customer satisfaction survey.

Customer satisfaction, Complaints and Anti-social behaviour

Customer satisfaction has fallen to 64% (2022: 69%) and we have received 2,411 complaints in the year, a 42% increase over the previous year. The main factors influencing these are delays in repairs being carried out due to issues with mobilisation of the new repairs contract and the level of service charges amid high inflation. We expanded the central Customer Resolutions team, ensuring that we have dedicated colleagues to support customers where we get things wrong. The team help us to take a centralised approach to identifying common themes within the business and to ensure lessons are learned.

This year, we responded to 905 (2022: 1,410) reports of anti-social behaviour. While our focus is protection, we provide support and mediation to influence behaviours. We have worked with partners such as the police and social services on community-based intervention.

A staff training programme has raised awareness of domestic abuse and vulnerability. We have signed the Make a Stand pledge and have joined the Domestic Abuse Housing Alliance (DAHA).

Customer contact

We believe that by providing easy and convenient ways for our customers to contact us, we can help them resolve their issues quickly and more easily. Our main Customer Service Centre handled 175,139 telephone calls, emails and webchats during 2022/23 (169,661 in 2021/22). Our head office in Dartford and regional offices in Ashford, Merton and Maldon are available for customer visits.

Use of our customer portal, MyMoat continues to increase year on year. It enables customers to undertake a wide array of activities at their time and convenience from reviewing and paying their rent, logging and monitoring repairs, reporting a range of tenancy and lease matters and updating their personal information.

Our communities

To support our customers and the communities they live in, we spent £1.0m (2022: £0.9m) on our community investment activities including our work as Moat Foundation, customer wellbeing, fuel efficiency initiatives and the Pollards Hill Community Initiatives Fund.

The focus has been on re-engaging with customers post-pandemic, focusing on organising community events. One such event was the Cost of Living Roadshow.

We held 18 roadshows, recognising the challenges being faced by our customers. At the events we provided a hot meal, distributed food parcels, referred customers to other support available, e.g. fuel vouchers, and involved colleagues from across the business to provide specialised advice and support.

In September 2022, we brought the management of our four Kent hubs in-house, which meant activities at all five community hubs are now arranged by the Moat Foundation Team.

Regular organised activities include:

- 'Moat Mornings and Afternoons' – a one-stop space where customers can speak with Moat colleagues from all disciplines (repairs, welfare benefits, payment concerns, reducing utility costs, neighbourhood and ASB, and community activities)
- Local agencies providing support for young carers, mentoring, bereavement counselling, and employment skills support
- Exercise and movement groups in our Supported and Retirement Living schemes
- We have given 1,429 wellbeing donations to vulnerable customers. These include food parcels, fuel vouchers, and welfare grants. Grants cover a variety of needs, for example, cookers, fridges, beds where customers cannot afford to replace and helping customers fleeing domestic abuse furnish their new homes.

Income collection

The cost of living crisis has impacted households across the country and our customers are no exception. We are committed to supporting our customers and this year signed up to the National Housing Federation's no eviction pledge.

Renters arrears have increased from 3.22% to 3.41%. Shared ownership arrears remained steady at 1.58%, down from 1.59% last year. We are not seeing greater numbers of customers falling into rent arrears, but those that are already affected are having even greater difficulty.

Pride in homes and places

Over the last year, we spent £18.2m (2022: £17.8m) on repairs and maintenance and invested a further £23.0m (2022: £21.8m) on improvements and refurbishments. 100% of our homes met the Decent Homes Standard at 31 March 2023.

	Actual 2022/2023	Target 2022/2023	Actual 2021/2022
Void turnaround time in days: general needs, housing for older people and supported	109	70	58
Current landlords' gas safety certificates	99.90%	100%	99.89%

Our Asset Management Strategy is designed to:

- Ensure our homes are safe and decent
- Improve the environmental sustainability of our homes and our business
- Build and maintain a comprehensive and reliable information base that improves our decision making and helps us keep our customers informed – we are accelerating our stock condition survey programme with the aim to have 100% of surveys dated within five years by the end of March 2024
- Optimise our homes to provide more for customers – ensure our new build homes are specified and built to maximise whole life value and that we identify those existing homes that are not performing, so that action can be taken to improve, re-develop or where necessary dispose of them
- Resource competitively and effectively to consistently deliver value for money services to agreed standards.

Routine maintenance

April 2022 was the start of our new repairs and maintenance contract with Morgan Sindall Property Services (MSPS) on a Price per Property (PPP) basis. The new contract is designed to bring additional benefits to our customers, including more repairs completed in one visit, improved customer engagement, an environment which encourages innovation, and increased sharing of knowledge and experience between Moat and MSPS.

The first 12 months of the new contract have been extremely challenging as MSPS struggled with staff levels, material shortages, and reported repairs volumes remaining higher than pre pandemic levels (approximately 800 per week). This has led to our customers having to wait far too long for repairs to be carried out, lower satisfaction and a higher level of complaints.

We have worked with MSPS, agreeing and monitoring a performance improvement plan that would see the number of outstanding repairs reduced to normal levels by the end of March 2023 (2,287 repairs). This was extended to the end of April 2023 by mutual agreement and the milestone was achieved. We continue to work with MSPS to cement these improvements and ensure the contract works smoothly, achieving the envisaged benefits for our customers.

Void (empty homes) turnaround

The new voids work contract with MSPS experienced similar difficulties. This has resulted in higher void turnaround times of 109 days. This is not where we want it to be. During the year, an improvement plan was launched, and we continue to work with MSPS in addressing the issues.

As part of the new contract, we introduced an enhanced specification, and it now means that our customers in Supported and Independent Living homes receive flooring and redecorating as standard. We have committed to trialling an expansion of this approach in 2023/24 recognising that many of our customers do not have the funds for these high upfront costs.

Upgrades and improvements

Our 30-year investment plan incorporates a planned programme of works to our homes. The plans are designed to ensure our homes are safe, in good condition and meet quality standards. Our major works programme saw us replace 297 kitchens, 138 bathrooms, 7 wet rooms, 49 secondary WCs, 1,653 windows, 720 doors and a total of 568 new boilers. We also completed our full cyclical redecoration programme covering 2,720 homes which is delivered over a six-yearly cycle.

We are nearing completion of the large scale works at King Georges Close with a contract sum of £3.4m. The project has included replacement kitchens and bathrooms, heating systems, external wall insulation, new windows, and an upgraded replacement roof. Benefits for customers include improved thermal comfort and lower energy bills.

Building Safety

The Building Safety Act received Royal Assent on 28 April 2022. We have restructured our Property Services Team and reviewed our processes to ensure that we meet the new obligations.

Fire Safety

We have a planned programme of Fire Risk Assessments (FRAs). We spent £1.2m (2022: £1.8m) in the year on FRAs and identified remedial works.

The Building Safety Act focuses on high-rise residential buildings over 18 metres tall or at least seven storeys and above.

We own three buildings of over 18 metres high, only one block required fire remediation works and this was completed in April 2022. The work was completed over a 74-week period at a cost of £4.2m. For the 22 buildings over 18 metres high, where we have customers, but we do not own the buildings, we work with the freeholder and the managing agents actively to ensure that all legal and regulatory requirements related to building safety are met.

We have started creating building safety cases for our blocks over 18 metres and are implementing an online model where our customers will be able to view all the relevant safety information for their block and report any concerns to us. The model will be live by October 2023 when we will be required to register our high-rise buildings with the new Building Safety Regulator.

We have completed surveys on all buildings with more than six stories. This has identified that 3 of these blocks require fire remediation works and we are working with the original developers, our legal representatives, and our customers to progress these works. Work on two of the blocks is expected to start during summer 2023 and the remaining block in 2024.

FLAGEL (Fire, Legionella, Asbestos, Gas, Electrics and Lifts)

These are the six main compliance risk areas, for each of which we target 100% compliance. Two areas did not achieve 100% due to difficulty in accessing a small number of homes:

- Gas: 99.9% (9 difficult to access homes)
- Electrics: 99.96% (4 difficult to access homes)

Damp and mould

We have set up a damp and mould task force, created a new Damp and Mould Policy, arranged training for all staff and are working through an action plan.

We requested customers and our contractors to notify us of all instances of damp and mould, and have been validating and taking action on these cases. We are also updating the guidance on identification and causes of damp and mould which is provided to our customers.

Energy efficiency and sustainability

Our Sustainability Strategy looks at how we can improve the environmental sustainability of our homes and our business. We incorporate the targets set in the Government's Heat and Building Strategy and Net-Zero Strategy, to help our customers manage their home running costs. There are four strands:

- Our new homes and communities
- Our existing homes
- Our customers
- Our people and offices.

We continue to increase the up-front investment in our new-build homes working towards ensuring that all new homes started from April 2024 will be 'zero carbon' ready.

We have successfully applied for funding under the Social Housing Decarbonisation Fund (SHDF). £6.4m of grant will be received over the next three years to support the £20.1m of works we will carry out from July 2023. The anticipated spend in 2023/24 is £6.6m, with £2.1m of the costs covered by grant.

In our existing homes we have continued to invest in installing cavity wall insulation, loft insulation, heat pumps, high-performance storage heaters, and other measures with a total spend of £0.9m (2022: £0.6m).

We piloted works on homes at Mundon Road in Essex and the customers living in them have reported increased levels of comfort and lower energy costs. The pilot has therefore been expanded into a retrofit project covering 29 homes to be delivered in 2023.

We are providing energy efficiency advice to our customers and our colleagues, helping them to lower their bills and reduce their carbon footprint.

We have published our second Environmental, Social and Governance Report (ESG) which is available at moat.co.uk.

Estate inspections

Regular estate inspections are one of the main ways to ensure repairs, maintenance, health and safety and environmental nuisances are identified and addressed. They help to assess the quality of estate services including cleaning and grounds maintenance and ensuring both our contractors and the managing agents we work with are fulfilling their contractual obligations. We increased the number of estate inspections carried out in the year to 5,305 (2022: 3,320) following customer feedback.

A family home at Alkerden Gateway

Emma and her husband needed to find a home for their family of four after the house they were renting was sold. Emma's dad told her about shared ownership and now they are the proud owners of a three bedroom townhouse at Alkerden Gateway in Ebbsfleet.

Growth in new homes and communities

Development programme	New homes in 2022/2023	Homes under construction at 31 March 2023	Homes in pipeline at 31 March 2023
Rented	280	852	361
Low cost home ownership	153	306	217
Non social housing	26	202	-
Total homes	459	1,360	578

New homes	Actual 2022/2023	Target 2022/2023	Actual 2021/2022
New homes starts	389	400	356
New build handovers	459	443	500
Unsold shared ownership homes: over six months old	6	-	7
Shared ownership sales profitability*	9.6%	6.0%	16.4%
Unsold open market homes: over six months old	1	-	3
Open market sales profitability*	5.5%	12.5%	12.3%

*profitability margins exclude any impairment adjustments. The impact of impairments is discussed in the Our Finances section.

We took handover of 459 new homes which were a mix of homes for rent, shared ownership and open market sale, more than we had targeted in the year despite the continued challenges in the construction market.

Shortages of skilled labour and the increase in costs of building materials have continued to put a strain on our contractors. We have seen a small number of contractors go into liquidation or approach us for uplifts in costs and extensions of time. We have taken a pragmatic approach looking at each contract individually, how far into construction they are, how confident we are in the contractor being able to complete the project. In a number of cases an increase in costs to support our partner reach practical completion represents better value for money rather than tendering for a new contractor, especially with the associated risks of completing projects part way through construction.

We develop affordable homes in Homes England and Greater London Authority (GLA) areas, utilising recycled capital grant, supplemented by surpluses from open market sales.

Sales

We have seen sustained demand for shared ownership despite a volatile mortgage market, with higher than budgeted sales margin achieved at 9.6% (2022: 6.0%). We completed 134 (2022: 259) first tranche shared ownership sales against target of 190, experiencing delayed handovers on some schemes. There were 35 homes available for sale at the year-end (2022: 16), 12 of which were reserved. Our target for 2023/24 is 140 first tranche sales.

Open market sales homes are developed by MHG. 30 (2022: 46) sales took place in the year, generating a surplus of £1.0m (2022: £4.5m). In December 2022 we acquired a site at Frognal Lane in Kent. In partnership with Chartway Group, we intend to deliver 100 affordable homes and 200 open market sales by 2028.

We have seen sustained high demand during the year in sales activity on existing properties, 200 (2022: 199) existing shared owners staircased to buy more equity in their homes and 76 (2022: 101) equity loan holders redeemed their loans during the year. These transactions generated income of £34.0m (2022: £30.9m), with a £15.8m (2022: £14.3m) surplus. There were also 224 resales (2022: 254), of which 83% were retained as homes for shared ownership.

Our colleagues

We believe that investing in a fulfilled, well-supported and well-trained workforce helps us to provide the best possible service to our customers.

The results from our recent people survey have led to us being awarded the Sunday Times Best Places to Work accreditation. We had a response rate of 76%. Of those that responded:

- 76% would recommend Moat as an employer to their family and friends
- 77% feel proud to work for Moat
- 84% agree that they do a worthwhile job.

We have continued to support our colleagues and their wellbeing:

- Agile working gives the freedom to choose where to work while supporting the needs of our customers, the business, and their role
- The cost of living crisis is affecting our colleagues as well as our customers. We have organised webinars on financial wellbeing and energy advice and have provided a 'Better Off' calculator. We have also made a £500 cost of living payment to colleagues whose salary is less than £40,000 a year (or equivalent if working part-time).
- We have organised webinars on physical and mental health and wellbeing - nutrition and hydration, sleep, mental health, mindfulness
- Employee Assistance Programme and Mental Health First Aiders.

We have run a number of tailored training programmes during the year, for example on safeguarding, damp and mould, customer service, and management skills. In the coming year the focus will be on leadership training to ensure that senior management have the skills necessary to deliver our strategic ambitions and Moat-wide training on customer communication skills and equality, diversity and inclusion.

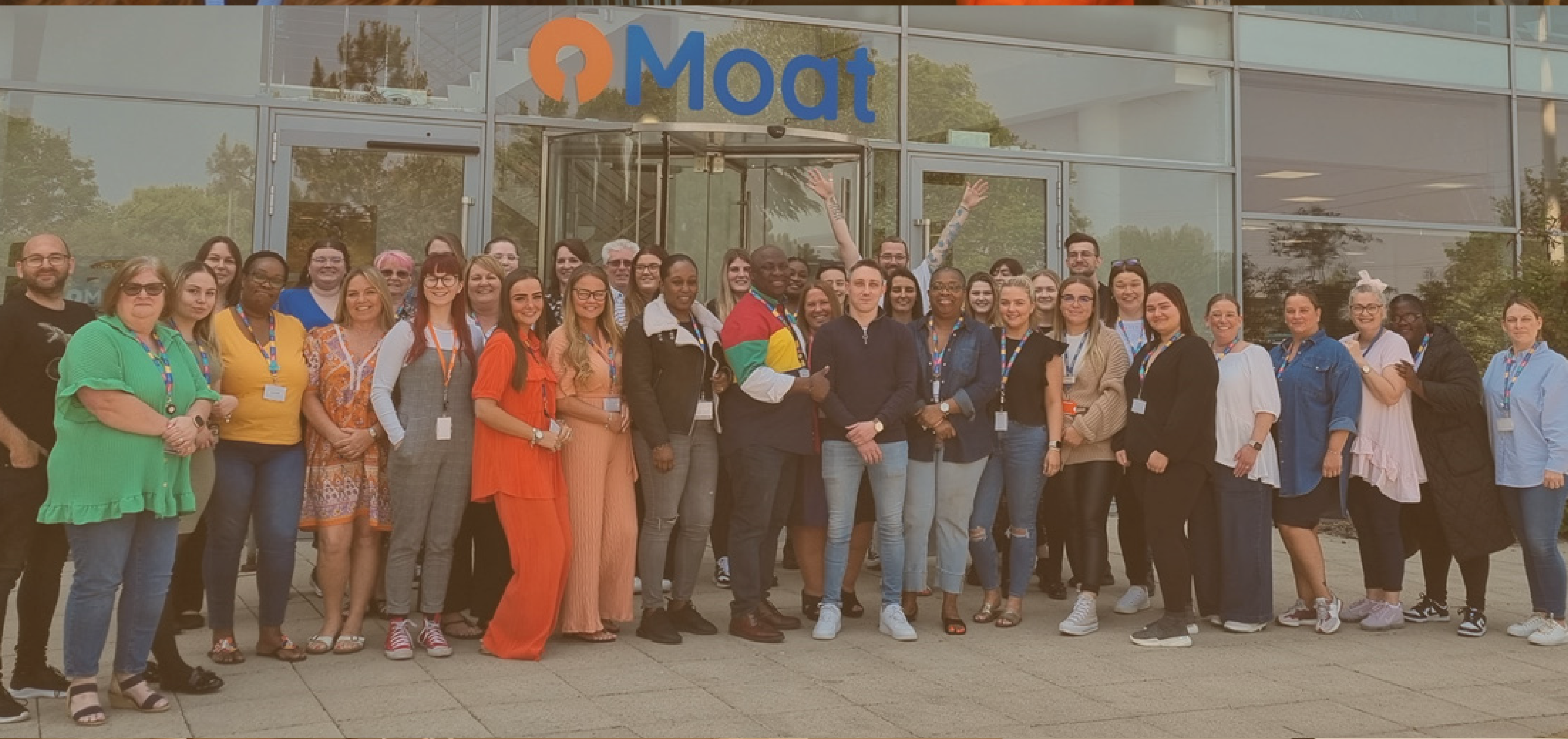
We continue to work towards embedding inclusion and respect in our services and workplace. We welcomed a Diversity and Inclusion Manager in January 2023. They have been working with our Diversity and Inclusion Steering Group, open to all Moat colleagues, to create a sense of belonging, where all colleagues feel respected, included and able to bring their whole self to work. Under our MoatTogether umbrella we are launching new colleague inclusion and wellbeing groups. We remain a Disability Confident employer, have joined HDN (Housing Diversity Network) and WISH (Women in Social Housing) and signed the HouseProud Pledge, the BITC (Business In The Community) Race at Work Charter and the Halo Code for Workplaces.

During 2023/24, we will use the new National Housing Federation Equality, Diversity and Inclusion (EDI) data tool to better understand how representative we are of our local communities. We will put in place a new EDI strategy by September 2023 through which we will seek to address any data gaps and under-representation and ensure that EDI is a core theme in all of our work. As at March 2023:

- 71% of our colleagues are women and 29% are men
- At least 9% identify as disabled/ a person with a disability
- At least 6% are lesbian, gay or bisexual or use a term other than 'heterosexual / straight' to describe their sexual orientation
- 79% are White, 20% are from ethnic minority backgrounds (excluding white minorities).

As at April 2022, our median gender pay gap was 12.8% (down from 17.4% as at April 2021). Trends in recent recruitment are working to close the gap. Our Gender Pay Gap report is available at moat.co.uk.


Moat


Moat

Value for money

We are committed to making the best use of resources in all of our operations to ensure that the maximum value is achieved for our residents and communities. To achieve this, Value for Money (VfM) is embedded across all strategies and focused on the outcome and quality of our services.

Our Board holds ultimate responsibility for embedding the VfM Strategy and overseeing progress, supported by the whole business and our customers. Our VfM strategy is designed to ensure that we comply with the VfM Standard and Code of Practice issued by the Regulator of Social Housing (RSH). It is a collection of core plans, strategies and procedures which together help us to manage our approach to VfM:

- Strategic planning – sets out our strategic ambition and how it can best be achieved
- Monthly key performance indicators monitor our performance against targets, enabling effective decision making
- Budget and long-term plan – we use the financial plan to ensure compliance over the long-term with our banking covenants and financial risk appetite, and to ensure we have sufficient resources to invest in existing homes as well as determining our capacity to develop new homes
- Investment appraisals for all development activities are approved and monitored by the Capital Projects Committee, with larger schemes approved by the Board
- Asset management – we have a 30-year plan for works to maintain the quality of our existing homes
- Procurement - we involve the procurement team in all tender activity with the aim of securing improved VfM while protecting the quality of our services, maintaining compliance with legislation, and incorporating the delivery of social value and community benefits
- Change management process for on-going improvements, e.g. digital and system developments, structure changes
- Social value – we consider the social value impact as well as financial in our decision making.

VfM metrics

We have monitored our performance against the seven VfM metrics issued by the RSH, comparing it to 2021/22 and to targets which were based on the 2022/23 budget.

Metric 1	Actual 2022/2023	Target 2022/2023	Actual 2021/2022
Reinvestment %	6%	8%	6%

This measures our investment in new and existing homes as a percentage of the total value of properties held. We invested £95m in building new homes and replacing components such as kitchens and bathrooms in our existing homes. Investment in new and existing homes was lower than budgeted mainly due to delays in our development programme and asset management projects.

Metric 2	Actual 2022/ 2023	Target 2022/ 2023	Actual 2021/ 2022
New supply delivered (social housing units) %	2.2%	2.5%	2.5%
New supply delivered (non-social housing units) %	0.1%	0.1%	0.2%

The new supply metric for social housing units sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total social housing units. We developed 433 new homes in the year, which was 48 lower than budgeted due to the on-going shortages in materials and skilled labour causing delays in handover. The remaining homes will be delivered in 2023/24.

The new supply metric for non-social housing units sets out the number of new non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units unsold at period end. We have a small non-social housing development programme with 26 homes delivered in 2022/23.

Metric 3	Actual 2022/2023	Target 2022/2023	Actual 2021/2022
Gearing	31%	35%	30%

This metric assesses the degree of reliance on debt finance by measuring total debt divided by housing properties at cost. Gearing at 31% remains well below our golden rule and covenant level. Net debt increased by £25m and the cost of housing properties increased by £63m. Due to the delay in development, a lower level of borrowing than budget was drawn to fund the development spend.

Metric 4	Actual 2022/2023	Target 2022/2023	Actual 2021/2022
EBITDA MRI Interest Cover %	203%	181%	223%

The EBITDA MRI (Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus generated compared to interest payable. Our performance is above target and we remain well above our golden rule and lender covenants.

Metric 5	Actual 2022/2023	Target 2022/2023	Actual 2021/2022
Headline social housing cost per unit (HSHC) £	£3,830	£4,131	£3,653

The unit cost metric assesses the cost of managing a social housing unit, using costs as defined by the Regulator. As compared to 2021/22, although there was a small increase in the number of homes managed, costs increased by £4.5m. The movement in costs consisted of increases in management costs of £4.9m and service charge costs of £2.4m offset by a reduction in development services costs of £3.3m which included the reversal of impairment on properties in development of £2.1m.

Metric 6	Actual 2022/2023	Target 2022/2023	Actual 2021/2022
Operating margin (social housing lettings only) %	35%	37%	38%
Operating margin (overall) %	29%	29%	27%

The operating margin demonstrates the profitability of operating assets, measured as operating surplus divided by turnover. Our operating margin for social housing lettings has decreased due to increased spend on management costs and planned maintenance.

The overall operating margin excludes any surplus from the sale of fixed assets. The overall margin has benefitted from an increased margin on first tranche and open market sales as compared to 2021/22.

Metric 7	Actual 2022/2023	Target 2022/2023	Actual 2021/2022
Return on capital employed (ROCE) %	3.5%	3.1%	3.7%

This metric compares the operating surplus to total assets less current liabilities and assesses the efficient investment of capital resources. The increase from our target is a result of the higher surpluses from first tranche sales, staircasings and redemptions.

Benchmarking against our peers - VfM	Actual 2021/2022	Ranking v peer group 2021/2022	Ranking v peer group 2020/2021
Reinvestment	6%	10th	2nd
New supply delivered (social housing units)	2.5%	2nd	2nd
New supply delivered (non-social housing units)	0.2%	10th	15th
Gearing	30%	1st	1st
EBITDA MRI interest cover	223%	1st	2nd
Headline social housing cost per unit (HSHC)	£3,653	1st	1st
Operating margin (social housing lettings only)	38%	2nd	2nd
Operating margin (overall)	27%	3rd	1st
Return on capital employed (ROCE)	3.7%	2nd	6th

Benchmarking against our peers

We have also carried out a benchmarking exercise using the VfM metrics and the global accounts data 2022 produced by the RSH. This comparison is therefore based on 2021/22 figures.

We selected our peer group of eighteen other organisations consisting of G15 and CASE members (A2Dominion, Abri (formerly Radian), Catalyst Housing, Clarion Housing, Guinness Partnership, Hyde, London and Quadrant, Metropolitan Thames Valley, Network Homes; Notting Hill Genesis, One Housing, Optivo, Orbit, Paradigm Housing, Peabody Group, Southern Housing, Sovereign and West Kent). Our relative performance is set out in the table above.

We performed well against our peer group across the VfM metrics above. Comments on our two lowest ranking metrics:

- The lower reinvestment ranking reflects delays in spend both on new developments and on asset management projects
- Our ranking on non-social housing supply reflects our strategy of only having a small open market sale portfolio.

Moat key performance indicators (KPIs)

We produce a monthly business health report, covering all operational KPIs, which reviews current performance against targets, highlights unexpected movements and reforecasts our year end position. This report is circulated to the Board for information and is discussed at board meetings. The performance of KPIs is also discussed at relevant committee meetings. Additional KPIs monitored as part of this process are:

Additional KPIs	Actual 2022/ 2023	Target 2022/ 2023	Actual 2021/ 2022
Operating margin: as per financial statements	39%	35%	35%
Management cost per home: all activities	£1,422	£1,298	£1,208

The operating margin is higher than last year and target reflecting the lower proportion of first tranche and open market sales which have a lower operating margin and £1.5m higher surplus on staircasings and redemptions.

The management cost per home: all activities KPI is an internal measure which includes all payroll, including housing management teams, and office/overhead costs. Payroll costs were higher with an increase in FTE to meet the additional challenges associated with our repairs performance, more temporary staff with higher associated costs, and the annual pay increase.

Moody's ratings assessment

Moody's reaffirmed our rating as A2 negative in January 2023 (A2 is described as, upper-medium grade and subject to low credit risk). This is an extremely positive achievement given the current financial pressures on the HA sector (rent cap, high inflation, increase in interest rates), the relatively high size of our development programme and reflects the quality of our risk management.

Whilst the Moody's rating does not provide a direct opinion on VfM, it demonstrates Moody's positive opinion of Moat's strong financial performance, which leads to reduced funding costs on new borrowings.

Procurement

New contracts in the year included the contract for the provision of gas and electricity which provided good value in the challenging energy supply markets. Several contracts have focussed on improved sustainability of customer homes, including significant works to homes designed to improve energy efficiency and protect the financial wellbeing of our customers. We also refreshed a number of significant contracts including our Internal Audit and Insurance services.

We have commenced the re-procurement of our grounds maintenance services as the current contract approaches expiry. We have carried out initial customer engagement and will continue to actively involve our customers throughout procurement and into contract management.

When procuring new contracts, added social value is one of the criteria. We have received £70,000 from contractors in 2022/23 which was allocated to Moat Foundation activities. Some examples of activities carried out by contractors in addition to cash payments are running energy cafes, providing energy vouchers for some customers in fuel poverty, maintenance of community hubs, work experience days and interview practice.

In particular the new Morgan Sindall Property Services (MSPS) contract has provided a full-time Social Value Officer to work in partnership with the Moat Foundation Team, adding value to our community investment activities. MSPS have calculated the Social Return on Investment (SROI) of all their Social Value activities delivered across our communities and have reported generating £0.7m in 2022/23.

Social value measurement

We are working with HACT (a registered charity specialising in social value) to understand our social value and community investment activities and to identify opportunities to enhance and measure this work.

Our key targets for next year

	Target
VfM metrics	
Reinvestment %	8%
New supply delivered (social housing units) %	2.1%
New supply delivered (non-social housing units) %	0%
Gearing %	<40%
EBITDA MRI interest cover %	134%
Headline social housing cost per unit (HSHC) £	£4,486
Operating margin (social housing lettings only) %	34%
Operating margin (overall) %	29%
Return on capital employment (ROCE) %	2.9%
Other financial	
Operating margin: as per financial statements	35.4%
Delivering homes	
New build completions	450
Unsold homes: more than six months old	-
Operational	
Overall satisfaction with services provided (renters)	65%
Overall satisfaction with services provided (shared owners)	50%
Satisfaction with responsive repairs	90%
Current rent arrears: general needs, housing for older people and supported	3.00%
Current rent arrears: shared ownership	1.50%
Void turnaround in days	70

Our finances

Our 2022/23 financial results are set out on pages 47 to 87. The following commentary highlights key features of our performance.

Our financial position remains strong. The overall surplus for the year is £45.9m (2022: £47.9m). Our reserves increased to £608m (2022: £538m). Operating surplus reduced to £61.7m (2022: £64.1m) while our overall operating margin has increased from 35% to 39%. Our social housing lettings margin reduced from 38% to 35%.

Statement of Comprehensive Income	2022/23 £m	2021/22 £m	2020/21 £m	2019/20 £m	2018/19 £m
Income from social housing lettings	121.8	114.8	108.3	103.2	99.6
First tranche sale proceeds	17.3	29.4	34.3	36.2	28.5
Open market sales proceeds	17.8	34.6	7.7	-	-
Other income	2.9	2.5	2.5	2.3	2.3
Turnover	**159.8**	**181.3**	**152.8**	**141.7**	**130.4**
Operating costs from social housing lettings	(79.7)	(71.3)	(63.6)	(62.2)	(59.7)
Cost of first tranche sales	(14.5)	(24.3)	(29.1)	(31.0)	(24.3)
Cost of open market sales	(16.8)	(29.7)	(7.6)	-	-
Other operating costs	(2.9)	(6.2)	(6.0)	(10.3)	(8.8)
Gain on disposal of fixed assets (staircasings and redemptions)	15.8	14.3	7.9	11.6	14.3
Gain in disposal of fixed assets	-	-	-	0.3	2.9
Operating surplus	**61.7**	**64.1**	**54.4**	**50.1**	**54.8**
Movement in fair values	6.4	5.3	1.8	(2.6)	-
Net interest costs	(22.2)	(21.5)	(19.8)	(20.8)	(18.5)
Taxation	-	-	-	-	-
Surplus for the year	**45.9**	**47.9**	**36.4**	**26.7**	**36.3**
Operating margin	**39%**	**35%**	**36%**	**35%**	**42%**

Statement of Financial position	2022/23 £m	2021/22 £m	2020/21 £m	2019/20 £m	2018/19 £m
Housing properties	1,702	1,639	1,579	1,496	1,421
Other fixed assets	51	55	58	61	65
Net current assets	4	41	37	50	35
Housing loans, grants and other long term liabilities	(1,149)	(1,197)	(1,197)	(1,170)	(1,111)
Capital and reserves	608	538	477	437	410
Gearing	**31%**	**30%**	**34%**	**35%**	**35%**

Social housing lettings

Rental income has increased by £7.0m, from annual increases on existing homes and additional income from new homes. The margin has decreased by 3% as operating costs have also increased by £7.9m, with key areas of cost growth listed in the table below.

Asset sales

There were fewer sales as expected with our development programme focussing on a higher proportion of rented homes.

Other operating costs

Other operating costs include £2.4m (2022: £2.6m) of costs for development activities and a reversal of £2.1m of impairment of fixed assets (2022: charge of £1.0m). As at 31 March 2023, we held an impairment of £3.8m against our fixed assets (2022: £5.9m).

Net Assets

Net assets increased by £70m to £608m, £63m of which was an increase in housing properties. Our investment in housing properties is funded by a mixture of loans, grant and reserves.

Social housing lettings costs	2022/23 cost £000	Change from 2021/22 £000	Comment on movement
Management	(23,437)	(4,884)	Increased staff costs, FTE increased by 43.1 to 418. Other management costs increased due to high levels of inflation.
Service charge costs	(13,692)	(2,393)	Costs from new properties, inflationary increases, and allocation of management costs
Routine maintenance	(13,138)	186	Lower number of jobs completed on void properties following the change of contractor at the beginning of the year
Planned maintenance	(5,065)	(618)	Higher volume of cyclical decorations completed
Major repairs	(13,252)	(209)	Asset management project at King Georges, full programme of component replacements
Capitalised major repair expenditure	9,689	1,680	Lower levels of non capitalised spend in comparison to 2021/2022
Rent losses from bad debts	(403)	(462)	Prior year included a large write back of old former tenant credit balances
Depreciation of housing properties	(20,409)	(1,702)	Depreciation on properties handed over in the year and works capitalised in the year
	(79,707)	(8,414)	

Asset sales	2022/23 surplus £000	Change from 2021/22 £000	Actual margin	Accounting margin	Comment on movement
First tranche sales	2,796	(2,269)	9.6%	16.1%	We sold 134 homes in the year as compared to 259 homes in 2021/22. NRV accounting entries in 2022/23 are the release of £0.4m on sales in the year. A write back of £0.8m due to change in tenure and write down in value of £0.1m.
Open market sales	971	(3,910)	5.5%	5.5%	We sold 30 homes in the year as compared to 46 sales in 2021/22. There were no NRV adjustments in the year
Gain on disposal of fixed assets	15,816	1,539	46.5%	46.5%	Subsequent sales of shared ownership properties and equity loan redemption continued to perform well, showing an increase in numbers and margins. We achieved margins of 46.3% (2022: 48.3%) on 200 staircasings (2022: 199) and 43.7% (2022: 39.8%) on 76 redemptions (2022:101).
	19,583	(4,640)			

Treasury

Liquidity

Available liquidity at 31 March 2023 was £267.3m (2022: £302m). This takes into account undrawn facilities of £235.8m (2022: £234m) together with cash of £29.5m (2022: £66m) and an overdraft facility of £2m (2022: £2m). Cash surpluses are invested in highly-rated UK regulated institutions. We currently hold a minimum of £5m of strategic investments across five instant access AAA-rated money market funds to mitigate against disruption in borrowing against committed loan facilities.

In April 2023, liquidity was enhanced further with the completion of a 10 year £100m Revolving Credit Facility.

Our housing assets are financed by:	2023 £m	%	2022 £m	%
Housing property at cost	1,918		1,842	
Depreciation and impairment	(216)		(203)	
	1,702		1,639	
Financed by:				
Loans and premium (net of cash)	582	35%	499	31%
Grant	469	28%	465	28%
Reserves	643	38%	595	36%
Other	8	0%	80	5%
	1,702	100%	1,639	100%

Borrowings

Borrowings at 31 March 2023 were £558m (2022: £567m), borrowed from banks and building societies in the UK as well as from the capital markets through bond issuance. The main factor affecting the amount and timing of borrowing is the pace of the development programme. All loans are secured by first fixed charges over housing properties. Refinancing risk is managed by ensuring that a minimal proportion of the overall debt portfolio is repayable over the next five years.

Public bond

The original £150m, 5%, 2041, secured bond was issued by Moat Homes Finance plc (MHF) in 2011 when £100m was sold to investors, and the remaining £50m was sold during 2013/14. The bond was tapped by the issue of a further £150m in November 2019, of which £50m was retained and sold in April 2021. The finance raised has been lent to Moat Homes Limited (MHL) under a secured loan agreement. The interest payable on the bond is fixed rate therefore there is no exposure to variable rate movements. The interest payable by MHL to MHF is at the same fixed rate. The bond is secured by a first fixed charge over housing properties, valued at market value subject to tenancy, which meets the asset cover ratio. The properties charged are owned by MHL and under a Security Trust Deed provide the security for the intergroup loan and the Bond.

Hedging

Our hedging strategy seeks to manage interest rate risk by requiring between 60%-90% of our debt to be at fixed rates. In addition to fixed rate debt, the Group uses standalone interest rate derivatives to hedge against exposure to variable interest rates. We actively monitor market conditions for opportunities to reduce future borrowing costs and if identified we may enter new swaps and/or break or modify existing swaps within the parameters of the Group's approved Treasury Strategy. We made the decision to incur break costs of £0.3m (2022: £2.4m) in respect of two swap facilities with a total value of £30m and one forward fixed rate loan with a value of £20m. The position at 31 March 2023 including interest rate swaps was:

	2023 £m	%	2022 £m	%
Variable rate	62	11%	69	12%
Fixed rate	496	89%	498	88%
Total borrowings	558		567	

Interest rate swaps are marked to market with movements in the fair value shown in the Statement of Comprehensive Income. Collateral provided at 31 March 2023 consisted entirely of property security.

There has been an increase in the value of financial instruments in the year of £32.3m, of which £25.9m (2022: £10.2m increase) relating to our fully effective hedges is shown in other comprehensive income.

Covenants

Our primary covenants on our debt facilities are set at borrowing entity level. Our bank loans have both interest cover and gearing covenants, whilst our public bond requires the maintenance of required asset cover. Our covenants are closely monitored throughout the year and were complied with at 31 March 2023.

Cash flows

The Group statement of cash flows is on page 52. The statement shows continued high levels of capital spend on fixed asset housing properties at £92m (2022: £89m). Also, within cash generated from operating activities is £32m (2022: £20m) expenditure on new properties for sale, giving a total spend of £124m (2022: £109m) on new homes. The expenditure has been funded mainly by cash generated from first tranche sales and open market sales (£34m), fixed asset property sales (£33m) and drawdown of funds.

Ashvine Park, Canterbury
Show Home

Risks

We recognise the importance of operating an effective risk management policy and framework and are committed to managing risk effectively.

Risk management forms a key component of our corporate governance and assurance framework and supports and enables how we achieve our strategic objectives, within all current regulatory and statutory requirements.

Our Board has overall responsibility for ensuring the business has appropriate systems and controls in place to identify, manage and monitor risk, to agree the nature and extent of the risks that we are willing and able to take as a business and in setting risk appetite. The Board receives regular reporting on risk, control and assurance activity and considers the risk environment.

Our Board's risk appetite is reviewed annually or more frequently if needed and sets out our attitude toward risk and reward. We maintain:

- a balanced appetite towards financial risk, operating within a framework, with clear 'Golden Rules', considering opportunities and managing threats that may impact on financial viability, and in maintaining appropriate investment in existing and future homes.
- an open appetite on delivery of market sale activity, only where this supports clear and sustainable outcomes in the medium to long term, enabling further investment in core business, operating within set parameters. Taking a more cautious approach toward increases in shared ownership property; maintaining a specific proportion across the overall portfolio of homes.
- an averse appetite in relation to any actions or omissions that impact on the continued provision of safe and decent homes for our customers.
- an open appetite in pursuit of innovation for our customers, services, homes, technology, new ways of working and the transformation required to deliver this.

The Audit Committee has delegated authority from the Board to ensure that the correct implementation of the risk management framework and effective operation of processes and controls is in place, providing assurance to the Board on the adequacy and effectiveness of the systems of governance, risk management and internal control.

Our senior executive and leadership team are responsible for the delivery of strategy, operational performance and managing risks, leading an open and transparent risk management culture. Risk management is considered in our corporate activity, through implementation of our strategy and business plans, financial planning, stress testing, major projects, operational delivery and third-party management.

All colleagues, in line with our risk policies and framework, are expected to identify and manage internal and external risks facing the business and to minimise the impact of such risks on strategy (customers, service delivery, existing homes and growth), finance, legal compliance and reputation, to support good decision making and ensure effective corporate performance.

Our internal audit function undertakes a comprehensive annual plan of reviews and control testing activity, and provides independent, objective assurance on the effectiveness of risk management, business systems and controls. Moat also receives additional assurance from other independent sources across a range of matters and business activity, such as our in-house health and safety assurance function, appropriate subject matter experts, specialist technical reviews and legal advisory.

Risk context	Mitigations and controls
Our homes do not remain safe or fit for our customers to live in. Health and safety for customers and colleagues does not meet internal standards and legislative requirements	• A well-established health and safety policy, governance and compliance framework • Independent health and safety oversight function • Mandatory training provision and personal safety device • Monitoring of supply chain and delivery partners • Technical, third-party advisory and assurance programme
Customer experience standards are not delivered to high standards or fail to meet stakeholder expectations	• Dedicated insight function • Board and Customer and Communities Committee oversight • Processes and proactive readiness for Tenancy Satisfaction Measures with monitoring and reporting in place
Labour market conditions, our total employee offer, and local geographic factors limit our ability to attract, retain, grow and develop a diverse and high performing workforce	• Annual review of reward package and salary benchmarking • Competitive professional and personal development package • Agile and flexible working practices, wellbeing groups • Exit interview capturing trends and actions
Strategic and government targets for decarbonisation and improved energy efficiency of our customers' homes are not met	• Strategy and action plan monitored through dedicated sustainability group • Full costs for delivery embedded in long term plan • Grant funding routes secured
Changes to planning legislation removes the obligation to provide Affordable Housing through s106 planning.	• Strategic shift to higher proportion of land led grant funded development • Use of grant funding
Compromised IT systems and/or data arising from a significant cyber security breach	• Dedicated cyber security and date governance function • Disaster Recovery and BCP planning • Regular penetration testing and security simulations • Internal audit, test exercises and external assurance • Mandatory training for all colleagues
External economic and political factors (e.g. inflation, interest rates, social rent policy) hinder ability to achieve strategic objectives, realise mission and remain viable for the long term	• Strong liquidity pipeline • Financial planning uses prudent economic assumptions • Wide set of Board approved stress tests and sensitivity analysis highlighting the most impactful assumption movements and ensuring mitigation plans remain practical in an adverse situation • Contractor viability checks and monitoring • Customer financial wellbeing support, tenancy services
Extreme macro-economic factors and/or poor financial planning result in a breach of one or more financial covenants and a consequential withdrawal of funding facilities and inability to meet our financial obligations	• Core assumptions for the financial plan are externally reviewed • External treasury advisory and assurance • Effective treasury management and hedging strategy • Financial golden rules regularly reviewed and approved by the Board • Risk based investment appraisals • Supplier framework agreements • Market analysis

Leadership and governance

Moat Homes Limited Board		Number of meetings attended (8 in total)
Steve White	Independent, Chair	8
Mark Foster	Senior Independent	8
Tim Boag	Independent	7
David Brocklebank	Independent	8
Jeremy Ellis	Independent	8
Gerard McCormack	Independent	5
Jo Moran	Independent	8
Caroline Ross	Independent	8
Mary Gibbons (appointed April 2022)	Executive	8
Steve Nunn	Executive	8
Greg Taylor (resigned October 2022)	Executive	3
Gloria Yang (appointed April 2023)	Executive	-

Executive Team	
Mary Gibbons (appointed April 2022)	Chief Executive
Elizabeth Austerberry (resigned April 2022)	Chief Executive
Carrie McKenzie	Executive Director of People and Culture
Steve Nunn	Executive Director of Development and New Business
Puneet Rajput (resigned March 2023)	Executive Director of Governance and Compliance; Company Secretary
Annemarie Roberts (appointed January 2023)	Executive Director of Customer Experience
Greg Taylor (resigned October 2022)	Executive Director of Finance and Corporate Services
Sara Thomson (appointed March 2023)	Interim Executive Director of Governance and Compliance, and Company Secretary
Gloria Yang (appointed April 2023)	Executive Director of Finance
There were two interim directors covering executive positions for part of the year:	
Chris Ellmore	Interim Executive Director of Finance
Huw Davies	Interim Executive Director of IT and Transformation

Non-Executive Directors

Steve White
Independent Chair

Steve joined Moat's Board in July 2016, becoming Chair in May 2018. He has specialised in leading organisations through large transformational change, including a period as Chief Executive of the Hyde Group. Steve has also been the Chair of Origin Housing. Interim executive roles have included The Law Society, University of Southampton, Solicitors Regulation Authority, RBS, and T-Mobile. Steve is currently a Trustee at BLESMA, a military charity for limbless veterans and a Board Member at Orwell Homes.

Mark Foster
Senior Independent Director

Mark joined Moat's Board in May 2016, having spent most of his career in marketing and international development roles in the entertainment industry. He has been at the forefront of all aspects of digital transformation, including customer engagement, marketing and reporting. Mark's NED portfolio includes Chair of Spacehive, Chair of MIDiA Research, Acting Chair of KitMapper and Director at a consultancy firm and property refurbishment company.

David Brocklebank
Independent Director

David joined Moat's Board in January 2021. He is Executive Managing Director of the Development Group at Wates Developments Group. Previous directorships have been with the Berkeley Group and David Wilson Homes. He sits on the Boards of a number of development project companies, is a founding Board member of the Land Promoters and Developers Federation and has sat on the Advisory Committee of the MSc in Sustainable Development at Oxford University.

Gerard McCormack
Independent Director

Gerry joined Moat's Board in February 2015. He was an Independent Director and Chair of Audit and Risk at Thames Valley Housing for 12 years. He has been Group Finance Director of a number of substantial housebuilding and construction companies. He also serves on the Board of a not-for-profit regulatory body as Audit Committee Chair and is Chair of an independent girls' school.

Tim Boag
Independent Director

Tim joined Moat's Board in December 2017. Currently he is Group MD of Business Finance at Aldermore Bank and has had an extensive career with RBS/ NatWest corporate banking, commercial banking, finance and risk across a wide range of industry sectors. He has also been a Director of the Business Growth Fund and is co-opted to the Audit and Risk Committee of a Welsh Rugby Club.

Caroline Ross
Independent Director

Caroline joined Moat's Board in November 2020. She is currently Chief People Officer at Asos PLC, an online retail company. Her areas of expertise include building inclusive cultures, people development, leadership and change management. Previously, Caroline was responsible for these areas in a similar role with Flutter Group. Caroline is a Governor at an independent boarding school for girls.

Jeremy Ellis
Independent Director

Jeremy joined Moat's Board in January 2021. He has enjoyed a 27-year career at TUI Travel in customer-centric roles and is currently Marketing and Customer Experience Director. He has launched several of TUI's most successful holiday products and championed the integration of TUI's end-to-end customer journey. Jeremy also led TUI's sustainability strategy and was a trustee of the TUI Care Foundation.

Jo Moran
Independent Director

Jo joined Moat's Board in June 2014. She recently retired from Marks & Spencer where she led the change plan to take the business forward as Head of Transformation and had worked as Head of Customer Service. Jo is currently a Trustee a housing charity, Vice President of the Institute of Customer Service and Non-Executive Director of Ofsted.

Mary Gibbons
Chief Executive

Mary joined Moat as Chief Executive in April 2022, having spent the previous 30 years in social housing. Working with Moat's Executive Team and Board, she ensures Moat continues to provide customer-focused services and the right homes in the right places. Her experience includes working in hostels for the homeless early in her career to CEO at Hundred House Society, Executive Director at Swan Housing Association, Chair of BuildEast and Chief Executive of CHP. She is currently a Non-Executive Director at HACT and an Advisory Board Member at Essex Business School.

Annemarie Roberts
Executive Director: Customer Experience

Annemarie was appointed in January 2023 to lead on our customer experience and help transform the Moat customer journey. She has spent the last 14 years in the housing sector, working in various roles including Director of Customer Operations at One Housing and Director of Operations at Golding Homes. Her work has been nationally recognised through national awards, including in 2022 when she was awarded the 'Woman of the Year' at Women in Housing Awards.

Carrie McKenzie
Executive Director: People and Culture

Carrie joined Moat in early 2020 to lead and set the strategic direction for people and communications. After supporting the organisation through its recovery from the pandemic, Carrie joined the Executive Team in September 2021. Prior to joining Moat, Carrie worked for Medway Council where she was an assistant director leading on a large-scale transformation programme and the senior lead for a wide range of operational teams. Carrie is a fellow of the CIPD.

Steve Nunn
Executive Director: Development and New Business

Steve was appointed in April 2009. Having worked in the housing sector since 1989, he has a wide range of experience in housing management, operations, property services, asset management, shared ownership, estate and social regeneration and development. Prior to joining Moat, Steve spent 18 years at the London and Quadrant Group where his last role was Managing Director of the home ownership specialist, Tower Homes. Steve is currently a board member of B3 Living and Chair of their Development Committee.

Gloria Yang
Executive Director: Finance

Gloria was appointed in April 2023 to lead on developing and maintaining the financial well-being of Moat and getting to know our customers, people, and partners in order to create and maximise investment opportunities in our communities. Her career spans executive finance roles at several housing associations, most recently at Origin Housing Group as Deputy CEO. She is currently a member of the Credit Committee at MORhomes PLC and Chair of the Audit and Risk Committee for Phoenix Community Housing and is a Fellow member of ACCA.

The Board is responsible for setting our strategic direction in line with our charitable objects and our social mission of helping to solve the housing crisis and realise our ambitions of improving our existing homes and the services we provide to customers. The Board consists of eight independent Non-Executive Directors and three Executive Directors.

The Board oversees the performance of the organisation and the work of the Executive Team. As part of the Regulator of Social Housing's (RSH) co-regulatory approach, the Board is also responsible for ensuring that Moat uses its resources effectively and complies with our regulatory requirements.

The Board has established a committee structure in order to oversee, and seek assurance on, the effective delivery of business services.

Audit Committee

The Audit Committee reviews the effectiveness of the organisation's internal control and risk management environment and oversees the appointment of the internal and external auditors as well as working closely with them.

Finance Committee

The Finance Committee oversees Moat's financial performance and provides detailed assurance on the Long-Term Plan to the Board.

Customer and Communities Committee

The Customer and Communities Committee provides assurance to the Board on our landlord responsibilities and customer service provision. It also advises the Board on customer engagement.

Remunerations and Nominations Committee

The Remuneration and Nominations Committee, sets and reviews non-executive and executive pay, oversees the appointment process for independent directors and makes recommendations for appointment to the Board. It also keeps our governance arrangements under review.

Full reports on the work of the Audit Committee and the Remuneration and Nominations Committee can be found from pages 39 to 41.

Audit Committee		Number of meetings attended (4 in total)
Gerard McCormack	Chair	4
Jeremy Ellis		3
Mark Foster		4

Finance Committee		Number of meetings attended (4 in total)
Tim Boag	Chair	5
David Brocklebank		5
Gerard McCormack		4
Greg Taylor (resigned October 2022)		2

Customer & Communities Committee		Number of meetings attended (4 in total)
Jo Moran	Chair	5
Jeremy Ellis		5
Mark Foster		5
Caroline Ross		5
Steve Nunn		3

Remuneration & Nominations Committee		Number of meetings attended (4 in total)
Mark Foster	Chair	4
Jo Moran		4
Caroline Ross		4
Steve White		4

Governance review

In line with good governance and best practice, we carry out an external review of our governance arrangements every three years. The Board undertook its annual internal effectiveness assessment in 2023 supported by an independent review by Campbell Tickell. Overall, the results support the view that the Board continues to be effective and performs well in its role and in discharging its responsibilities.

During the period the Board adopted the NHF Code of Conduct 2022.

Governance Code

In line with good governance and the requirements of the regulatory standards, we have adopted the UK Corporate Governance Code. We regularly review our compliance with the code and have identified the five areas not applicable to Moat as a registered provider and Registered Society under the Co-operative and Community Benefit Societies Act 2014.

The Board can confirm that Moat is compliant with the remaining provisions of the Code in as far as they can be reasonably applied to a registered provider and Registered Society.

Regulatory compliance

Regulator of Social Housing (RSH)

As a registered provider of social housing, we have a duty to comply with the regulatory standards set out by the RSH. Moat's governance and viability rating at the end of the 2022/23 financial year was G1/V1, the highest grading available.

We undertake an annual assessment of our compliance with the regulatory standards and continue to be fully compliant in all material respects during the year and up to the date of signing.

Financial Conduct Authority (FCA)

In order to deliver some of our services, such as referring customers to our panel of mortgage advisors and managing our historic equity loans, we are required to be authorised by the Financial Conduct Authority (FCA). In compliance with the Senior Managers and Certification Regime, we can confirm that Moat had the required arrangements in place as at the annual deadline in December 2022.

Code Principle/Provision	Explanation why not applicable
Principle D, provision 3 - regular engagement with major shareholders	Moat has no major shareholders. All shareholders have an equal, nominal share of £1.
Principle D, provision 4 – consultation with shareholders following 20% or more votes cast against the Board	All shareholders have an equal, nominal, non-beneficial share of £1.
Principle D, provision 5 – report on stakeholder interests and the matters set out in s.172 of the Companies Act 2006	Companies Act 2006 does not apply. Moat engages with its workforce through an Employee Forum, led by the workforce and attended by the Chief Executive and Executive Director: People and Culture.
Principle K, provision 18 - all directors should be subject to annual re-election	Independent Non-Executive Directors are reappointed up to a maximum of nine years in line with NHF model rules. The first two appointments are for three-year terms, followed by annual review as part of the succession planning process.
Principle Q, provision 36 - Remuneration schemes should promote long-term shareholdings by Executive Directors	Moat does not have shareholdings by Executive Directors.

Stakeholder engagement

We use a collaborative approach with our network of stakeholders, who play an important part in helping us to achieve the goals that we aspire to achieve within our strategy and to support our customers.

- Regulators - We have a positive and open relationship with the RSH, maintaining regular contact.
- Investors - Our investors enable us to deliver on our plans to build new affordable homes. Sharing information on our financial planning, funding announcements and our commitment to Environmental, Social and Governance (ESG) enables us to build the trust and confidence.
- Local Authorities - We have a large network of local authorities. We work with our local authority partners to achieve our joint social mission of helping solve the housing crisis through investments in homes and communities and achievement of the carbon-neutral pledge.
- Development partners - To help us solve the housing crisis through development programmes, we work closely with Homes England and our development partners including a network of consortiums with joint aims in building new communities.
- Suppliers - Our network of suppliers support us to deliver effective and efficient services. We have, and will continue to, maximise these partnerships to deliver great value for our customers.
- Colleagues - Our colleagues are our driving force in delivering great services for our customers. We engage with our colleagues through surveys and organisation-wide feedback sessions. Our Employee Forum, chaired by the Executive Director of People and Culture and regularly attended by the Chief Executive, enables feedback from our colleagues to be incorporated into decision making by the Executives and the Board.
- Customers - We believe that by listening to our customers and understanding their needs, we can provide them with the best possible housing and support.

Residents of Fletchers Close, a Supported and Independent Living scheme enjoying an afternoon tea event

Statement of effectiveness of internal controls

The Board has overall responsibility for establishing and maintaining the whole system of internal control for Moat, and for reviewing its effectiveness and management of fraud risk.

The Board's responsibility extends over matters covering strategic, operational, financial, and compliance issues. The Board delegates the review of the effectiveness of the organisation's internal control and risk management environment to the Audit Committee, receiving an annual report.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, giving reasonable, but not absolute, assurance against material misstatement or loss. It also exists to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of Moat's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. The Risk Management Framework is updated and reviewed annually by the Audit Committee. The strategic risk register is reviewed by the Audit Committee at each of its four meetings and by the Board twice a year.

The Senior Leadership Team review the operational risk register three times a year and sign-off compliance with operational controls. The sign-off process is monitored by the Executive Team.

There are clear lines of authority, responsibility and accountability throughout Moat including:

- a Code of Conduct for Employees
- Terms of reference for the Board and Committees
- a framework of policies and procedures which cover fraud prevention and detection, whistle-blowing, health and safety, data and asset protection, financial delegated authorities, segregation of duties, accounting, and treasury management
- key performance indicators, operational and financial, are monitored by Committees and the Board.

The Board continues to believe that outsourced provision of the internal audit function best supports an independent and detailed review of key procedures and controls across the business. The Audit Committee oversees the appointment of the internal auditors and agrees the annual audit plan, which is risk based, in advance. The internal auditors present their reports at each Committee meeting.

The Board have reviewed the system of internal controls for the year ended 31 March 2023 and have received sufficient assurance on the adequacy of controls in the year under review. There has been no major breach within the year and up to the date of signing the financial statements that requires disclosure.

Statement of responsibilities of the Board

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit for that year.

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

- select suitable accounting policies and apply them consistently
- make judgements and accounting 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, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that Moat will continue in business.

The directors are responsible for keeping proper books of account that disclose at any time the financial position of the Group and the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2022. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Association and to prevent and detect fraud and other irregularities.

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

The Board confirms that the Strategic Report follows the principles set out in the Statement of Recommended Practice, Accounting by Registered Social Housing Providers Update 2018 (SORP).

The Board confirms, so far as it is aware, there were no acts of modern day slavery during 2022/23. We are fully committed to combatting slavery and human trafficking and have implemented training, systems and controls. Moat's Slavery and Human Trafficking Statement can be found online at moat.co.uk.

The Board confirms that it considers that the Strategic Report and financial statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for members to assess Moat's performance, business model and strategy.

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

Going Concern

In March 2023, the Board approved the budget for 2023/24. The budget outperforms the golden rules set by the Board (operating margin, gearing and EBITDA MRI) and delivers to the approved risk appetite. This is despite the financial pressures of high inflation, the government imposed rent cap of 7%, higher interest rates, additional provision on decarbonisation and improved energy efficiency of homes, lower volumes of first tranche and open market sales, and additional support being given to help our customers during the cost of living crisis.

In May 2023, the Board reviewed the 30-year financial plan which builds on the 2023/24 budget as the base year and includes a development plan of 550 homes per year over a 10 year development programme. The base plan is fully compliant with all external covenants and with Moat golden rules throughout the 30 year period. Detailed stress tests which focus on the key risks applicable to Moat and look to test the plan to breaking point have been carried out, a total of 17 different sensitivities (individual and multiple). Based on the results of the sensitivities and scenarios, the earliest point of external lender covenant failure is in 2026 for one multiple sensitivity scenario. Recovery planning shows that remedial action can be quickly and effectively implemented to restore covenants compliance.

In line with our Treasury Management Policy, we maintain sufficient liquidity to cover 18 months net cash requirement (including all committed developments), excluding all sales, plus £15m mark-to-market contingency.

The Board has concluded that there is a reasonable expectation that Moat has adequate resources to continue in operational existence for the foreseeable future, for at least 12 months after the signing of these accounts. It therefore continues to adopt the going concern basis in the financial statements.

Viability Statement

As required by the provisions of the UK Corporate Governance Code, the Board has undertaken an assessment of the future prospects of Moat taking account of its current position and principal risks. This assessment was made using Moat's core business processes, including the following:

- 30-year financial plan – as set out in the Going Concern section, the 30-year financial plan is fully compliant with all external covenants and with Moat golden rules throughout the 30 year period. Stress testing also indicates that there is sufficient headroom on covenants to allow for remedial action to be taken in the event of adverse external conditions or if the assumptions used in the plan change.
- Risk management – as set out in the Risk section of the Strategic Report, Moat has a structured approach to the management of risk and the principal risks identified are reviewed regularly by Board.
- Liquidity – based on the 30-year financial plan and regular re-forecasting of cash flows, the Board regularly reviews an analysis of the forecast working capital requirements, cash flow, committed borrowing and other facilities available to Moat.
- Viability and credit rating – our viability rating from the RSH is V1, credit rating from Moody's is A2 negative.

In undertaking this review a period of three years has been selected. For the initial year there is a greater level of certainty because a detailed annual budget has been prepared and regularly re-forecast. The quarterly cash flow forecasts reviewed by the Board cover a rolling three-year period. The largest single area of spend is the development programme and if we stopped commissioning development it would take less than three years to build out the committed development programme. Whilst development spend and required facilities are planned over a longer term than three years, the period chosen ensures that Moat is viable beyond its usual development commitment timeframe.

On the basis of this and other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that Moat will be able to continue in operation and meet its liabilities as they fall due over the three-year period used for the assessment.

Post year end events

There have been no events post 31 March 2023 which require disclosure.

Approved by the Board and signed on its behalf by:

Steve White, Chair
26 July 2023

Egerton Place, Erith

Report of the Audit Committee

Role

The Audit Committee (the Committee) reviews the effectiveness of Moat's internal control and risk management environment and oversees the appointment of the Internal and External Auditors.

The Board has delegated this responsibility to the Committee to ensure that these matters can receive the detailed oversight and challenge they require. The Committee operates in line with its terms of reference which are reviewed annually to ensure they remain fit for purpose and reflect best practice.

The Committee provides assurance to the Board on Moat's arrangements for risk management and internal control having itself been assured through:

- the work of the Executive Team and Senior Management as set out by the cycle of business
- considering regular reports on risk management and internal control
- conducting an annual review of the risk management framework
- directing the work of the internal and external auditors and reviewing the findings and recommendations from their work.

Composition

The membership of the Committee is made up of three independent Non-Executive Directors, one of whom is the Chair. Details of Committee members and their attendance can be found on page 32.

Committee evaluation

The Committee conducts an annual evaluation of its own effectiveness and makes a report to the Board. This includes a:

- survey of the committee members on various aspects of the Committee's work
- narrative report of how the Committee has met its terms of reference
- summary of the Committee's future focus and development needs.

The Committee undertook its effectiveness survey in May 2023. This was completed by all members of the Committee. Overall, the results demonstrated that the Committee is performing well and is effective at undertaking its role and fulfilling its remit.

2022/23 work programme

The Committee met four times during the financial year.

Throughout the year the Committee maintained a programme of scrutiny and review of key strategic and operational risk, controls and mitigations, core policies, procedures and oversight of external returns.

During the period, the Committee considered the annual review of the risk management framework, including developing further the Board risk appetite, qualitative statements and tolerance measures and agreeing a new reporting format in alignment with Moat's new corporate strategy launched in April 2023. Areas covered at meetings were:

- Assets and Liabilities Policy and Register
  Review of the policy and process for meeting the Governance and Viability Standard to maintain a thorough, accurate and up to date record of our assets and liabilities
- Benefits and Payments Register
  Review of the register for individuals and organisations with links to Moat
- Cyber security update
  Update on the external environment and our work to maintain safe and secure systems
- Data Protection
  Report on any data protection issues and updates on any work to improve or maintain compliance with legislation
- Economic Standards
  Review of compliance with Regulator of Social Housing's economic standards
- Environmental Sustainability and Governance Report (ESG)
  Review of ESG report in line with Sustainability Reporting Standard for Social Housing
- External Audit and Financial Statements
  Review of the Audit Planning Report and Audit Completion Report. Approval of Financial Statements
- Fraud, Whistleblowing and Money Laundering monitoring
  Report of any suspected fraudulent or money laundering activity and monitors open cases. Report of any disclosures made under whistleblowing arrangements
- Health and Safety report
  Report covering KPI performance for FLAGEL key risk areas, health and safety audit findings and other relevant management information
- Insurance renewal
  Review of the terms of renewal and receiving assurance that adequate insurance is in place to protect the organisation's assets and activities
- Internal Audit Report
  Review of each audit report, the management response and follow up of the implementation of recommendations

- **Key policy reviews**
  Review of policies central to managing key risks and controls, such as Risk Management Policy and Framework, Accounting Policies, Tax Strategy, Anti-Fraud, Tax Evasion, Bribery Policy and Whistleblowing Policy, Business Continuity Policy, Disaster Recovery Policy
- **Strategic Risk Register**
  Review of the Strategic Risk Register
- **Work Programme**
  Review of the Committee's rolling 12-month work programme

2023/24 work programme

Looking forward into 2023/24, alongside key cyclical matters the Committee will undertake a cycle of in-depth reviews on key risk and control areas across all strategic priorities and receive deep dive presentations on areas such as transformation, data, third party contractors and procurement.

Internal Audit

During the year the Committee oversaw delivery of the internal audit plan by Beever and Struthers. No high risk findings were identified from the reviews carried out. A follow up independent review of landlord health and safety management was undertaken by Savills consultancy. It confirmed that implementation of actions highlighted in the 2022 review were complete, and that the level of internal assurance activities, quality of policies, procedures and oversight remain robust and appropriate. Landlord health and safety will continue to remain a key area of focus for the Committee.

External Audit

BDO LLP was appointed as our External Auditor in 2016 and was reappointed to audit the financial statements for 2022/23.

At the July 2023 meeting, the Committee reviewed the financial statements in discussion with management and BDO, as well as considering BDO's audit completion report.

BDO identified one key audit matter, that the recoverable amount of property developed for sale might be materially misstated. Impairment work carried out by management was outlined in a paper to the Committee and Note 2 on page 56 discusses the critical judgements used in carrying out the impairment review which resulted in a £0.1m decrease in net realisable value. There has also been a reversal of a previous write down of £0.8m on one scheme following a change in tenure.

The Committee considered the information provided by management and BDO and were satisfied that the net realisable value of property developed for sale was not materially misstated.

The work carried out by management to assess the appropriateness of adopting the going concern basis in preparing the financial statements was outlined in a paper to the Committee and this is summarised in the Going Concern Statement on pages 37 and 53.

Following a discussion with management and BDO who answered queries and challenges posed by the Committee, the Committee was satisfied that there are appropriate accounting policies in place and management have correctly applied these policies.

The Committee also reviewed a number of assurance reports, covering the work done to ensure compliance with the board assurances given in the financial statements. The Committee was satisfied that these assurances could be given.

The Committee noted that BDO had not undertaken any non-audit services.

Summary and Conclusion

Through the delivery of its work, in line with its terms of reference, the Committee has reviewed the sources of assurance available to it and the Board on the adequacy, extent and effectiveness of the internal systems of control and arrangements for risk management operated within the organisation. The Committee has concluded that adequate reviews of these controls and arrangements are in place and notes that they are designed to manage the risk to delivering business objectives and provide reasonable rather than absolute assurance against material misstatement or loss.

The Committee is satisfied that its own report and those of Internal and External Auditors have addressed the requirements of its terms of reference and that this is supported by sufficient evidence to provide reasonable assurance to the Board on the adequacy and operation of internal controls and the risk management framework.

Gerard McCormack
Audit Committee Chair
26 July 2023

Report of the Remuneration and Nominations Committee

Role

The Remuneration and Nominations Committee (the Committee):

- oversees the appointment and succession process for independent directors and makes recommendations for appointment to the Board and Committees.
- ensures the appropriate skills, development and resources are in place for Board and Committees' effectiveness and ongoing performance
- is responsible for considering Chief Executive's remuneration and recommendations, and determining executive remuneration
- considers proposals on colleague pay and reward, and ensures the adequacy of the pension arrangements for Moat
- reviews people and culture strategic plans and deliverables, and ensures that Moat's key governance framework, standing orders and delegations remain fit for purpose and applicable to all entities.

Composition

The membership of the Committee is made up of four independent Non-Executive Directors, one of whom is the Chair. Details of Committee members and their attendance can be found on page 32.

Committee evaluation

The Committee conducts an annual evaluation of its effectiveness and makes a report to the Board. This includes a survey of the committee members on various aspects of its work and on how the Committee has met its terms of reference. Overall, the results for the annual review demonstrated that the Committee is performing well and is effective at undertaking its role and fulfilling its remit.

The Committee also receives reports on collective and individual appraisals and effectiveness of the Board and related committees and makes recommendations for any learning, development or governance actions arising.

2022/23 work programme

The Committee met three times during the year. The key areas of focus were:

- monitoring Moat's compliance with the UK Corporate Governance Code, sector regulatory standards and provisions required for FCA authorisations
- succession planning for Board members and planning for the recruitment of Chairs of the Audit and Customer Committees.
- considering colleague and executive pay awards and remuneration, Board recruitment, remuneration and expenses policies, and receiving benchmarking reports to inform decisions and recommendations to the Board
- agreeing arrangements for an independent review of board effectiveness, in line with Moat's rules and standing orders
- appraising options for ongoing pension provisions
- agreeing annual objectives for the Executive Team and Chief Executive on recommendation from the Board Chair
- considering and recommending to the Board the adoption of the NHF Code of Conduct
- shaping Equality, Diversity and Inclusion Strategy and plans, receiving and agreeing on key people and culture related reports on values and behaviours, and key elements of the new Moat strategy
- receiving reports and updates from the Employee Forum.

2023/24 work programme

Looking ahead to 2023/24, alongside key cyclical matters the Committee's work plan will:

- continue to focus on delivery of the Moat Board succession plan, concluding candidate selection and nominations to the Board for Audit Committee Chair and Customer and Communities Committee Chair, and making preparations for further board succession changes later in 2024
- oversee continual improvement plans for governance
- consider and recommend on Equality, Diversity and Inclusion Strategy and plans
- review and agree Gender and Ethnicity Pay Gap reports, analysis and any resultant plans
- have oversight of customer pioneer strategy led initiatives regarding customer centric cultural change and enrichment, making recommendations to Board on material matters
- receive proposals and make recommendations on a new pay and reward strategy for Moat colleagues.

Mark Foster
Remuneration and Nominations Committee Chair
26 July 2023

Report of the Independent Auditor

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's and the Association's surplus for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Moat Homes Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2023, which comprise the consolidated statement of comprehensive income, the Association statement of comprehensive income, the consolidated statement of financial position, the Association statement of financial position, the consolidated and Association statement of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board on 20 January 2017 to audit the financial statements for the year ending 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 7 years, covering the years ending 31 March 2017 to 31 March 2023.

We remain independent of the Group and the Parent 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Association.

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. Our evaluation of the Board's assessment of the Group and the Parent Association's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern
- We considered the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and considered the reasonableness of the range of scenarios included in management's consideration of downside sensitivity analysis
- We challenged management on the suitability of the mitigating actions identified in their assessment and the quantum and period ascribed to these mitigating actions.
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions
- We assessed the facility and covenant headroom calculations
- We reviewed the wording of the going concern disclosures and assessed its consistency with management's forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent 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.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

Overview of audit			
Coverage	100% (2022: 100%) of Group surplus before tax 100% (2022: 100%) of Group revenue 100% (2022: 100%) of Group total assets		
Key audit matters	The recoverable amount of property developed for sale	2023 Yes	2022 Yes
Materiality	Group financial statements as a whole £4.0m (2022: £4.8m) based on 6% (2022: 6%) of adjusted operating surplus		

Audit work on all components was performed by BDO UK, both for the purposes of reporting on the individual financial statements and for group/consolidation purposes. We identified two components which, in our view required an audit of their complete financial information due to their size or risk characteristics and were therefore considered to be significant components.

Moat Homes Limited and Moat Homes Finance plc were identified as significant components due to their size and risk characteristics.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
The recoverable amount of property developed for sale This relates to items included in note 17 of the financial statements. This area also represents a key area of estimation uncertainty for management, as described on page 56.	As explained in the accounting policies, properties developed for sale, including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £33.5m. For completed properties at the balance sheet date an assessment is needed of the expected selling price. For properties in development at the balance sheet date, an assessment is needed of both an anticipated selling price and a determination of the expected costs to complete and sell. Due to the volume of properties under construction and the level of judgement involved in estimating both selling price and costs to complete and sell, we considered there to be a significant risk that the carrying amount of properties developed for sale is misstated and was therefore a key audit matter.	Our response included the following: • Having obtained management's assessment of the net realisable value of properties developed for sale, we selected a sample on which to perform detailed testing. Our samples were chosen from the populations of items that represented both developments under construction and completed developments at year-end. • For the selected completed properties, we agreed the amounts involved to supporting documentation where the property was sold post year-end. Where the property was not yet sold, we obtained third-party housing market information in relation to the same locality to confirm that properties were held at the lower of cost and estimated selling price less costs to complete and sell. • For the selected properties under development, we obtained details of the expected costs to complete and sell from the scheme budget for that development and agreed the budgeted contracted cost of the development to the latest contract documentation. We examined supporting documentation for expected sales proceeds and we compared the incurred expenditure to the estimated amount at that date. • We assessed the accuracy of cost forecasting by looking at outturn costs compared to budget on a sample of schemes that completed in the year. • We considered the impact of sensitivities in management's forecasts to decreases in sales prices and increases in build costs. We also considered other current factors including the status of its construction, contractual arrangements and testing undertaken to validate the accuracy of costs to complete and sell. **Key observations** Based on the evidence obtained we did not identify any indications that the assessments of the recoverable amount made by management were inappropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows in the table opposite.

Rationale for the benchmark applied

The benchmark used for determining materiality is adjusted operating surplus. The adjustments to operating surplus are to deduct the amount of capitalised major repairs and amortisation of grant and add back the depreciation charge.

We have used this benchmark as we considered items affecting the adjusted operating surplus to be the area of financial statements with the greatest interest to the principal users and the area with the greatest impact on investor and lender decisions.

We have determined that 70% of materiality is an appropriate basis for performance materiality based on our previous experience of the audit and factors such as the low levels of misstatements previously identified partially offset by the number of areas of the financial statements subject to significant estimation uncertainty.

Materiality

	Group financial statements		Parent Association financial statements	
Year	2023	2022	2023	2022
Materiality	£4.0m	£4.8m	£3.8m	£4.56m
Basis for determining materiality	6% of adjusted operating surplus	6% of adjusted operating surplus	6% of adjusted operating surplus	6% of adjusted operating surplus
Performance materiality	£2.8m	£3.4m	£2.7m	£3.23m
Basis for determining performance materiality	70% of materiality	71% of materiality	70% of materiality	71% of materiality

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on a percentage of between 3.1% and 95% (2022: 2.6% and 95%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £125,000 to £3,800,000 (2022: £125,000 to £4,560,000). In the audit of each component, we further applied performance materiality levels of between 70% and 75% (2022: 71% and 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £80,000 (2022: £90,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Board are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Corporate Governance statement

As the Association has voluntarily adopted the UK Corporate Governance Code 2018, we are required to review the Board's statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Association's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of responsibilities of the Board, 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Going concern and longer term viability	• The Board's statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified as set out on pages 37 and 53. • The Board's explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate as set out on pages 37 and 53.
Other Code provisions	• Board's statement on fair, balanced and understandable as set out on page 36 • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 37 • The section of the annual report that describes the review of effectiveness of risk management and internal control systems as set out on page 35; and • The section describing the work of the Audit Committee is set out on pages 39 and 40. As set out on page 39, the Directors consider that it is impracticable to have a separate Audit Committee for the Company.

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.

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

Non-compliance with laws and regulations

Based on:

- our understanding of the Group and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be employment law, Financial Conduct Authority ("FCA") regulations, the Regulator of Social Housing's Regulatory Standards, data protection and health and safety legislation.

Our procedures in respect of the above included:

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

Fraud

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

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance and internal audit reports for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override through accounting estimates and inappropriate journal entries.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the net realisable value of properties developed for sale (see Key Audit Matters), the value of defined benefit pension liabilities and the valuation of derivative financial instruments.

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

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

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

Use of our report

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

DocuSigned by:
E Kulczycki
C7998D5EC4924F4...

Elizabeth Kulczycki
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor, London UK

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

14 August 2023

Consolidated statement of comprehensive income

For the year ended 31 March 2023

	Notes	2023	2022
		£000	£000
Turnover	3	159,758	181,311
Operating costs	3	(82,562)	(77,537)
Cost of sales	3	(31,357)	(53,993)
Gain on disposal of fixed assets (staircasings, redemptions and right to buy/acquire)	3,4	15,813	14,271
Gain on disposal of fixed assets	3,4	3	6
Operating surplus	3	61,655	64,058
Interest receivable	7	984	21
Interest and finance costs	8,9	(23,130)	(21,538)
Movement in fair value of investments	15	-	110
Movement in fair value of financial instruments	25	6,375	5,260
Surplus before taxation	10	45,884	47,911
Taxation	11	-	-
Surplus for the year		45,884	47,911
Movement in fair value of hedged financial instruments	25	25,890	10,221
Remeasurement of pension liability	28	(1,631)	2,556
Total comprehensive income for the year		70,143	60,688

The notes on pages 53 to 87 form part of these financial statements.
All amounts relate to continuing activities.
Movements in reserves are shown in the association statement of changes in reserves.

Association statement of comprehensive income

For the year ended 31 March 2023

	Notes	2023	2022
		£000	£000
Turnover	3	141,813	146,584
Operating costs	3	(82,484)	(77,457)
Cost of sales	3	(14,548)	(24,301)
Gain on disposal of fixed assets (staircasings, redemptions and right to buy/acquire)	3,4	15,813	14,271
Gain on disposal of fixed assets	3,4	3	6
Operating surplus	3	60,597	59,103
Interest receivable	7	1,211	590
Interest and finance costs	8,9	(23,167)	(21,442)
Movement in fair value of investments	15	-	110
Movement in fair value of financial instruments	25	6,375	5,260
Surplus before taxation	10	45,016	43,621
Taxation	11	-	-
Surplus for the year		45,016	43,621
Movement in fair value of hedged financial instruments	25	25,890	10,221
Remeasurement of pension liability	28	(1,631)	2,556
Total comprehensive income for the year		69,275	56,398

The notes on pages 53 to 87 form part of these financial statements.
All amounts relate to continuing activities.
Movements in reserves are shown in the association statement of changes in reserves.

Consolidated statement of financial position

As at 31 March 2023

	Notes	2023	2022
		£000	£000
Fixed assets			
Housing properties	13	1,701,928	1,639,317
Investment properties	15	592	592
Other tangible fixed assets	16	14,970	15,596
Homebuy loans receivable		35,181	38,087
		1,752,671	1,693,592
Current assets			
Housing stock for sale	17	33,476	31,131
Debtors	18	16,532	17,285
Cash and cash equivalents		32,061	65,609
		82,069	114,025
Creditors - amounts falling due within one year	19	(78,135)	(72,713)
Net current assets		3,934	41,312
Total assets less current liabilities		1,756,605	1,734,904
Creditors - amounts falling due after more than one year	20	(1,122,039)	(1,138,634)
Derivative financial instruments	25	(18,781)	(51,046)
Pension liability	28	(8,119)	(7,701)
Net assets		607,666	537,523
Capital and reserves			
Called up share capital	27	-	-
Reserves - Revenue reserve		639,740	595,487
- Cash flow hedge reserve		(32,074)	(57,964)
Total reserves		607,666	537,523

The notes on pages 53 to 87 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 26 July 2023 and signed on its behalf by:

Steve White
Chair

Gerard McCormack
Board Member

Sara Thomson
Secretary

Association statement of financial position

As at 31 March 2023

	Notes	2023 £000	2022 £000
Fixed assets			
Housing properties	13	1,701,523	1,638,905
Investment in subsidiaries	14	50	50
Investment properties	15	592	592
Other tangible fixed assets	16	14,970	15,596
Homebuy loans receivable		35,131	38,037
		1,752,266	1,693,180
Current assets			
Housing stock for sale	17	11,995	16,166
Debtors	18	23,761	18,150
Cash and cash equivalents		30,220	64,485
		65,976	98,801
Creditors - amounts falling due within one year	19	(76,973)	(71,553)
Net current (liabilities)/assets		(10,997)	27,248
Total assets less current liabilities		1,741,269	1,720,428
Creditors - amounts falling due after more than one year	20	(1,121,255)	(1,137,842)
Derivative financial instruments	25	(18,781)	(51,046)
Pension liability	28	(8,119)	(7,701)
Net assets		593,114	523,839
Capital and reserves			
Called up share capital	27	-	-
Reserves - Revenue reserve		625,188	581,803
- Cash flow hedge reserve		(32,074)	(57,964)
Total reserves		593,114	523,839

The notes on pages 53 to 87 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 26 July 2023 and signed on its behalf by:

Steve White
Chair

Gerard McCormack
Board Member

Sara Thomson
Secretary

Statement of changes in reserves

For the year ending 31 March 2023

Consolidated	Revenue reserve £000	Cash flow hedge reserve £000	Total reserves £000
Balance at 1 April 2021	545,020	(68,185)	476,835
Surplus for the year	47,911	-	47,911
Movement in fair value of hedged financial instruments	-	10,221	10,221
Remeasurement of pension liability	2,556	-	2,556
Balance at 1 April 2022	595,487	(57,964)	537,523
Surplus for the year	45,884	-	45,884
Movement in fair value of hedged financial instruments	-	25,890	25,890
Remeasurement of pension liability	(1,631)	-	(1,631)
Balance at 31 March 2023	**639,740**	**(32,074)**	**607,666**

Association	Revenue reserve £000	Cash flow hedge reserve £000	Total reserves £000
Balance at 1 April 2021	535,626	(68,185)	467,441
Surplus for the year	43,621	-	43,621
Movement in fair value of hedged financial instruments	-	10,221	10,221
Remeasurement of pension liability	2,556	-	2,556
Balance at 1 April 2022	581,803	(57,964)	523,839
Surplus for the year	45,016	-	45,016
Movement in fair value of hedged financial instruments	-	25,890	25,890
Remeasurement of pension liability	(1,631)	-	(1,631)
Balance at 31 March 2023	**625,188**	**(32,074)**	**593,114**

Consolidated statement of cash flows

For the year ended 31 March 2023

	2023	2022
	£000	£000
Net cash generated from operating activities (note 29)	58,024	94,815
Cash flow from investing activities:		
Purchase of housing properties	(91,901)	(88,428)
Purchase of other fixed assets	(1,068)	(2,064)
Proceeds from sale of tangible fixed assets	33,423	30,574
Grants received	2,321	2,822
Interest received	984	21
Net cash (outflow) from investing activities	(56,241)	(57,075)
Cash flow from financing activities:		
Interest paid	(26,123)	(27,571)
Interest element of finance lease rental payment	(4)	(4)
Cash collateral returned	-	57
Proceeds from bond	-	73,805
(Repayment) of revolving credit facility	(2,666)	(38,238)
Repayment of borrowings	(6,538)	(13,669)
Net cash (outflow) from financing activities	(35,331)	(5,620)
Taxation	-	-
Net (decrease)/increase in cash and cash equivalents	(33,548)	32,120
Cash and cash equivalents at 1 April	65,609	33,489
Cash and cash equivalents at 31 March	32,061	65,609

Net debt analysis	At 31 March 2022	Cash flows	Other non-cash changes	At 31 March 2023
Cash and cash equivalents				
Cash and cash equivalents	65,609	(33,548)	-	32,061
Debt				
Borrowings due within one year	(11,187)	(8,691)	8,623	(11,255)
Borrowings due after one year	(614,558)	17,896	(6,452)	(603,114)
Derivative financial liabilities	(51,046)	-	32,265	(18,781)
	(676,791)	9,205	34,436	(633,150)
Total net debt	(611,182)	(24,343)	34,436	(601,089)

1. Principal accounting policies

Basis of preparation

MHL is a public benefit entity. The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including 'Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), the Accounting Direction for Private Registered Providers of Social Housing 2022 and the Statement of Recommended Practice for registered social housing providers 2018 (SORP), published by the National Housing Federation. The financial statements have been prepared on the historic cost basis except for modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

The financial statements are presented in pounds Sterling (£000s).

Basis of consolidation

The group consolidated financial statements of MHL incorporate the financial statements of its subsidiaries - Moat Housing Group Limited, Moat Development Limited, Mariner Facilities Management Limited, Moat Homes Finance Plc and Moat Construction Services Limited.

Intercompany transactions and balances between group companies are eliminated in full.

Disclosure exemptions

In preparing the group financial statements, advantage has been taken of the exemption not to disclose transactions, eliminated on consolidation, with wholly owned group undertakings.

In preparing the separate financial statements of the parent company, advantage has been taken of the exemption available in FRS102 not to present a statement of cash flows and related notes.

Going concern

In March 2023, the Board approved the budget for 2023/24. The budget outperforms the golden rules set by the Board (operating margin, gearing and EBITDA MRI) and delivers to the approved risk appetite. This is despite the financial pressures of high inflation, the government imposed rent cap of 7%, higher interest rates, additional provision on decarbonisation and improved energy efficiency of homes, lower volumes of first tranche and open market sales, and additional support being given to help our customers during the cost of living crisis.

In May 2023, the Board reviewed the 30-year financial plan which builds on the 2023/24 budget as the base year and includes a development plan of 550 homes per year over a 10 year development programme. The base plan is fully compliant with all external covenants and with Moat golden rules throughout the 30 year period. Detailed stress tests which focus on the key risks applicable to Moat and look to test the plan to breaking point have been carried out, a total of 17 different sensitivities (individual and multiple). Based on the results of the sensitivities and scenarios, the earliest point of external lender covenant failure is in 2026 for one multiple sensitivity scenario. Recovery planning shows that remedial action can be quickly and effectively implemented to restore covenants compliance.

In line with our Treasury Management Policy, we maintain sufficient liquidity to cover 18 months net cash requirement (including all committed developments), excluding all sales, plus £15m mark-to-market contingency.

The Board has concluded that there is a reasonable expectation that Moat has adequate resources to continue in operational existence for the foreseeable future, for at least 12 months after the signing of these accounts. It therefore continues to adopt the going concern basis in the financial statements.

Turnover

Turnover represents the following material income streams which are measured at the fair value of the consideration received or receivable:

- Rent and service charge income receivable (net of void losses), fees receivable, revenue grants from public authorities are all recognised on an accruals basis as they fall due.
- Proceeds from first tranche sales of low-cost home ownership properties and from properties developed for open market sales are recognised on legal completion of the sale.
- Social Housing Grant (SHG) is amortised to turnover over the useful economic life of the property to which the grant relates.

Housing properties

Housing properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of acquiring land and buildings, interest capitalised during the development period, directly attributable development and administration costs, and expenditure incurred in respect of improvements which modernise and extend the life of existing properties.

Housing properties for rent are split between land, structure and major components with a substantially different economic life.

Shared ownership property costs are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset. The fixed asset portion is split between land and structure as the rights and obligations towards improving the property reside with the shared owner.

Housing properties in the course of construction are stated at cost and are not depreciated. They are transferred to completed properties when they are ready for letting or sale.

Gains and losses on disposal of housing property fixed assets are determined by comparing the proceeds with the carrying amount and incidental costs of sale. Gains/losses on staircasings, redemptions and right to buy/right to acquire are recognised in operating surplus. Gains on stock rationalisation disposals are shown within gain/loss on disposal of fixed assets below operating surplus.

Housing properties - Depreciation

Depreciation is charged on a straight line basis over the expected economic useful lives of each component part of housing properties. Land is not depreciated. The estimated useful lives are as follows:

Structure	100 years
Kitchens	20 years
Bathrooms	30 years
Windows	30 years
Heating	15 years
Roofs	50 years
Doors	20 years
Electrical wiring	40 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

Non component works to existing properties

Expenditure incurred on existing housing properties is capitalised if it provides an incremental future benefit, including an increase in the rental income over the life of the property, a reduction in future maintenance costs, or a significant extension to the life of the property. Expenditure incurred on major repairs, cyclical and day-to-day repairs to housing properties is charged to operating expenditure in the consolidated statement of comprehensive income in the year in which it is incurred.

Interest capitalised on housing properties

Interest on borrowings is capitalised to housing properties during the course of construction up to the date of completion of each scheme. The interest capitalised is either on borrowings specifically financing a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. Interest is capitalised at the weighted average effective interest rate on the Group's borrowings.

Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the asset. No depreciation is provided on freehold land. The estimated useful lives are as follows:

Office buildings	50 years
Motor vehicles	3 years
Office equipment, fixtures and fittings	5-10 years
Computer equipment	3 years
Scheme furniture and equipment	3-40 years

Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Assets acquired by way of finance leases are capitalised as tangible fixed assets at their fair value (or, if lower, the present value of the minimum lease payments as determined at inception of the lease),and are depreciated over the shorter of the lease term and useful life. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to interest in the consolidated statement of comprehensive income over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Impairment of fixed assets (excluding investments)

The carrying amounts of the Group's fixed assets (excluding investments) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, assets are grouped into the smallest group of assets that generates cash flows from continuing use.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its estimated recoverable amount and is recognised in operating expenditure in the consolidated statement of comprehensive income.

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

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

Social Housing Grant (SHG)

SHG is recognised as deferred grant income and released as turnover in the consolidated statement of comprehensive income over the life of the structure of housing properties in accordance with the accrual model. Grants relating to expenditure on tangible fixed assets are credited to turnover at the same rate as the depreciation on the assets to which the grant relates. The deferred element of the grants is included in creditors as deferred income.

On 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.

Investments in Homebuy

Under the Homebuy scheme, the Group receives Homebuy grant representing a percentage of the open market purchase price of a property in order to advance interest free loans to a homebuyer. The loans advanced by the Group meet the definition of concessionary loans and are shown as fixed asset investments in the consolidated statement of financial position. The Homebuy grant provided by the government to fund all or part of a Homebuy loan is shown as deferred income in creditors due in more than one year.

In the event that the property is sold, the Group recovers the equivalent loaned percentage of the property at the time of the sale. The grant is reclassified to the recycled capital grant fund when the loans are redeemed up to the amount of the original grant and to the extent the proceeds permit. The Group retains any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in the value of the property the shortfall of proceeds is offset against the grant.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are not depreciated but are held at fair value. Changes in fair value are recognised in surplus for the year in the consolidated statement of comprehensive income. Rental income from these properties is taken to turnover.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

Housing stock for sale

Completed properties and properties under construction for open market sales and the first tranche portion of shared ownership properties are recognised at the lower of cost and net realisable value. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal. At each reporting date, the housing stock for sale is assessed for any adjustment. If a write down is necessary the carrying amount is reduced to its selling price less costs to complete and sell. The loss is immediately recognised in the consolidated statement of comprehensive income.

Interest incurred on borrowings relating to the development of open market sale properties is expensed as it is due.

On disposal, sales proceeds are included in turnover and the cost of sales, including costs incurred in the development of the properties, marketing and other incidental costs, are included in operating expenses.

Mixed tenure developments

Where a mixed tenure development includes shared ownership or open market sales, the costs incurred in acquiring and developing the land attributed to each element of the scheme reflect the different tenure types.

Leasehold sinking funds

Charges which are made to leaseholders for future major repairs such as replacement windows and roofs and the replacement of equipment within their estates are ring fenced for use on their properties/estates only. Such funds are disclosed in the statement of financial position as creditors.

Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial instruments

Debtors and creditors
Debtors and creditors with no stated interest rate and are receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses. Any losses arising from impairment are recognised in the statement of comprehensive income in operating costs.

Recoverable amount of rental and other trade receivables
The recoverable value of rental and other receivables is estimated and the debtor is impaired by appropriate amounts.

Interest-bearing borrowings classified as basic financial instruments
Interest-bearing borrowings are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

Other financial instruments (not considered to be basic financial instruments)

Derivative financial instruments
The Group uses certain financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in the surplus for the year immediately unless the derivative is designated and effective as a hedging instrument, see below.

Hedge accounting
The Group designates certain derivatives as hedging instruments in cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the surplus for the year. Amounts previously recognised in other comprehensive income are reclassified to surplus for the year when the hedged item is recognised in surplus for the year or when the hedging relationship ends.

Impairment of financial assets
Financial assets not carried at fair value are assessed for indicators of impairment at each reporting date. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Impairment losses are recognised in the surplus for the year.

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

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

When a subsequent event causes the amount of the impairment loss to decrease, the decrease is reversed through the surplus for the year.

Employee benefits
Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are shown as an operating expense in the surplus for the year during which services are rendered by employees. The Group participates in an Aviva defined contribution plan, closed to new members, and the Moat Homes Retirement Savings Plan (MHRSP) defined contribution plan which is open to all new employees and current employees have the opportunity to switch into it.

Defined benefit plans
The Group participates in the Moat Homes Pension Scheme (MHPS) operated by The Pensions Trust and is deemed to participate in the Essex County Council pension scheme, and the London Borough of Merton pension scheme. These schemes are closed to new employees.

The amounts charged to operating surplus are the costs arising from the employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to surplus for the year and included within finance costs. Re-measurement amounts of the net assets/defined liability are recognised in other comprehensive income. Defined benefit schemes are funded in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. Actuarial valuations are obtained triennially and are updated at each reporting date.

Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment.

Provisions for liabilities
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised as the best estimate of the amount required to settle the obligation at the reporting date.

Annual leave
A provision is made for the difference between the annual leave accrued based on an employees entitlement and the amount of leave taken as at 31 March. The provision is measured as the salary cost payable for the period of absence.

Agency managed accommodation
Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the consolidated statement of comprehensive income includes only that income and expenditure which relates solely to the Group such as rental income in turnover and repairs in operating costs.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

VAT
Moat Homes Limited, Moat Housing Group Limited, Mariner Facilities Management Limited and Moat Homes Finance Plc are registered as a VAT group. A large proportion of the Group's income comprises rental income, which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the consolidated statement of comprehensive income.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future periods if the revision affects both current and future periods.

Critical judgements

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

- Impairment
  As explained in note 1, a review of the carrying value of housing properties is carried out annually to determine whether there are any indicators of impairment. Indicators considered included indicators in paragraph 27.9 of FRS 102 and paragraph 14.6 of Housing SORP 2018. In the review, we have taken schemes to be cash-generating units as these represent groups of properties in the same location where the same services are provided. If a different level of cash generating unit had been used (e.g. individual properties within a particular scheme) the conclusion on impairment may have been different. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Impairment is assessed by comparing carrying value to the higher of value-in-use and fair value less costs to sell. If the carrying value is greater than the higher of value in use and fair value less costs to sell, an impairment provision is made. Value-in-use requires management estimates of timing of cash flows, discount rate and life of the asset. Management use estimates to determine fair value less costs to sell based on information available regarding sales of similar properties and depreciated replacement cost.

- Rented properties
  When assessing potential indicators of impairment on our rented schemes, we have considered the impact of the government decision to cap the increase in social housing rents as well as increased maintenance costs due to the current high levels of inflation. Having considered the impact of these factors on the value in use of our existing properties and viability of our schemes under construction, we do not consider these to be general indicators of impairment on our rented properties. We have also considered the high level of voids in the year; however, this is being driven by delays in works performed by our contractor rather than the quality of our properties therefore we do not consider this to be an indicator for impairment

- Low cost home ownership properties
  Indicators of impairment for the fixed asset portion of completed shared ownership properties have been assessed for the year ending 31 March 2023. We have monitored the impact on housing values throughout the year through third party reports on the market which suggest that the fair value of social housing stock is not likely to have materially reduced. Therefore, we determine that there is no general indicator of impairment across our housing stock. The need for an impairment review of the fixed asset portion of completed shared ownership properties is indicated if there have been losses on staircasings during the year. There were no material losses on staircasings during the year to indicate the need for impairment.

- Schemes in development/land banked
  All development schemes are assessed using an investment appraisal model, which is reviewed annually by the Finance Committee, to ensure the appropriateness of assumptions. During development the schemes are reviewed against the investment appraisal for any fluctuations in costs or anticipated sales values which adversely affected the net present value of the scheme, highlighting any schemes which needed to be assessed for impairment. We calculate the recoverable amount on these schemes as the higher of the fair value and the value- in-use. In line with Housing SORP 2018, in order to take into account the service potential of the scheme, we use depreciated replacement cost as a measure of value-in-use. For shared ownership schemes where there was a write down in the net realisable value for the first tranche portion, we reviewed the potential impact on future staircasings. In most cases the impact of grant and no marketing costs indicated that there was no trigger for impairment.

For rented schemes we reviewed those where additional costs highlighted a negative net book value, we carried out an impairment review. For the schemes identified in the year, the review did not result in a impairment being recognised. We have reassessed our previously impaired schemes, this has resulted in the reversal of impairment on two schemes of £2.1m.

Land banked schemes where there is no current investment appraisal are reviewed to compare the carrying value to the estimated fair value if the land is sold. No new schemes required an impairment and there were no changes to existing impairment amounts.

Housing stock for sale

Housing stock for sale is recognised at the lower of cost and net realisable value. In assessing net realisable value management considers publicly available information and internal forecasts on future sales activity.

We have reviewed the sales value of our homes for sale, both available for sale and in construction. Information from actual sales values achieved, mortgage valuations provided to potential residents, and discussions with developers and estate agents have been used to review current sales values.

Following a change in tenure from shared ownership to rented on one scheme, we have reversed a previous write down of £0.8m as part of the transfer of this stock from housing stock for sale to fixed assets – housing properties.

As a result of increased development costs, we have written down the value of stock for sale across two schemes by £0.1m.

Key sources of estimation uncertainty

Estimated useful lives

Fixed assets are depreciated over their estimated useful lives. The components into which housing properties are split and their associated estimated lives are considered to be the appropriate level based on knowledge of the repairs and maintenance programme carried out. The actual lives of individual components can however vary based on factors such as product life, wear and tear, maintenance programmes and environmental factors. Reducing the useful economic lives of our components by 10% would result in an additional depreciation charge of £2.2m.

Housing property cost allocation

In mixed tenure developments costs are allocated between different tenures on a floor area basis. The allocation of the cost of shared ownership properties between housing properties and housing stock for sale is based on the estimated first tranche sale portion. We predict the amount to be sold by reviewing historic sale portions, current economic conditions and location.

Rent arrears

The value of arrears that will not be collected is estimated based on our past experience of collection of different types of debt. The impact of Universal Credit has been estimated based on our experience of known customers on Universal Credit. Reducing the assumption of the amount of arrears recoverable by 10% for current customer balances older than 1 month would increase our bad debt provision by £0.2m.

Pensions

The liability for future pension payments depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase and mortality rates. Qualified actuaries are engaged to provide expert advice in each of the pension schemes of which the Group is a member. The principal actuarial assumptions provided by the actuaries have been reviewed and considered to be applicable to the Group.

Interest rate swaps

Uncertainties in the valuation of interest rate swaps include future interest rates and counterparty credit risk. Moat uses a debt and derivative advisory company, regulated by the Financial Conduct Authority, to value its derivatives. The key assumptions used in the valuation are a discount rate of six months SONIA and in order to calculate the effective/ineffective values, the dollar offset method on a cumulative basis is used.

Operating segments

The provision of social housing is the principal activity. Segmental information is disclosed in note 3 where social housing lettings activity is split into different tenures and into other social housing activities such as sale of social housing and development administration. Housing property cost is split into different tenures and stages of construction in note 13. The Board does not routinely receive any further segmental information.

3. Particulars of turnover, operating costs, cost of sales and operating surplus - Group

	2023				
	Turnover	Operating costs	Cost of sales	Gain on disposal of fixed assets	Operating surplus
	£000	£000	£000	£000	£000
Social housing lettings	121,818	(79,707)	-	-	42,111
Other social housing activities					
Contracted services	774	(347)	-	-	427
Development administration	1	(2,384)	-	-	(2,383)
Impairment of schemes under construction/completed in the year	-	2,087	-	-	2,087
Shared ownership property sales	17,344	-	(15,250)	-	2,094
Write back of housing stock for sale	-	-	702	-	702
Staircasing activity on low cost home ownership	-	-	-	12,452	12,452
Redemption of equity loans	-	-	-	2,374	2,374
Right to buy/right to acquire	-	-	-	987	987
Gain on disposal of fixed assets	-	-	-	3	3
Investment in communities	-	(1,036)	-	-	(1,036)
Other	1,814	(1,099)	-	-	715
Non-social housing activities					
Market renting lettings	211	(24)	-	-	187
Open market sales	17,780	-	(16,809)	-	971
Write back of housing stock held for sale	-	-	-	-	-
Other	16	(52)	-	-	(36)
Total	159,758	(82,562)	(31,357)	15,816	61,655

	2022				
	Turnover	Operating costs	Cost of sales	Gain on disposal of fixed assets	Operating surplus
	£000	£000	£000	£000	£000
Social housing lettings	114,795	(71,293)	-	-	43,502
Other social housing activities					
Contracted services	731	(584)	-	-	147
Development administration	3	(2,629)	-	-	(2,626)
Impairment of schemes under construction/completed in the year	-	(966)	-	-	(966)
Shared ownership property sales	29,366	-	(24,116)	-	5,250
Write back of housing stock for sale	-	-	(185)	-	(185)
Staircasing activity on low cost home ownership	-	-	-	11,427	11,427
Redemption of equity loans	-	-	-	2,844	2,844
Gain on disposal of fixed assets	-	-	-	6	6
Investment in communities	-	(863)	-	-	(863)
Other	1,664	(1,126)	-	-	538
Non-social housing activities					
Market renting lettings	164	(25)	-	-	139
Open market sales	34,573	-	(30,120)	-	4,453
Write back of housing stock held for sale	-	-	428	-	428
Other	15	(51)	-	-	(36)
Total	181,311	(77,537)	(53,993)	14,277	64,058

3. Particulars of turnover, operating costs, cost of sales and operating surplus - Group (continued)

	2023				2022
	General needs and affordable rent	Low cost home ownership	Housing for older people / supported housing	Total	Total
	£000	£000	£000	£000	£000
Turnover from social housing lettings					
Rents receivable	68,946	26,574	7,957	103,477	97,130
Service charge income	5,211	6,121	1,717	13,049	12,508
Net rental income	74,157	32,695	9,674	116,526	109,638
Amortisation of Social Housing Grant	3,826	1,027	439	5,292	5,157
Total turnover from social housing lettings	77,983	33,722	10,113	121,818	114,795
Operating costs of social housing lettings					
Management	(14,114)	(6,216)	(3,107)	(23,437)	(18,553)
Service charge costs	(5,281)	(6,494)	(1,917)	(13,692)	(11,299)
Routine maintenance	(11,244)	-	(1,894)	(13,138)	(13,312)
Planned maintenance	(4,300)	(32)	(733)	(5,065)	(4,447)
Major repairs expenditure	(2,954)	(51)	(558)	(3,563)	(5,034)
Rent losses from bad debts	(299)	(58)	(46)	(403)	59
Depreciation of housing properties	(15,102)	(3,547)	(1,760)	(20,409)	(18,707)
Total operating costs of social housing lettings	(53,294)	(16,398)	(10,015)	(79,707)	(71,293)
Operating surplus on social housing lettings	24,689	17,324	98	42,111	43,502
Void losses	(1,613)	-	(757)	(2,370)	(1,363)

Included within social housing lettings operating costs is £1,169k (2022: £1,805k) of fire safety costs and £304k (2022: nil) of zero carbon costs.

3. Particulars of turnover, operating costs, cost of sales and operating surplus - Association

	2023				
	Turnover	Operating costs	Cost of sales	Gain on disposal of fixed assets	Operating surplus
	£000	£000	£000	£000	£000
Social housing lettings	121,797	(79,693)	-	-	42,104
Other social housing activities					
Contracted services	774	(347)	-	-	427
Development administration	1	(2,384)		-	(2,383)
Impairment of schemes under construction/completed in the year	-	2,087	-	-	2,087
Shared ownership property sales	17,344	-	(15,250)	-	2,094
Write back of housing stock for sale	-	-	702	-	702
Staircasing activity on low cost home ownership	-	-	-	12,452	12,452
Redemption of equity loans	-	-	-	2,374	2,374
Right to buy/right to acquire	-	-	-	987	987
Gain on disposal of fixed assets	-	-	-	3	3
Investment in communities	-	(1,036)	-	-	(1,036)
Other	1,814	(1,099)	-	-	715
Non-social housing activities					
Market renting lettings	83	(12)	-	-	71
Total	141,813	(82,484)	(14,548)	15,816	60,597

	2022				
	Turnover	Operating costs	Cost of sales	Gain on disposal of fixed assets	Operating surplus
	£000	£000	£000	£000	£000
Social housing lettings	114,774	(71,284)	-	-	43,490
Other social housing activities					
Contracted services	731	(584)	-	-	147
Development administration	3	(2,629)	-	-	(2,626)
Impairment of schemes under construction/completed in the year	-	(966)	-	-	(966)
Shared ownership property sales	29,366	-	(24,116)	-	5,250
Write back of housing stock for sale	-	-	(185)	-	(185)
Staircasing activity on low cost home ownership	-	-	-	11,427	11,427
Redemption of equity loans	-	-	-	2,844	2,844
Gain on disposal of fixed assets	-	-	-	6	6
Investment in communities	-	(863)	-	-	(863)
Other	1,663	(1,126)	-	-	537
Non-social housing activities					
Market renting lettings	47	(5)	-	-	42
Total	146,584	(77,457)	(24,301)	14,277	59,103

3. Particulars of turnover, operating costs, cost of sales and operating surplus - Association (continued)

	2023				2022
	General needs and affordable rent	Low cost home ownership	Housing for older people / supported housing	Total	Total
	£000	£000	£000	£000	£000
Turnover from social housing lettings					
Rents receivable	68,928	26,574	7,957	103,459	97,112
Service charge income	5,210	6,121	1,717	13,048	12,507
Net rental income	74,138	32,695	9,674	116,507	109,619
Amortisation of Social Housing Grant	3,824	1,027	439	5,290	5,155
Total turnover from social housing lettings	77,962	33,722	10,113	121,797	114,774
Operating costs on social housing lettings					
Management	(14,112)	(6,216)	(3,107)	(23,435)	(18,551)
Service charge costs	(5,278)	(6,494)	(1,917)	(13,689)	(11,299)
Routine maintenance	(11,242)	-	(1,894)	(13,136)	(13,312)
Planned maintenance	(4,300)	(32)	(733)	(5,065)	(4,447)
Major repairs expenditure	(2,954)	(51)	(558)	(3,563)	(5,034)
Rent losses from bad debts	(299)	(58)	(46)	(403)	59
Depreciation of housing properties	(15,095)	(3,547)	(1,760)	(20,402)	(18,700)
Total operating costs on social housing lettings	(53,280)	(16,398)	(10,015)	(79,693)	(71,284)
Operating surplus on letting activities	24,682	17,324	98	42,104	43,490
Void losses	(1,613)	-	(757)	(2,370)	(1,363)

Included within social housing lettings operating costs is £1,169k (2022: £1,805k) of fire safety costs and £304k (2022: nil) of zero carbon costs.

4. Gain on disposal of fixed assets - Group and Association

	Staircasings	Redemptions	Right to Buy/ Right to Acquire	Other fixed assets	Total
	£000	£000	£000	£000	£000
Proceeds of sale	26,881	5,437	1,719	11	34,048
Attributable book value and incidental selling costs	(14,429)	(3,063)	(732)	(8)	(18,232)
Gain on disposal of fixed assets - 2023	12,452	2,374	987	3	15,816
Gain on disposal of fixed assets - 2022	11,291	2,844	136	6	14,277

5. Board members and Executive Team

The key management personnel are members of the Executive Team, listed on page 29. The total remuneration including pension contribution, received by Executive Team members was £1,304,484 (2022: £1,162,377). This includes the costs of all key management personnel whether employed by contract and paid through payroll or engaged through an agency with payment for services.

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

	2023	2022
	£000	£000
Emoluments, excluding pension contributions	191	266
Pension contributions - in respect of services as director	35	-
	226	266

The Chief Executive is an ordinary member of the Aviva (Moat Homes Retirement Savings Plan) defined contribution scheme. The highest paid director in the prior year was the outgoing Chief Executive who was an ordinary member of the SHPS defined contribution scheme and did not contribute to the scheme.

Non-executive board members received £117,175 (2022: £106,139) as fees for their services to the group and also received £3,331 as expenses during the year (2022: £806). They were paid on a pro-rata basis:

	Remuneration per annum	
	2023 from 1 October	2022
	£	£
MHL chair	27,500	20,450
Senior independent director	16,500	14,000
Committee chair	15,900	12,100
Board member	11,500	11,000

Details of Board and Committee members can be found on pages 29 to 32.

6. Employee information - Group and Association

The average number of employees (including the Executive Team) expressed as full-time equivalents (calculated based on a standard working week of 35 hours) during the year was as follows:

	2023	2022
	Number	Number
Housing	243	213
Management	105	96
New business and sales	51	52
	399	361

Employee costs (including the Executive Team and non-executive board members) consist of:

	2023	2022
	£000	£000
Wages and salaries	16,847	14,653
Social security costs	1,928	1,611
Other pension costs	1,430	1,207
	20,205	17,471

63 (2022: 54) employees, including the Executive team, earned over £60,000 in remuneration in the following bands:

	2023	2022
	No of employees	No of employees
£60,000 - £69,999	22	21
£70,000 - £79,999	10	10
£80,000 - £89,999	10	7
£90,000 - £99,999	5	7
£100,000 - £109,999	3	-
£110,000 - £119,999	3	3
£120,000 - £129,999	3	1
£130,000 - £139,999	2	-
£140,000 - £149,999	-	2
£160,000 - £169,999	1	-
£180,000 - £189,999	1	-
£190,000 - £199,999	1	2
£210,000 - £219,999	1	-
£220,000 - £229,999	1	-
£260,000 - £269,999	-	1

Remuneration includes salary, allowances, pension contributions, bonuses and compensation for loss of office.

7. Interest receivable

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Interest receivable and similar income	984	21	984	21
Interest receivable from group undertakings	-	-	227	569
	984	21	1,211	590

8. Interest and finance costs

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
On bank loans, overdrafts and other loans	24,936	25,161	24,972	25,065
Interest on finance leases	4	4	4	4
Notional interest on RCGF balances	1,299	113	1,299	113
Less: interest capitalised	(3,388)	(3,968)	(3,388)	(3,968)
	22,851	21,310	22,889	21,214

The average rate of interest used for capitalisation was 4.48% (2022: 3.50%).

9. Other finance costs

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Pension finance costs				
Merton and Essex pension schemes	13	21	13	21
MHPS pension scheme	266	207	266	207
	279	228	279	228

10. Surplus before taxation

	Group		Association	
	2023	2022	2023	2022
Surplus before tax is stated after (charging)/crediting:	£000	£000	£000	£000
Depreciation of housing properties				
Charge for the year	(19,720)	(17,981)	(19,714)	(17,974)
Accelerated depreciation on replaced components	(689)	(726)	(688)	(726)
Note 3	(20,409)	(18,707)	(20,402)	(18,700)
Depreciation of other fixed assets	(1,665)	(1,516)	(1,665)	(1,516)
Amortisation of government grant	5,292	5,157	5,290	5,155
Impairment of schemes under construction/completed in the year	2,087	(966)	2,087	(966)
Operating lease rentals	(143)	(146)	(143)	(146)
Auditor's remuneration:				
Audit of financial statements	(130)	(93)	(97)	(65)

11. Taxation

	2023	2022
Group	£000	£000
Current tax:		
UK corporation tax	-	-

	2023	2022
	£000	£000
Surplus before tax	45,884	47,911
Current tax at 19% (2022: 19%)	8,718	9,103
Effects of:		
Surpluses subject to charitable exemption	(8,553)	(8,288)
Qualifying charitable donation from subsidiary	(161)	-
Utilisation of losses previously carried forward	(4)	(815)
Total current tax	-	-

	2023	2022
Association	£000	£000
Current tax		
UK corporation tax	-	-

	2023	2022
	£000	£000
Surplus before tax	45,016	43,621
Current tax at 19% (2022: 19%)	8,553	8,288
Effects of:		
Surpluses subject to charitable exemption	(8,553)	(8,288)
Total current tax	-	-

12. Residential accommodation owned and/or managed - Group

	As at 31 March 2022	Additions	Disposals	Change in Tenure/ Other	As at 31 March 2023
Owned and managed					
Social housing					
General needs	8,162	27	(3)	(8)	8,178
General needs affordable rent	2,335	218	-	-	2,553
Housing for older people	1,470	-	-	-	1,470
Housing for older people affordable rent	63	35	-	-	98
Supported housing	100	-	-	3	103
Shared ownership	5,713	153	(72)	(8)	5,786
Leasehold properties	1,095	-	(1)	(1)	1,093
Non-social housing					
Open market rented properties	5	-	-	-	5
Total owned and managed	18,943	433	(76)	(17)	19,286
Owned not managed					
Social housing					
General needs	1	-	-	-	1
Supported housing	139	-	(2)	-	137
Non-social housing					
Care homes	44	-	-	-	44
Total owned not managed	184	-	(2)	-	182
Managed not owned					
Social housing					
General needs	307	-	-	1	308
General needs affordable rent	1	-	-	(1)	-
Leasehold properties	58	-	-	-	58
Equity loan properties	1,035	-	(76)	-	959
Non-social housing					
Leasehold properties	15	-	-	-	15
Firstbuy loans	2	-	-	-	2
Freehold properties	1,036	-	-	19	1,055
Total managed not owned	2,454	-	(76)	19	2,397
Residential properties owned and/or managed	21,581	433	(154)	5	21,865

Owned and managed non-residential					
Community hubs	7	-	-	-	7
Staff housing and guest rooms	3	-	-	(1)	2
Garages	577	-	-	-	577
Commercial	26	-	-	-	26
Total owned and managed non-residential	613	-	-	(1)	612

12. Residential accommodation owned and/or managed - Association

	As at 31 March 2022	Additions	Disposals	Change in Tenure/ Other	As at 31 March 2023
Owned and managed					
Social housing					
General needs	8,159	27	(3)	(8)	8,175
General needs affordable rent	2,335	218	-	-	2.553
Housing for older people	1,470	-	-	-	1,470
Housing for older people affordable rent	63	35	-	-	98
Supported housing	100	-	-	3	103
Shared ownership	5,713	153	(72)	(8)	5,786
Leasehold properties	1,095	-	(1)	(1)	1,093
Non-social housing					
Open market rented properties	3	-	-	-	3
Total owned and managed	18,938	433	(76)	(14)	19,281
Owned not managed					
Social housing					
General needs	1	-	-	-	1
Supported housing	139	-	(2)	-	137
Non-social housing					
Care homes	44	-	-	-	44
Total owned not managed	184	-	(2)	-	182
Managed not owned					
Social housing					
General needs	307	-	-	1	308
General needs affordable rent	1	-	-	(1)	-
Leasehold properties	58	-	-	-	58
Equity loan properties	1,035	-	(76)	-	959
Non-social housing					
Freehold properties	1,036	-	-	19	1,055
Total managed not owned	2,437	-	(76)	19	2,380
Residential properties owned and/or managed	21,559	433	(154)	5	21,843

Owned and managed non-residential					
Community hubs	7	-	-	-	7
Staff housing and guest rooms	3	-	-	(1)	2
Garages	577	-	-	-	577
Commercial	26	-	-	-	26
Total owned and managed non-residential	613	-	-	(1)	612

13. Tangible fixed assets - housing properties - Group

	Rented		Shared ownership		
	Completed	Under construction	Completed	Under construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2022	1,169,394	113,774	491,910	67,248	1,842,326
Additions	-	63,537	-	16,066	79,603
Improvements to existing properties	9,600	-	188	-	9,788
Capitalised interest	-	2,221	-	1,167	3,388
Schemes completed	74,940	(74,940)	51,618	(51,618)	-
Change in tenure	(488)	7,962	488	(5,574)	2,388
Disposals	(4,914)	-	(14,323)	-	(19,237)
At 31 March 2023	1,248,532	112,554	529,881	27,289	1,918,256
Depreciation					
At 1 April 2022	(167,606)	-	(29,556)	-	(197,162)
Charge in year	(16,127)	-	(3,593)	-	(19,720)
Change in tenure	82	-	(82)	-	-
Released on disposal	3,521	-	793	-	4,314
At 31 March 2023	(180,130)	-	(32,438)	-	(212,568)
Impairment					
At 1 April 2022	(124)	(3,785)	(207)	(1,731)	(5,847)
Reversal in the year	-	718	-	1,369	2,087
Schemes completed	(964)	964	(362)	362	-
At 31 March 2023	(1,088)	(2,103)	(569)	-	(3,760)
Net Book Value - 2023	1,067,314	110,451	496,874	27,289	1,701,928
Net Book Value - 2022	1,001,664	109,989	462,147	65,517	1,639,317

Interest Capitalisation

Interest capitalised in the year	-	2,221	-	1,167	3,388
Cumulative interest capitalised	20,362	3,421	25,941	647	50,371

Properties with a net book value of £750m (2022: £755m) are pledged as security on loan financing

13. Tangible fixed assets - housing properties - Association

	Rented		Shared ownership		
	Completed	Under construction	Completed	Under construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2022	1,168,922	113,774	491,910	67,249	1,841,855
Additions	-	63,537	-	16,066	79,603
Improvements to existing properties	9,600	-	188	-	9,788
Capitalised interest	-	2,221	-	1,167	3,388
Schemes completed	74,940	(74,940)	51,618	(51,618)	-
Change in tenure	(488)	7,962	488	(5,574)	2,388
Disposals	(4,913)	-	(14,323)	-	(19,236)
At 31 March 2023	1,248,061	112,554	529,881	27,290	1,917,786
Depreciation					
At 1 April 2022	(167,547)	-	(29,556)	-	(197,103)
Charge in year	(16,121)	-	(3,593)	-	(19,714)
Change in tenure	82	-	(82)	-	-
Released on disposal	3,521	-	793	-	4,314
At 31 March 2023	(180,065)	-	(32,438)	-	(212,503)
Impairment					
At 1 April 2022	(124)	(3,785)	(207)	(1,731)	(5,847)
Reversal in year	-	718	-	1,369	2,087
Schemes completed	(964)	964	(362)	362	-
At 31 March 2023	(1,088)	(2,103)	(569)	-	(3,760)
Net Book Value - 2023	1,066,908	110,451	496,874	27,290	1,701,523
Net Book Value - 2022	1,001,251	109,989	462,147	65,518	1,638,905

Interest Capitalisation

Interest capitalised in the year	-	2,221	-	1,167	3,388
Cumulative interest capitalised	20,362	3,421	25,941	647	50,371

Properties with a net book value of £750m (2022: £755m) are pledged as security on loan financing

13. Tangible fixed assets - housing properties (continued)

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Housing properties at cost comprise:				
Freeholds	1,594,553	1,554,853	1,594,083	1,554,382
Long leaseholds	322,653	286,423	322,653	286,423
Short leaseholds	1,050	1,050	1,050	1,050
	1,918,256	1,842,326	1,917,786	1,841,855

14. Investment in subsidiaries

	Description	Country of incorporation	% of ordinary shares held	Holding company	Investment £
Moat Housing Group Ltd	Non Charitable RP	England	100%	MHL	1
Moat Homes Finance Plc	Finance Company	England	100%	MHL	50,000
Moat Construction Services Ltd	Dormant	England	100%	MHL	1
Moat Development Ltd	Dormant	England	100%	MHG	1
Mariner Facilities Management Ltd	Dormant	England	100%	MHG	100
					50,103

MHL has paid £12,500 of the allotted share capital in MHF (2022: £12,500).

15. Investment properties

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Investment properties at 1 April	592	482	592	482
Movement in fair value	-	110	-	110
Investment properties at 31 March	592	592	592	592

Investment properties are held at fair value. These are commercial properties, which were revalued by external chartered surveyors, Residentially, at 31 March 2023, using the comparable method of market valuation evidence as set out in the Red Book (2017 Global standards), to ascertain the Market Values and Market Rents. The valuations assume yields of 6.5% - 7% based on market yields for comparable areas of 6% - 8.5%. The rents are in line with current values for similar stock and the strength of the covenant of the tenants suggests these yields are appropriate.

16. Other tangible fixed assets - Group and Association

	Freehold land and buildings	Scheme equipment	Other	Total
	£000	£000	£000	£000
Cost				
At 1 April 2022	11,481	10,976	9,134	31,591
Additions	-	382	665	1,047
Disposals	-	-	(237)	(237)
At 31 March 2023	11,481	11,358	9,562	32,401
Depreciation				
At 1 April 2022	(3,681)	(4,947)	(7,367)	(15,995)
Charge for the year	(240)	(718)	(707)	(1,665)
Disposals	-	-	229	229
At 31 March 2023	(3,921)	(5,665)	(7,845)	(17,431)
Net book value - 2023	7,560	5,693	1,717	14,970
Net book value - 2022	7,800	6,029	1,767	15,596

Included within the net book value of Other is an amount of £35k (2022: £46k) in respect of assets held under a finance lease. These are classed as finance leases as the rental period amounts to the estimated useful life of the asset concerned.

17. Housing stock for sale

Housing stock for sale is the cost of open market sales schemes and the cost attributed to the first tranche element of shared ownership schemes. The cost of shared ownership schemes is split between current and fixed assets based on the expected percentage of first tranche sales which is currently in the region of 30%.

	First tranche sale stock		Open market sale stock		
	Under construction	Completed	Under construction	Completed	Total
Group	£000	£000	£000	£000	£000
As at 1 April	15,368	798	11,744	3,221	31,131
Additions	11,756	42	24,556	33	36,387
Disposals	-	(14,283)	-	(18,073)	(32,356)
Schemes completed	(15,405)	15,405	(17,489)	17,489	-
Transferred to fixed assets due to change in tenure	(2,388)	-	-	-	(2,388)
Movement in net realisable value	787	(85)	-	-	702
As at 31 March	10,118	1,877	18,811	2,670	33,476

	First tranche sale stock		Open market sale stock		
	Under construction	Completed	Under construction	Completed	Total
Association	£000	£000	£000	£000	£000
As at 1 April	15,368	798	-	-	16,166
Additions	11,756	42	-	-	11,798
Disposals	-	(14,283)	-	-	(14,283)
Schemes completed	(15,405)	15,405	-	-	-
Transferred to fixed assets due to change in tenure	(2,388)	-	-	-	(2,388)
Movement in net realisable value	787	(85)	-	-	702
As at 31 March	10,118	1,877	-	-	11,995

18. Debtors

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Due within one year				
Arrears of rent and service charges	4,809	4,340	4,802	4,335
Provision for bad and doubtful debts	(2,297)	(2,047)	(2,297)	(2,043)
	2,512	2,293	2,505	2,292
Amounts due from Group entities	-	-	7,236	842
Prepayments and accrued income	11,137	11,606	11,137	11,600
Other debtors	2,113	2,616	2,113	2,646
	15,762	16,515	22,991	17,380
Due after one year				
Other debtors	770	770	770	770
	16,532	17,285	23,761	18,150

19. Creditors: amounts falling due within one year

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Housing loans (note 20)	8,684	8,677	8,684	8,677
Bond premium due under one year	2,553	2,493	-	-
Trade creditors	3,325	1,686	3,303	1,716
Owed to other Group entities	-	-	2,896	2,836
Recycled capital grant fund (note 22)	31,056	34,233	31,056	34,233
Deferred capital grant	5,346	-	5,346	-
Finance lease liabilities (note 20)	18	17	18	17
Other creditors	7,808	6,932	7,492	6,604
Accruals and deferred income	19,345	18,675	18,178	17,470
	78,135	72,713	76,973	71,553

Included within other creditors is £3,992k of rent received in advance (2022: £3,820k).

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

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Housing loans	246,958	255,831	246,958	255,831
Bond issue	300,000	300,000	-	-
Bond premium due over one year	56,117	58,670	-	-
Deferred Capital Grant	464,057	464,555	463,925	464,421
Homebuy grant	30,925	33,419	30,925	33,419
Owed to other Group entities	-	-	355,486	358,038
Recycled capital grant fund (note 22)	19,468	22,015	19,468	22,015
Leasehold sinking funds	4,475	4,082	4,454	4,058
Finance lease liabilities	39	57	39	57
Other creditors	-	5	-	3
	1,122,039	1,138,634	1,121,255	1,137,842

Housing loans	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Within one year (note 19)	8,684	8,677	8,684	8,677
Between one and two years	8,693	8,684	8,693	8,684
Between two and five years	44,631	35,538	44,631	35,538
In more than five years:				
Repayable by instalments	196,297	214,083	196,297	214,083
Repayable other than by instalments	300,000	300,000	-	-
Issue costs	(2,663)	(2,474)	(2,663)	(2,474)
Over one year (note 20)	546,958	555,831	246,958	255,831
Total housing loans	555,642	564,508	255,642	264,508

Housing loans and Bond issue

All of the above are secured by fixed charges on the Group's housing assets and are repayable at variable and fixed rates of interest in the range of 1.54% - 12.84% (2022: 0.41% - 12.84%) per annum. As at 31 March 2023, 89% of our borrowings, including interest rate swaps, were charged interest at a fixed rate (2022: 88%).

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

Source of housing loans

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
The Finance for Residential Social Housing Plc	3,383	3,441	3,383	3,441
Banks and building societies	204,922	213,541	204,922	213,541
Affordable Housing Finance Plc	50,000	50,000	50,000	50,000
Moat Homes Finance Plc Bond	300,000	300,000	-	-
	558,305	566,982	258,305	266,982
Issue costs	(2,663)	(2,474)	(2,663)	(2,474)
	555,642	564,508	255,642	264,508

Finance leases

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Within one year (note 19)	18	17	18	17
Between one and five years	39	57	39	57
In more than five years	-	-	-	-
	57	74	57	74

Government grant

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Social Housing Grant (SHG) and other government grant	558,293	548,507	558,146	548,360
Cumulative amortisation	(88,890)	(83,952)	(88,875)	(83,939)
	469,403	464,555	469,271	464,421

21. Total government grant assistance

Total government grant assistance received or receivable to date is as follows:

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
SHG on housing properties	558,293	548,507	558,146	548,360
Homebuy and starter home initiative	30,925	33,419	30,925	33,419
Recycled capital grant fund	50,524	56,248	50,524	56,248
Add: cumulative amount credited to statement of comprehensive income	13,769	13,769	12,050	12,050
	653,511	651,943	651,645	650,077

	Homes England	GLA	Homes England	GLA
	2023		2022	
	£000	£000	£000	£000
At 1 April	52,874	3,374	50,834	5,922
Inputs to fund:				
Grants recycled	3,971	1,057	4,646	966
Interest accrued	1,215	83	101	12
	58,060	4,514	55,581	6,900
Withdrawals from fund:				
New build	(9,456)	(826)	(2,707)	(3,526)
Flexible Tenure	(125)	-	-	-
Repaid	-	(1,643)	-	-
At 31 March	48,479	2,045	52,874	3,374
Amounts three years or older where repayment may be required	31,056	-	34,233	-

We will negotiate the repayment of amounts three years or older with Homes England. Historically these negotiations have been successful.

23. Other financial commitments - Group and Association

At 31 March 2023 there are future commitments under non-cancellable operating leases as follows:

	Land and building lease commitments		Other lease commitments	
	2023	2022	2023	2022
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	35	69	52	74
Between one and five years	26	-	-	9
In more than five years	-	-	-	-
	61	69	52	83

24. Capital commitments

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Capital expenditure contracted for but not provided in the financial statements	227,066	157,418	171,253	151,600
Capital expenditure authorised but not yet contracted for	51,568	13,285	51,568	13,285

Capital commitments will be funded from £34.2m of Social Housing Grant (2022:£17.0m) and £58.0m of proceeds from housing stock held for sale (2022: £64.6m). The remaining commitments will be funded through borrowing and operating surplus.

25. Financial instruments

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

	Group		Association	
	2023	2022	2023	2022
Financial assets	£000	£000	£000	£000
Measured at undiscounted amount receivable:				
Trade and other debtors and cash collateral given (note 17)	5,395	5,679	12,624	6,550
Cash and cash equivalents	32,061	65,609	30,220	64,485
	37,456	71,288	42,844	71,035

25. Financial instruments (continued)

	Group		Association	
	2023	2022	2023	2022
Financial liabilities	£000	£000	£000	£000
Measured at fair value and designated as an effective hedge:				
Derivative financial liabilities (note 26)	32,074	57,964	32,074	57,964
Measured at fair value through the surplus for the year:				
Ineffective element of interest rate swaps	(13,293)	(6,918)	(13,293)	(6,918)
	18,781	51,046	18,781	51,046
Measured at amortised cost:				
Loans payable (notes 19,20)	255,642	264,508	255,642	264,508
Bond payable (note 20)	300,000	300,000	-	-
Obligations under finance leases (notes 19,20)	57	74	57	74
Intercompany loans payable (notes 19,20)	-	-	358,382	360,874
Measured at undiscounted amount payable:				
Trade and other creditors (notes 19,20)	34,954	92,543	33,427	29,851
	609,434	708,171	666,288	706,853

The ineffective element of interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Assumptions used in the valuation are a discount rate of 6 months SONIA and the dollar offset method on a cumulative basis for calculating effective/ineffective values.

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

	Group		Association	
	2023	2022	2023	2022
	£000	£000	£000	£000
Interest income and expense				
Total interest income for financial assets at amortised cost	984	21	1,211	590
Total interest expense for financial liabilities at amortised cost	(24,940)	(25,165)	(24,978)	(25,069)
Fair value gains and losses				
On derivative financial liabilities designated as an effective hedge	25,890	10,221	25,890	10,221
On financial liabilities measured at fair value through surplus for the year	6,375	5,260	6,375	5,260
	8,309	(9,663)	8,498	(8,998)

26. Hedging financial instruments - Group and Association

	Due within one year		Due after one year	
	2023	2022	2023	2022
	£000	£000	£000	£000
On derivative financial liabilities				
Interest rate swaps	-	-	32,074	57,964

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Assumptions used in the valuation are a discount rate of 6 months SONIA and the dollar offset method on a cumulative basis for calculating effective/ineffective values.

Cash flow hedges

The following table details the notional principal amounts and the remaining terms of interest rate swap contracts designated as cash flow hedges outstanding as at the reporting date:

	Average contract fixed interest rate		Notional principal value		Fair value	
	2023	2022	2023	2022	2023	2022
	%	%	£000	£000	£000	£000
More than five years	4.91	4.90	143,000	143,000	32,074	57,964

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months' SONIA. The Group settles the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts are designated as cash flow hedges. All interest rate swaps reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The hedged cash flows are expected to occur and to affect surplus and deficit over the period to maturity of the interest rate swaps. £48m of the cash flow swaps mature in 2029 and the remaining £95m matures in 2038.

27. Called-up share capital

	Association	
	2023	2022
	£	£
Allotted, issued and fully paid £1 shares		
At 1 April	8	9
Cancelled during the year	-	(1)
Issued during the year	-	-
As at 31 March	8	8

Each of Moat's non-executive members holds one share of £1 in the Association. These shares confer the right to vote at general meetings and are irredeemable, being cancelled on cessation of membership. They do not confer a right to dividends or a provision for distribution on a winding-up.

28. Pension obligations

Defined contribution schemes

MHL participated in the defined contribution scheme with SHPS until 31 October 2022. The total expense charged to surplus up to this date was £648k (2022: £969k). From 1 November 2022 MHL transferred the defined contribution scheme to the Moat Homes Retirement Savings Plan, managed by Aviva. The total expense charged to surplus in the period ended 31 March 2023 was £521k. This scheme is open to all new employees and current employees have the opportunity to switch into this scheme.

MHL also participates in an existing Aviva defined contribution scheme. The total expense charged to surplus in the period ended 31 March 2023 was £150k (2022: £145k). This scheme is closed to new employees.

Defined Benefit Schemes

A defined benefit scheme is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as age, years of service and remuneration. The schemes have rules which specify the benefits to be paid and are financed accordingly with assets being held in independently administered funds. A full actuarial valuation of each of the defined benefit schemes we participate in is carried out every three years with interim reviews in the intervening years.

The schemes are 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.

Moat Homes Pension Scheme (MHPS)

The scheme is classed as a defined benefit scheme in the UK.

On 31 October 2022 MHL transferred its share of liabilities out of the Social Housing Pension Scheme (SHPS) into the Moat Homes Pension Scheme which is managed by TPT Retirement Solutions. MHL is the only participating employer in the scheme. As part of the exit from SHPS, Moat paid a covenant premium of £273k.

The value of the Moat liability at 31 October 2022 was calculated by independent, qualified actuaries, Jardine Lloyd Thompson Group (JLT), using the SHPS results for the 7 month period to 31 October 2022. The basis of the valuation was the full actuarial valuation for SHPS was carried out at 30 September 2020 by JLT, using assumptions based on financial conditions at that date. JLT have rolled forward the 30 September 2020 valuation to 31 October 2022 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of MHL and its employees. MHPS is awaiting the Final Share of the Fund Report as at the transfer date at which point the final transfer of the assets will take place from SHPS to MHPS. The provisional results indicate the final share of the fund as at 31 October 2022 of £28,968,000.

The projected unit method has been used to calculate the Scheme liabilities at 31 March 2023, by rolling forward the results of the Final Share of Fund Report as at 31 October 2022. The invested asset values at 31 March 2023 were provided by the Scheme's administrators. As required under FRS102, the bid market value of the assets is used in the calculations in the disclosures and the market value of investment holdings has been taken as £23,323,000. The invested asset value has been combined with the holding held in SHPS to give a final estimated value as at 31 March 2023 of £29,353,000.

As the scheme is in deficit, MHL has agreed to a deficit funding arrangement. Until completion of the Scheme's first actuarial valuation, MHL and the trustee agreed an interim Schedule of Contributions whereby MHL will pay deficit contributions starting at £1,528,150 per annum.

London Borough of Merton and Essex County Council Pension schemes

MHL provides two pension schemes under the Local Government Pension Scheme (LGPS) to its employees. Both schemes are defined benefit schemes and have been closed to new employees.

The last full actuarial valuations were conducted as at 31 March 2019 by independent, qualified actuaries, Barnett Waddingham LLP for both schemes, using the projected unit credit method. The valuation has set the contributions for the period from 1 April 2020 to 31 March 2023.

To assess the value of the Employers' liabilities at 31 March 2023, Barnett Waddingham LLP have rolled forward the value of the Employers' liabilities calculated for the funding valuations as at 31 March 2019, using financial assumptions that comply with FRS 102. To calculate the asset share, they have rolled forward the assets allocated to MHL at 31 March 2019 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of MHL and its employees.

The Essex County Council Pension scheme is in a net asset position at 31 March 2023, we have capped the value of the scheme at nil as it is not deemed probable that any surplus on the scheme will be recovered by MHL upon cessation.

SHPS growth plan

MHL exited the SHPS growth plan on 31 October 2022. As the scheme was in deficit at the point of exit, MHL had a debt on withdrawal of £38,120.

28. Pension obligations (continued)

The financial assumptions, set with reference to market conditions at the reporting date, used to calculate the results are as follows:

	MHPS Pension Fund	Essex Pension Fund	Merton Pension Fund
	2023	2023	2023
Assumptions as at 31 March:	% pa	% pa	% pa
RPI increases	3.2%	n/a	n/a
CPI increases	2.8%	2.9%	2.9%
Salary increases	3.8%	3.9%	n/a
Pension increases	n/a	2.9%	2.9%
Discount rate	4.9%	4.8%	4.8%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	n/a	n/a

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2022	2022	2022
Assumptions as at 31 March:	% pa	% pa	% pa
RPI increases	3.6%	n/a	n/a
CPI increases	3.2%	3.3%	3.3%
Salary increases	4.2%	4.3%	n/a
Pension increases	n/a	3.3%	3.3%
Discount rate	2.8%	2.6%	2.6%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	n/a	n/a

The expected return on assets is the discounted rate.

28. Pension obligations (continued)

The assumed life expectations from age 65 are:

	MHPS Pension Fund	Essex Pension Fund	Merton Pension Fund
	2023	2023	2023
	Years	Years	Years
Retiring today - Males	20.9	21.1	21.1
Retiring today - Females	23.6	23.5	23.5
Retiring in 20 years - Males	22.3	22.3	22.3
Retiring in 20 years - Females	25.0	25.0	25.0

The assumed life expectations from age 65 are:

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2022	2022	2022
	Years	Years	Years
Retiring today - Males	21.1	21.6	21.2
Retiring today - Females	23.7	23.7	23.9
Retiring in 20 years - Males	22.4	23.0	22.5
Retiring in 20 years - Females	25.2	25.1	25.4

Amounts recognised in the surplus are:

	MHPS Pension Fund	Essex Pension Fund	Merton Pension Fund	Total
	2023	2023	2023	2023
	£000	£000	£000	£000
Service cost	(45)	(27)	-	(72)
Net interest on defined liability	(266)	-	(13)	(279)
Administration expenses	(73)	(1)	(1)	(75)
Total	(384)	(28)	(14)	(426)

Amounts recognised in the surplus are:	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund	Total
	2022	2022	2022	2022
	£000	£000	£000	£000
Service cost	(49)	(28)	-	(77)
Net interest on defined benefit liability	(207)	(7)	(14)	(228)
Administration expenses	(28)	(1)	(2)	(31)
Total	(284)	(36)	(16)	(336)

28. Pension obligations (continued)

Remeasurement of pension liability in other comprehensive income	MHPS Pension Fund 2023 £000	Essex Pension Fund 2023 £000	Merton Pension Fund 2023 £000	Total 2023 £000
Return on assets in excess of interest	(18,530)	(1)	(206)	(18,737)
Change in financial assumptions	18,684	1,079	794	20,557
Change in demographic assumptions	1,632	77	85	1,794
Actuarial gains/(losses) due to scheme experience	(3,810)	(224)	(260)	(4,294)
Asset cap	-	(951)	-	(951)
Remeasurement of pension liability	(2,024)	(20)	413	(1,631)

Remeasurement of pension liability in other comprehensive income	SHPS DB Pension Fund 2022 £000	Essex Pension Fund 2022 £000	Merton Pension Fund 2022 £000	Total 2022 £000
Return on assets in excess of interest	(278)	227	71	20
Change in financial assumptions	4,023	153	131	4,307
Change in demographic assumptions	859	-	-	859
Actuarial gains/(losses) due to scheme experience	(2,619)	(6)	(5)	(2,630)
Remeasurement of pension liability	1,985	374	197	2,556

The amounts included in the statement of financial position are as follows:

Net pension liability in the statement of financial position as at 31 March	MHPS Pension Fund 2023 £000	Essex Pension Fund 2023 £000	Merton Pension Fund 2023 £000	Total 2023 £000
Present value of defined benefit obligation	(37,358)	(2,195)	(1,866)	(41,419)
Fair value of Fund assets (bid value)	29,353	2,195	1,752	33,300
Deficit	(8,005)	-	(114)	(8,119)

Net pension liability in the statement of financial position as at 31 March	SHPS DB Pension Fund 2022 £000	Essex Pension Fund 2022 £000	Merton Pension Fund 2022 £000	Total 2022 £000
Present value of defined benefit obligation	(53,570)	(3,100)	(2,506)	(59, 176)
Fair value of Fund assets (bid value)	46,403	3,093	1,979	51,475
Deficit	(7,167)	(7)	(527)	(7,701)

28. Pension obligations (continued)

Movements in the present value of the scheme:

	MHPS Pension Fund	Essex Pension Fund	Merton Pension Fund
	2023	2023	2023
	£000	£000	£000
Opening defined benefit obligation	(53,570)	(3,100)	(2,506)
Current service cost	(45)	(27)	-
Expenses	-	-	-
Interest cost	(1,636)	(80)	(64)
Change in financial assumptions	18,684	1,079	794
Change in demographic assumptions	1,632	77	85
Actuarial gains/(losses) due to scheme experience	(3,810)	(224)	(260)
Estimated benefits paid net of transfers in	1,411	86	85
Contributions by scheme participants	(24)	(6)	-
	(37,358)	(2,195)	(1,866)

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2022	2022	2022
	£000	£000	£000
Opening defined benefit obligation	(56,208)	(3,236)	(2,678)
Current service cost	(49)	(28)	-
Expenses	(28)	-	-
Interest cost	(1,191)	(62)	(51)
Change in financial assumptions	4,023	153	131
Change in demographic assumptions	859	-	-
Actuarial gains/(losses) due to scheme experience	(2,619)	(6)	(5)
Estimated benefits paid net of transfers in	1,709	86	97
Contributions by scheme participants	(66)	(7)	-
	(53,570)	(3,100)	(2,506)

28. Pension obligations (continued)

Movements in the fair value of the scheme assets:

	MHPS Pension Fund	Essex Pension Fund	Merton Pension Fund
	2023	2023	2023
	£000	£000	£000
Opening fair value of Fund assets	46,403	3,093	1,979
Interest on assets	1,370	80	51
Return on assets in excess of interest	(18,530)	(1)	(206)
Administration expenses	(73)	(1)	(1)
Contributions by employer including unfunded	1,570	55	14
Contributions by Fund participants	24	6	-
Estimated benefits paid plus unfunded net of transfers in	(1,411)	(86)	(85)
Effect of asset cap	-	(951)	-
	29,353	2,195	1,752

The total return on the MHPS DB Pension Fund assets for the year to 31 March 2023 is (£17,160,000).
The total return on the Essex Pension Fund assets for the year to 31 March 2023 is £79,000.
The total return on the Merton Pension Fund assets for the year to 31 March 2023 is (£155,000).

	SHPS DB Pension Fund	Essex Pension Fund	Merton Pension Fund
	2022	2022	2022
	£000	£000	£000
Opening fair value of Fund assets	45,927	2,837	1,956
Interest on assets	984	55	37
Return on assets in excess of interest	(278)	227	71
Administration expenses	-	(1)	(2)
Contributions by employer including unfunded	1,413	54	14
Contributions by Fund participants	66	7	-
Estimated benefits paid plus unfunded net of transfers in	(1,709)	(86)	(97)
	46,403	3,093	1,979

The total return on the SHPS DB Pension Fund assets for the year to 31 March 2022 is £706,000.
The total return on the Essex Pension Fund assets for the year to 31 March 2022 is £282,000.
The total return on the Merton Pension Fund assets for the year to 31 March 2022 is £108,000.

28. Pension obligations (continued)

The analysis of the scheme assets at reporting date was as follows:

Moat Homes Pension Scheme Employer asset share - bid value	2023 £000	2023 %	2022 £000	2022 %
Equity	1,084	3%	8,885	19%
Bonds	1,944	7%	6,050	13%
Property	2,227	8%	2,416	5%
Cash	1,718	6%	332	1%
Other	3,524	12%	3,972	8%
LDI	13,171	45%	12,919	28%
Liquid alternatives	1,857	6%	7,659	17%
Private Credit	3,828	13%	4,170	9%
Total assets	29,353	100%	46,403	100%

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Essex Pension Fund - Employer asset share - bid value	2023 £000	2023 %	2022 £000	2022 %
Equities	1,798	57%	1,858	60%
Gilts	43	1%	74	3%
Other bonds	139	5%	135	4%
Property	252	8%	254	8%
Cash/temporary investments	104	3%	78	3%
Alternative assets	486	16%	382	12%
Other managed funds	324	10%	312	10%
Effect of asset cap	(951)	-	-	-
Total assets	2,195	100%	3,093	100%

Merton Pension Fund - Employer asset share - bid value	2023 £000	2023 %	2022 £000	2022 %
Equities	904	52%	965	48%
Gilts	108	6%	210	11%
Property	115	7%	62	3%
Cash	72	4%	30	2%
Multi asset credit	148	8%	163	8%
Diversified growth	175	10%	375	19%
Infrastructure	230	13%	174	9%
Total assets	1,752	100%	1,979	100%

29. Statement of cash flows - Group

Reconciliation of surplus for the year to cash generated from operations:

	2023	2022
	£000	£000
Surplus for the year	45,884	47,911
Adjustments for non-cash items		
Depreciation of tangible fixed assets	21,385	19,490
Amortisation of government grants	(4,938)	(4,832)
Impairment of tangible fixed assets	(2,087)	966
Pension costs less contributions payable	(1,214)	(1,146)
Movement in fair value of financial instruments	(6,375)	(5,260)
Changes in working capital		
(Increase)/decrease in housing stock	(2,345)	34,158
Decrease/(increase) in debtors	756	(2,473)
Increase in creditors	3,366	12
Adjustments for investing or financing activities		
Proceeds from sale of tangible fixed assets	(33,423)	(30,574)
Cost of tangible fixed asset disposals	15,261	13,144
Increase in fair value of investment properties	-	(110)
Interest payable	22,738	23,607
Interest receivable	(984)	(21)
Cash collateral returned	-	(57)
Cash generated from operations	58,024	94,815

30. Legislative authority

Moat Homes Limited and Moat Housing Group Limited are incorporated under the Co-operative and Community Benefits Societies Act 2014. Moat Development Limited, Mariner Facilities Management Limited, Moat Homes Finance Plc, and Moat Construction Services Limited are incorporated under the Companies Act 2006. In addition Moat Homes Limited and Moat Housing Group Limited are Registered Providers.

31. Related party transactions

Key management personnel are Board members and the Executive Team. Their transactions with Moat are:

- Remuneration which is disclosed in notes 5 and 6.

The names of all Group members are set out in note 14. MHL is regarded by the Board as the ultimate parent undertaking of the Group. The consolidated financial statements incorporate the financial statements of all Group members.

Transactions with pension schemes which benefit employees are disclosed in note 28.

32. Analysis of intra group transactions between regulated and non-regulated entities

MHL and MHG are both registered providers of social housing regulated by the Regulator of Social Housing (RSH). Other group members are not regulated by the RSH. These are MDL, MFM and MCS which are dormant and MHF which is a special purpose vehicle set up to raise funds through a bond issue.

MHL intra-group transactions with MHF:
MHF obtains finance directly from capital markets and on-lends to MHL. The on-lent funding to MHL is under a secured loan agreement, which is backed by housing assets of MHL. If there are any payments which are not made to MHF, then it has the right to enforce the security under the loan. During the year MHL paid £12.5m to MHF in interest payments (2022: £12.5m). At 31 March 2023, MHL owed MHF £343k (2022: £343k) of accrued interest and £358.1m (2022: £360.6m) of loans.

Moat

moat.co.uk
Ref web022