

Annual Report and Financial Statements



2023/24



Welcoming our new Essex customers.

On 29 January, we welcomed over 600 new families and homes to Moat in the Essex region through a stock acquisition. To ensure a smooth transition and welcome our new customers, we invited them to attend 'Meet Moat' customer engagement events. They provided an excellent opportunity for them to meet our teams and learn more about Moat.

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Moat in numbers.

Finance

£154m

turnover

2022/23: (£160m)

£1.9bn

housing properties cost

2022/23: (£1.7bn)

29%

operating margin

2022/23: (39%)

£676m

borrowings

2022/23: (£558m)

A2 stable

Moodys rating

2022/23: A2 negative

G1/V1 rating

Regulator of social housing

2022/23: (G1/V1)

Homes

22,739

homes in management

2022/23: (21,868)

354

new homes delivered

2022/23: (459)

1,704

homes in pipeline

2022/23: (1,938)

£107m

spend on new builds

2022/23: (£82m)

603

homes acquired

2022/23: (none)

£51m

spend on existing homes

2022/23: (£31m)

Customers

61%

overall satisfaction: renters

2022/23: (68%)

38%

overall satisfaction: shared owners

2022/23: (56%)

87%

satisfaction: responsive repairs

2022/23: (82%)

3.99%

rent arrears: renters

2022/23: (3.41%)

151 days

empty homes turnaround

2022/23: (109)

119

complaints per 1,000 homes

2022/23: (115)



I am grateful to our customers, colleagues and partners for their dedication and support during the year.

2023/24 has been a fast paced and demanding year for us all. We continue to experience high inflation, higher interest costs and increasing demand for repairs and welfare support. During the year, we pledged an enhanced customer support fund, which was accessed by 1,150 customers in need of immediate food and energy support. Further, through the work delivered by our community investment team, Moat Foundation, we engaged well over 4,480 customers through 978 engagement sessions across the regions we work in.

2023/24 was the first year under our Customer Pioneer Strategy. In this year of discovery, we have worked closely with partners, customers, and colleagues to review core systems, assess data maturity, key processes and service offers. With these findings, we have refreshed several key plans, like the Pride in Homes and Places and Customer Influence Strategies. We are grateful for the feedback and insights from customers, and look to delivering against the set targets, and sharing the impact in the years ahead. We are particularly invested in setting up an additional customer led Impact and Action Group, linking into the Board and Committees in 2024.

The year also continued to be challenging in meeting the rising repairs demands with our main repairs and empty homes contract partner. Since April 2022, we have worked with our contractor through mobilisation, staff and material availability challenges, and worked through service improvement plans. To ensure the best outcome of repairs services to our customers, we carefully considered our response and varied the contract with our partner. This new agreement starts from April 2024 and ends in July 2025, during which period, we will work with customers, colleagues and key partners to plan for the long-term service provision. Our customer chaired and led Repairs Forum has been and will be, closely involved in this process, putting customer experiences at the centre of this.

Despite the challenges, 2023/24 has been another pacy and highly productive year. We have built up several new teams across the Group, delivering enhanced surveying, data, project management, customer resolution, and engagement services across the Group. From the continued investments in people and recognition from our colleagues, we were awarded 'The Sunday Times Best Places to Work' (big organisations) accreditation again in 2024, two years in a row!

With the support of Social Housing Decarbonisation Fund, we have completed works in 51 homes, with over 400 assessed and planned to complete in the coming year.

With the engagement of customers, we procured and awarded four new regional contracts for our grounds maintenance service to better serve local needs. The new services started in May 2024.

We invested £51m (2023: £31m) in existing homes through repairs, maintenance, and replacements. We invested £159m (2023: £82m) in building new homes and acquiring stock from another RP.

Out of the 354 new affordable homes delivered, 239 are for rent and 113 are for shared ownership. We are on target to complete 505 new homes this year and have 1,304 homes under development.

On our journey to become a customer pioneer, we know we could do more to further tailor services to customer needs. 2023/24 was the first year we collected and tracked performance of Tenant Satisfaction Measures, published by the Regulator of Social Housing. We look to understand how the perception surveys performance tracks over a period of time, and how services improvements implemented change the perceptions.

To further enhance customer services, we are delivering a group wide customer service training programme, 'key to great services' from May 2024, a core component under our new People and Culture Framework.

During the year, we have had changes in our Executive Team. With a diverse range of selection panels of colleagues, customers and non-executive directors, the Board appointed a new Chief Executive, Gavin Cansfield, who will join us later in 2024. We also welcomed two new Board members in August 2023 through succession planning. The Board and I really look forward to working with the new members of the leadership team to invest and deliver for our customers.

Looking ahead, we await long-term housing commitments and policies from a newly formed government. These will further enhance our work with our partners, local authorities and funders to support us to do what we do best, maximise investment in local communities year on year.

I am grateful to our customers, colleagues and partners for their dedication and support during the year. With our shared values, I look forward to us working together and delivering more in 2024/25!



About us

Since Moat was founded in 1966, we have grown from managing a single block of flats in Chertsey to provide over 22,700 homes across Kent, Essex, Sussex and London. Through the decades, our purpose has stayed the same – to open doors to better lives.

As a not-for-profit organisation, we reinvest surplus into maintaining and improving our existing homes and building new ones where they are most needed. Our long-established development history is an important part of our DNA, and we are proud of the great homes and communities we have helped build, with more in the pipeline.

Providing homes is at the core of what we do, but they are more than just bricks and mortar. Our passion lies in the transformative effect that great homes and services have on the lives of the families and individuals we home, recognising that not all customers have the same needs. Our vision is to be a customer pioneer, genuinely working with customers to drive services and standards.

Our homes	New homes in 2023/24	Stock aquisition in 2023/24	Homes managed and/or owned
General needs rented	27	547	9,066
Affordable rent	212	26	2,795
Housing for older people/supported - general needs rent	-	13	1,713
Housing for older people/supported - affordable rent	-	-	98
Low cost home ownership	113	9	5,835
Social leasehold	-	5	1,181
Other social	-	-	920
Non social housing (includes 2 new open market sale homes)	2	3	1,131
Total homes	354	603	22,739

Registered office

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

Registered auditor

BDO LLP, 55 Baker Street, London W1U 7EU

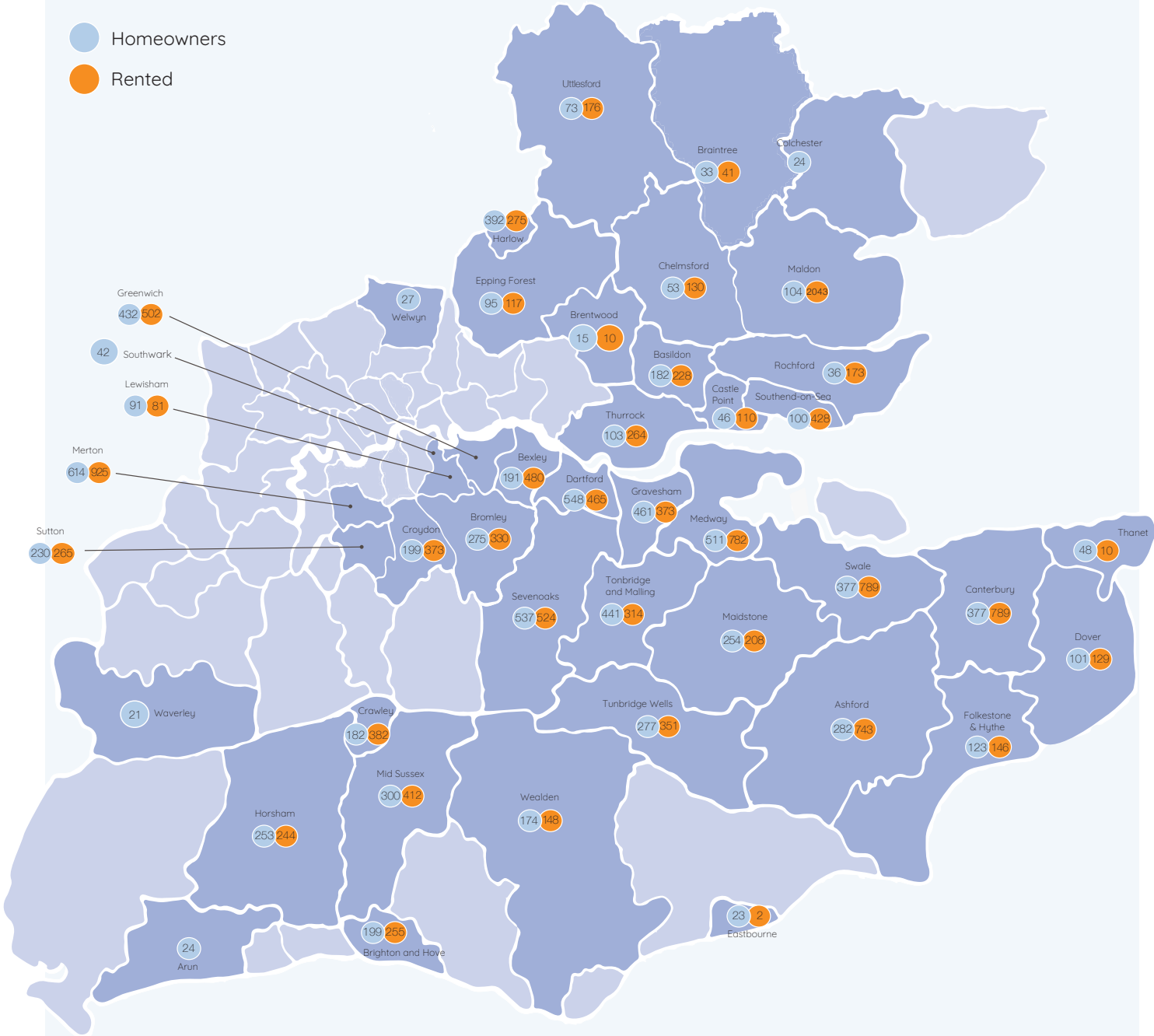
Principal Banker

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

Our current homes

NB only local authorities with 50+ homes

- Homeowners
- Rented



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.

STANDARDS

Ethical Integrity

Our strategy.

The primary focus of our 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.

Great customer experience

During 2023/24, we have:

- launched a £182k new hardship fund, which supported over 1,150 customers with vouchers for food, gas and electricity, and in exceptional cases, we have provided white goods.
- built a transformation team to start to study and evolve customer journeys.
- responded to 100% of hate crimes in 24 hours to provide victim support.
- piloted our moment of belief to not make any customer homeless.
- piloted our approach to scrutiny ahead of delivering of our Customer Influence Strategy.
- prepared a new Customer Influence Strategy with customers, TPAS (tenant engagement experts), colleagues and Board members.
- procured new grounds maintenance services with input from over 1,000 customers, which expanded our service offer from one main contractor to four regional based providers.
- procured a new contact centre and telephony solution, which will improve functionality and help with better integration.
- procured a new income management solution to improve customer contact regarding arrears.

During 2024/25, we will:

- deliver the new Customer Influence Strategy. This will involve:
 - setting up a customer-led group with direct access to our Board
 - using customer insights to improve our services
 - creating more opportunities for customers to be involved and heard
 - ensuring everyone at Moat treats customers with empathy, fairness and respect.
- launch Moat's Customer Service Standards following engagements and feedback from customers and colleagues, which will set out our commitments to tailor services.
- roll out Moat Voice to colleagues.
- complete improvements to better manage safeguarding cases.
- further develop understanding of experiences of different segment groups.
- procure new contracts for bulk rubbish and pest control services.

Key performance indicators influencing great customer experience	Target 2024/25	Actual 2023/24	Target 2023/24	Actual 2022/23
Overall satisfaction: renters	65%	61%	65%	68%
Overall satisfaction: shared owners	50%	38%	50%	56%
No. of complaints received per 1,000 homes	75	119	75	115

We did not meet the targets set for overall satisfaction: renters and shared owners, with the corresponding complaints level remaining high. The feedback from customers related to time taken for repairs to complete and high rent and service charges increases driven by higher inflation. To meet higher demands for repair and complex repair jobs, and to improve repairs performance, we have varied the agreement with the main repairs contractor to July 2025 to improve first-time fixes and customer satisfaction, whilst seeking a new longer-term solution with the input from customers, and we have increased the size of customer resolution team to improve complaints handling.

We launched a new Customer Influence Strategy in April 2024 to better tailor services to customer needs. From April 2024, the method to collect tenant feedback has changed from '90% online, 10% telephone' to '30% online, 70% telephone', which is better aligned with sector average.

Great customer experience

Pride in homes and places

During 2023/24, we have:

- launched the new Pride in Homes and Places Strategy: our Approach to Asset Management in October 2023, after extensive work with colleagues and customers through workshops, surveys and research.
- increased latest stock condition data held (under 5 years) to 83% from 42%, through visiting customers' homes.
- completed independent asset and compliance data assurance reviews, with implementation of recommendations well under way.
- fitted 1,042 new windows, redecorated areas that serve 3,247 customers' homes, replaced 402 kitchens, 187 bathrooms, 17 wet rooms for customers with a physical disability and 51 WCs.
- installed 243 sensor devices in homes to alert us to potential damp and mould conditions.
- completed a review of damp and mould with our customer advocates and TPAS, revised damp and mould policy and launched a campaign to raise awareness.
- procured contracts to deliver Social Housing Decarbonisation Fund (SHDF) supported works. 51 homes had the works completed which will greatly improve energy efficiency.

During 2024/25, we will:

- continue to increase the latest stock condition data held (under 5 years), our aim is to reach 100% from 83%.
- continue to install sensors in homes monitoring energy efficiency and alerting us of potential damp and mould conditions.
- complete planned sustainability works in over 400 homes, supported under SHDF, to improve energy efficiencies for customers.
- continue to improve repairs service delivery.
- launch an options appraisal exercise with customers, colleagues and Board for future repairs and maintenance service offer.

Key performance indicators influencing pride in homes and places	Target 2024/25	Actual 2023/24	Target 2023/24	Actual 2022/23
Satisfaction: responsive repairs	90%	87%	90%	82%
Home improvement surveys (% of homes surveyed in last 5 years)	100%	83%	100%	N/A
Home energy efficiency: EPC band C and above	75%	75%	73%	N/A

While we have experienced dissatisfaction with the time taken to carry out repairs, the level of satisfaction with repairs carried out has improved and is close to target. We are focusing on carrying out home improvement surveys and improving the energy efficiency of our homes.

Pride in homes and places

Growth in new homes and communities

During 2023/24, we have:

- increased the proportion of land-led opportunities in the development pipeline to 68%, towards the aim of 70%.
- a contracted development pipeline of 1,304 homes, with a further 400 homes approved awaiting contract.
- completed a tenanted stock acquisition from another RP, welcomed 736 customers in 603 homes to Moat.
- created a new Moat specification for our new build homes, incorporating feedback from customers gathered during a series of focus groups.
- all new homes built achieved a minimum EPC B rating.
- continued to work with a key local authority to develop a large mixed-use regeneration opportunity.

During 2024/25, we will:

- review and update the Development and Growth Strategy.
- look for partnering opportunities to help us build more and better. We aim to deliver at least one project of over 100 homes in partnership each year.
- continue to focus on land led opportunities in partnership with local authorities, other RPs and developers.

Key statistics supporting growth in new homes and communities	New homes in 2023/24	Homes in contract at 31 March 2024	Homes in pipeline at 31 March 2024	New homes planned for 2024/25
Rented	239	813	238	426
Low cost home ownership	113	291	162	79
Non social housing	2	200	-	-
Total homes	354	1,304	400	505

Growth in new homes and communities

Making it happen

During 2023/24, we have:

- achieved the Sunday Times Best Places to Work accreditation, for the second year running.
- launched our colleague belonging and wellbeing groups: MoatTogether, MoatEmbRACE, MoatEnABLE, MoatEnGENDER and MoatProud.
- used the new National Housing Federation EDI (Equality, Diversity and Inclusion) data tool to better understand how representative our colleagues, Executive Team and Board are of our local communities.
- established a Data Steering Group and Transformation Steering Group to appraise projects to improve customer and colleague experiences.
- completed a data maturity assessment and IT system review, which fed into drafting the new Data and Technology Strategy.
- recruited additional colleagues to bring in new skills and capabilities.
- achieved Cyber Essentials accreditation.

The Moat Team as at 31 March 2024:

- 68% of Moat colleagues are women and 32% are men
- At least 7% of Moat colleagues identify as disabled or a person with a disability
- At least 6% of Moat colleagues identify as lesbian, gay or bisexual or use a term other than 'heterosexual or straight' to describe their sexual orientation.

During 2024/25, we will:

- launch our new People and Culture Framework, ahead of a new People Strategy.
- launch our new Equality, Diversity and Inclusion Strategy, working with customers, colleagues and Board to keep working to address data gaps and under-representation.
- launch the new Data and Technology Strategy, using data at the core of decision making.
- launch the Professional Standard and Behaviour Framework, which will be further enhanced by a group wide customer service training, delivered by a partnering organisation.
- aim to achieve Cyber Essentials Plus accreditation.
- engage with customers on the enhancement of MyMoat and development of MyMoat app.

Making it happen

Our finances

Whilst growing lettings income to £134m (2023: £122m), the operating margin from social lettings has reduced to 28% (2023: 35%). The reduction was driven by higher spend on repairs from increasing volume and costs, and investments in skills and capacity. Surplus on asset sales fell by 48%, which is driven by the volume reduction of further staircasing activities due to higher mortgage costs for existing shared owners. There were no unsold open market sales homes, and 5 unsold first tranche sales homes at the end of 31 March 2024.

Statement of Comprehensive Income	2023/24 £m	2022/23 £m	2021/22 £m	2020/21 £m	2019/20 £m
Income from social housing lettings	134.4	121.8	114.8	108.3	103.2
First tranche sale proceeds	15.1	17.3	29.4	34.3	36.2
Open market sales proceeds	2.2	17.8	34.6	7.7	-
Other income	2.7	2.9	2.5	2.5	2.3
Turnover	154.4	159.8	181.3	152.8	141.7
Operating costs from social housing lettings	(97.0)	(79.7)	(71.3)	(63.6)	(62.2)
Cost of first tranche sales	(13.2)	(14.5)	(24.3)	(29.1)	(31.0)
Cost of open market sales	(2.3)	(16.8)	(29.7)	(7.6)	-
Other operating costs	(5.6)	(2.9)	(6.2)	(6.0)	(10.3)
Gain on disposal of fixed assets (staircasings and redemptions)	8.3	15.8	14.3	7.9	11.6
Gain in disposal of fixed assets	-	-	-	-	0.3
Operating surplus	44.6	61.7	64.1	54.4	50.1
Movement in fair values	2.7	6.4	5.3	1.8	(2.6)
Net interest costs	(26.4)	(22.2)	(21.5)	(19.8)	(20.8)
Surplus for the year	20.9	45.9	47.9	36.4	26.7
Operating margin	29%	39%	35%	36%	35%
Operating margin: social housing lettings	28%	35%	38%	41%	40%

Social housing lettings

Social housing lettings covers our social and affordable rent, shared ownership and housing for older people. Rental and service charge income increased by £12.6m with inflationary increases for our existing homes and additional income from newly built and acquired properties. The operating margin fell by 7% due to upward pressure on our costs.

Social housing lettings costs	2023/24 cost £000	Change from 2022/23 £000	Comment on movement
Management	(27,807)	(4,370)	Increase driven by additional FTE to deliver the new corporate strategy. FTE increased by 63 to 483, mainly in Change, Data, Property Services and Neighbourhood teams. Contractual uplift costs were high, driven by higher inflation during 2023.
Service charge costs	(15,375)	(1,683)	Increase driven by additional properties, retendered contracts and contractual uplifts.
Routine maintenance	(19,881)	(6,743)	Increase driven by higher volume of jobs, higher cost on empty homes and specialist damp and mould works, and demanding market due to contractors experiencing increased material and labour costs.
Planned maintenance	(5,177)	(112)	Cyclical decorations programme
Major repairs	(6,900)	(3,337)	Higher spend on fire safety risk assessments and remedial works, fuel efficiency works, roof repairs, fencing works. Higher spend on planned replacement/improvement programmes is capitalised.
Rent losses from bad debts	(609)	(206)	Higher level of arrears (see KPI table).
Depreciation of housing properties	(21,286)	(877)	Additional depreciation on properties handed over/acquired in the year and works capitalised.
	(97,035)	(17,328)	

Key performance indicators impacting Social housing lettings	Target 2024/25	Actual 2023/24	Target 2023/24	Actual 2022/23
Empty homes (voids) turnaround time in days	70	151	70	109
Empty homes rent loss (£000)	2,375	3,111	1,854	2,381
Arrears: Rented	3.60%	3.99%	3.00%	3.41%
Arrears: shared ownership	1.50%	1.73%	1.50%	1.58%

We continued to experience challenges with empty homes works, with additional works at a higher cost being carried out and taking a longer time. Our recent focus has been on letting homes which have been empty for the longest time, impacting the turnaround time. We are working with our contractors to reduce the time taken to carry out the works.

Arrears on rented homes ended the financial year 0.58% above the previous year end and 0.99% above target. It has been a challenging year for rent collection with household finances squeezed by the higher cost of living. Arrears levels have also been impacted by the further migration of households to Universal Credit and our aim of not making anyone homeless has increased the number of households with higher level arrears. Shared ownership arrears ended the financial year at 1.73% being an increase of 0.15% from previous year end and 0.23% above target. We have a small number of households with high value arrears. We launched our new arrears management system in March 2024 which is designed to send automatic messages to customers and allow the team to focus on customers who need support most.

Asset sales

Staircasings and equity loan redemptions are demand driven and in the current economic climate we have seen a sharp fall in numbers although margins have remained consistent.

Asset sales	2023/24 surplus £000	Change from 2022/23 £000	Margin	Comment on movement
First tranche sales	1,919	(877)	12.7%	The shared ownership market remains resilient. Since the government's Help to Buy scheme ended in March 2023, shared ownership has become the only option for many people who cannot afford to buy outright. We sold 143 homes in the year (2023: 134), above the target of 140 and above the target margin of 9.4%. In 2023 we wrote back an NRV adjustment of £0.7m.
Open market sales	(71)	(1,042)	(3.2)%	We sold 4 homes in the year at a margin of 15.3% as compared to 30 sales in 2022/23. As at 31 March 2024, there are no homes available for sale. There is one scheme going through planning application, with first homes available for sale anticipated in 2026. The in year loss was due to £0.4m provision for remedial works on homes sold in prior years. (2023: £1m)
Gain on disposal of fixed assets	8,341	(7,475)	47.5%	Sales activity on staircasings and equity loan redemptions is demand driven and in the current economic climate the numbers have reduced. There were 103 (2023: 200) staircasings where shared owners purchase a larger share of their home and 39 (2023: 76) equity loan holders redeemed their loans. We achieved margins of 47.0% (2023: 46.3%) on staircasings and 46.2% (2023: 43.7%) on redemptions. There were 3 Right to Buy/Acquire sales at a surplus of £0.4m (2023: 7 at £1.0m).
	10,189	(9,394)		

Key Performance Indicators impacting asset sales	Target 2024/25	Actual 2023/24	Target 2023/24	Actual 2022/23
New build handovers	505	354	419	459
Unsold shared ownership homes: over six months old	0	3	0	6
Shared ownership sales profitability	5.7%	12.7%	9.4%	16.1%
Unsold open market homes: over six months old	0	0	0	3
Open market sales profitability	n/a	(3.2)%	12.5%	12.3%

We have experienced some delays in handovers, due mainly to extensions of development periods agreed with developers and delays to planning condition sign-offs. The homes that have rolled over into 2024/25 will mainly handover by June 2024.

We had only five homes available for sale at the end of March 2024, three of which were unsold for more than six months but were reserved.

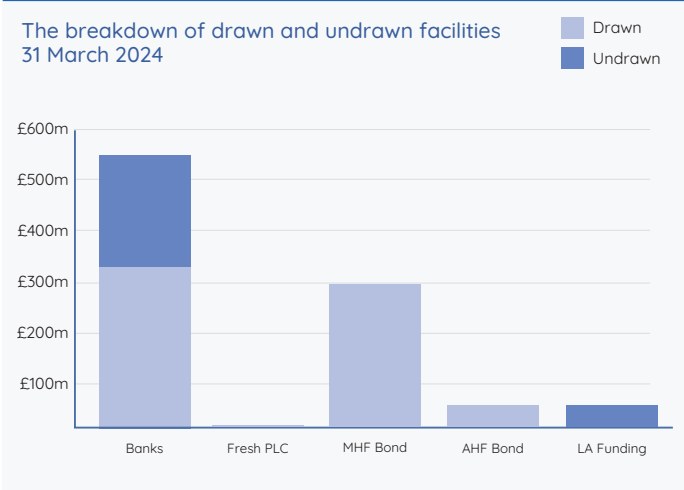
Statement of Financial Position	2023/24 £m	2022/23 £m	2021/22 £m	2020/21 £m	2019/20 £m
Housing properties	1,855	1,702	1,639	1,579	1,496
Other fixed assets	49	51	55	58	61
Net current (liabilities)/assets	(26)	4	41	37	50
Housing loans, grants and other long term liabilities	(1,247)	(1,149)	(1,197)	(1,197)	(1,170)
Net assets	631	608	538	477	437
Capital and reserves	631	608	538	477	437
Gearing	35%	31%	30%	34%	35%

Housing properties

Housing properties are held at historic cost (less depreciation and impairment). The increase in net book value of housing properties of £153m includes £107m (2023: £82m) investment in building new homes, £53m spend on acquiring homes from another registered provider and £19m (2023: £9.8m) on works to existing homes, offset by the reduction for cost of sales. We have £474m of deferred capital grant in creditors. £3.4m of works to existing homes related to the Social Housing Decarbonisation Fund (SHDF), for which we received £3.0m of grant.

Housing loans

Borrowings at 31 March 2024 were £676m (2023: £558m), borrowed from banks and building societies in the UK as well as from the capital markets through bond issuance. Net interest payable on bank loans and bonds increased by £4.8m to £28.7m with the increased level of borrowing and higher interest rates. The main factor affecting the amount and timing of borrowing is the pace of the development programme. All loans, with the exception of the £50m revolving credit facilities, 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 either market value subject to tenancy or existing use value for social housing, 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.

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 2024.

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. The position at 31 March 2024 including interest rate swaps was:

	2024		2023	
	£m	%	£m	%
Variable rate	178	26%	62	11%
Fixed rate	498	74%	496	89%
Total borrowings	676		558	

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. As at 31 March 2024, we had swaps with a nominal value of £78m. In October 2023, we made the decision to incur break costs of £4.5m (2023: £0.3m) for the early cancellation in respect of three inflation linked swap facilities with a total value of £65m. As the current mark to market value of these swaps was £5.8m, the surplus is showing as £1.3m in interest receivable.

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 2024 consisted of entirely property security. There has been an increase in the value of financial instruments of £9.7m (2023: £32.3m) in 2023/24, of which £7.0m (2023: £25.9m increase) relating to our fully effective hedges is shown in other comprehensive income.

Pensions

We now operate only one defined benefit scheme, closed to new members, as we ceased participation in both the London Borough of Merton and the Essex County Council Pension Schemes during 2023. The pension liability increased in the year by £1.7m to £9.8m.

Reserves

Our reserves are fully reinvested into maintaining and improving our existing homes and services and building new homes to address the ongoing housing shortage.

Cashflow	2023/24 £m	2022/23 £m	2021/22 £m	2020/21 £m	2019/20 £m
Net cash generated from operating activities	58.3	58.0	94.8	84.2	43.4
Net cash outflow from investing activities	(159.0)	(56.2)	(57.1)	(81.9)	(77.8)
Net cash inflow/(outflow) from financing activities	80.5	(35.3)	(5.6)	10.4	34.9
Net (decrease)/increase in cash/cash equivalents	(20.2)	(33.5)	32.1	12.7	0.5
Cash and cash equivalents at 1 April	32.1	65.6	33.5	20.9	20.4
Cash and cash equivalents at 31 March	11.9	32.1	65.6	33.6	20.9

Liquidity

When we take into account undrawn facilities of £279m (2023: £235.8m) together with cash of £6.7m (2023: £29.5m) and an overdraft facility of £2m (2023: £2m) available liquidity at 31 March 2024 was £287.7m (2023: £267.3m).

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 2023, liquidity was enhanced with the completion of a 10 year £100m revolving credit facility, a 5 year £50m unsecured revolving credit facility and an extension of a 5 year revolving credit facility from £75m to £100m.

Liquidity was further enhanced in April 2024 with an extension of a 5 year revolving credit facility, increasing from £100m to £175m. This was enabled by the early repayment of £67m of higher margin term loans, making an annual interest saving of approximately £0.3m.

Value for money

Value for Money (VfM) is embedded across all Moat Strategies, processes and values. We look to make the best use of our resources to achieve the maximum value for our customers, focusing not only on cost but also on quality of services.

The sector is operating in a challenging environment, to some degree a perfect storm. The sector and Moat have experienced record high inflation, increased interest rates, decreased staircasing due to high mortgage rates, increased energy bills and increased demand in investment in existing homes including damp and mould, fire safety and slow progress towards zero carbon. All of this is placing significant financial pressure on organisations and consequently downward pressure on VfM metrics for Moat and our peers.

VfM benchmarking

The Board is given assurance on our VfM performance annually in a report benchmarking our performance against our peers. Rather than compare and benchmark Moat to the sector in general, we have an approved peer group we benchmark against. This allows for a more useful comparison. The 14 peers chosen are the G15 and CASE members: Abri, Clarion, Hyde, L&Q, Notting Hill Genesis, Orbit, Paradigm, Peabody, Southern, Sovereign Network Group, Metropolitan Thames Valley, Guinness & West Kent. The table shows the VfM metrics against our peer group, highlighting where we rank in each metric against the peer group average for 2022/23 and 2021/22.

Benchmarking against our peers - VfM	Moat Actual 2022/23	Peer group average 2022/23	Ranking v peer group 2022/23	Ranking v peer group 2021/22
Reinvestment	5.5%	5.9%	11th	10th
New supply delivered (social housing units)	2.2%	1.9%	7th	2nd
New supply delivered (non-social housing units)	0.1%	0.3%	9th	9th
Gearing	31%	47%	1st	1st
EBITDA MRI interest cover	203%	96%	1st	1st
Headline social housing cost per unit (HSHC)	£3,835	£5,810	1st	1st
Operating margin (social housing lettings only)	35%	24%	3rd	2nd
Operating margin (overall)	29%	18%	2nd	3rd
Return on capital employed (ROCE)	4%	2.5%	2nd	2nd

We rank well compared to our peers, ranking within the top three for six out of the nine VfM metrics in 2022/23. Reviewing the three metrics where we were outside the top three:

- Our reinvestment in new and existing homes % reflects a consistent level of spend, and is close to the peer average.
- Our supply of new social homes is above the average of our peers and the sector median. Our development of new social homes has remained relatively steady at an average of 2.5% over the five years since 2018/19.
- Our 0% on new supply of non-social housing reflects our strategy in this area and the timing of activity. There are no new completions due until 2025/26.

VfM metrics

The VfM Standard issued by The Regulator of Social Housing (RSH) requires registered providers to monitor their performance against seven VfM metrics. Our 2023/24 performance in each metric is compared below to 2022/23 results and to targets based on the 2023/24 and 2024/25 budgets.

Metric 1	Target 2024/25	Actual 2023/24	Target 2023/24	Actual 2022/23
Reinvestment %	6%	10%	8%	6%

This measures our investment in new and existing homes as a percentage of the total value of properties held. We invested £107m in building new homes, £53m in purchasing homes from another registered provider and £19m replacing components such as kitchens and bathrooms in our existing homes. Investment in new and existing homes was higher than budgeted mainly due to the acquisition of 603 homes from another provider.

Metric 2	Target 2024/25	Actual 2023/24	Target 2023/24	Actual 2022/23
New supply delivered (Social Housing Units)	2.6%	1.7%	2.1%	2.2%
New supply delivered (Non-social housing units)	0.0%	0.0%	0.0%	0.1%

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 354 new homes in the year, which was 81 lower than the previous year and 65 lower than budgeted. Delays in handover occurred due to the on-going shortages in materials and skilled labour. We plan to deliver 505 homes in 2024/25.

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 one development of 200 homes underway to be delivered between 2025 and 2027.

Metric 3	Target 2024/25	Actual 2023/24	Target 2023/24	Actual 2022/23
Gearing %	40%	36%	38%	31%

This metric assesses the degree of reliance on debt finance by measuring total debt divided by housing properties at cost. Gearing at 36% is increasing but remains well below our golden rule and covenant level. Net debt increased by £136m and the cost of housing properties increased by £153m. The increase in gearing is a product of our plan to develop approximately 550 homes per year.

Metric 4	Target 2024/25	Actual 2023/24	Target 2023/24	Actual 2022/23
EBITDA MRI Interest Cover %	112%	121%	134%	203%

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 has fallen reflecting the lower operating surpluses (first tranche and open market sales surpluses and higher costs) and higher interest rates. While we are predicting the trend to continue, we remain well above golden rule and lender covenants.

Metric 5	Target 2024/25	Actual 2023/24	Target 2023/24	Actual 2022/23
Headline social housing cost per unit (HSHC) £	£5,523	£5,008	£4,846	£3,835

The unit cost metric assesses the cost of managing a social housing unit, using costs as defined by the Regulator. As compared to 2022/23, although there was an increase in the number of homes managed by 873, costs increased by £25.5m. The movement in costs consisted of increases in management costs of £4.4m, service charge costs of £1.7m and repairs expenditure by £17.3m. The repairs expenditure included £6.2m on major projects, including fire safety related, and £0.9m on Social Housing Decarbonisation Fund (SHDF) supported works. Routine repairs costs have also increased and we are predicting a further rise in 2024/25 driven by higher volume and higher costs.

Metric 6	Target 2024/25	Actual 2023/24	Target 2023/24	Actual 2022/23
Operating margin (social housing lettings only) %	30%	28%	34%	35%
Operating margin (overall) %	26%	23%	29%	29%

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 repairs expenditure. The overall operating margin excludes any surplus from the sale of fixed assets. Whilst still a challenging period due to higher repairs volume, the forecast operating margin is improving.

Metric 7	Target 2024/25	Actual 2023/24	Target 2023/24	Actual 2022/23
Return on capital employed (ROCE) %	2.5%	2.4%	2.9%	3.5%

This metric compares the operating surplus to total assets less current liabilities and assesses the efficient investment of capital resources. The reduction is due to fewer first tranche sales, open market sales, staircasings and redemptions.

Business Health measures

We produce a monthly Business Health Report, covering operational and financial key performance indicators. These are discussed monthly by the Leadership Team, with focus on next steps where performance needs to improve. A summary Business Health Report is presented at each Board meeting.

Leadership and Governance

Board and Committee membership and attendance 2023/24

Name	MHL Board	MHG Board	Governance and People committee	Audit and Risk Committee	Finance Committee	Customer and Communities Committee
Steve White <i>Independent</i>	Chair 8/8	3/3	4/4			
Mark Foster <i>Senior Independent</i>	6/8		Chair 4/4	4/4		6/7
Tim Boag <i>Independent</i>	6/8	2/3			Chair 5/5	
David Brocklebank <i>Independent</i>	7/8	Chair 3/3			5/5	
Gavin Cansfield <i>Independent</i> Appointed January 2024 Resigned April 2024	3/3			1/1		1/1
Jeremy Ellis <i>Independent</i>	7/8			4/4		4/7
Andrew Farmer <i>Independent</i> Appointed August 2023	6/6			Chair 2/2	2/2	
Gerry McCormack <i>Independent</i> Stepped down December 2023	5/5	2/2		Chair 3/3	4/4	
Belinda Moore <i>Independent</i> Appointed August 2023	4/6		2/2			3/4
Jo Moran <i>Independent</i> Stepped down September 2023 <i>Independent Committee</i> Stepped down April 2024	2/2		1/1			Chair 7/7
Caroline Ross <i>Independent</i>	8/8		4/4			Chair 5/7
Mary Gibbons <i>Executive</i> Left February 2024	5/6	2/2				
Steve Nunn <i>Executive</i>	8/8	3/3				
Gloria Yang <i>Executive</i> Appointed April 2023	8/8					

Our board

Steve White
Independent Chair



Steve joined Moat's Board in July 2016, becoming Chair of the Board in May 2018. He has led organisations through large transformation, including a period as Chief Executive of the Hyde Group.

Mark Foster
Senior Independent Director



Mark joined Moat's Board in May 2016, having spent most of his executive career in marketing and international development roles in the entertainment industry.

Tim Boag
Independent Director



Tim has had an extensive career including a number of roles throughout Corporate and Commercial Banking with RBS/ NatWest and more recently at Aldermore Bank.

David Brocklebank
Independent Director



David joined Moat's Board in January 2021. He is currently the Executive Managing Director of Wates Developments Group, having held several roles within the business since joining in 2001.

Jeremy Ellis
Independent Director



Jeremy joined Moat's Board in January 2021. He has enjoyed a long career at TUI Travel in a range of customer-centric roles and as Marketing and Customer Experience Director.

Andrew Farmer
Independent Director



Andrew joined Moat's Board in August 2023. He brings a wealth of operational finance and risk experience from his current role as the Chief Financial Officer of South East Water Ltd.

Belinda Moore
Independent Director



Belinda joined the Board of Moat in August 2023. Belinda's last executive role was Chief Marketing Officer at E.ON Energy where she led on PR and communications.

Caroline Ross
Independent Director



Caroline joined Moat's Board in November 2020. She has been Chief People Officer at ASOS.com, and headed the people strategy, organisational culture and HR synergies across the Flutter Group.

Our Boards full biographies are available on our website moat.co.uk or click here.

Our Executive Team.

Steve Nunn
Acting Chief Executive



Steve was appointed in April 2009 to lead on developing new homes. He has been Acting Chief Executive from March 2024. Having worked in the housing sector since 1989, he brings 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. Steve is currently a board member of B3 Living and Chair of their Development Committee.

Carrie McKenzie
Executive Director: People and Culture



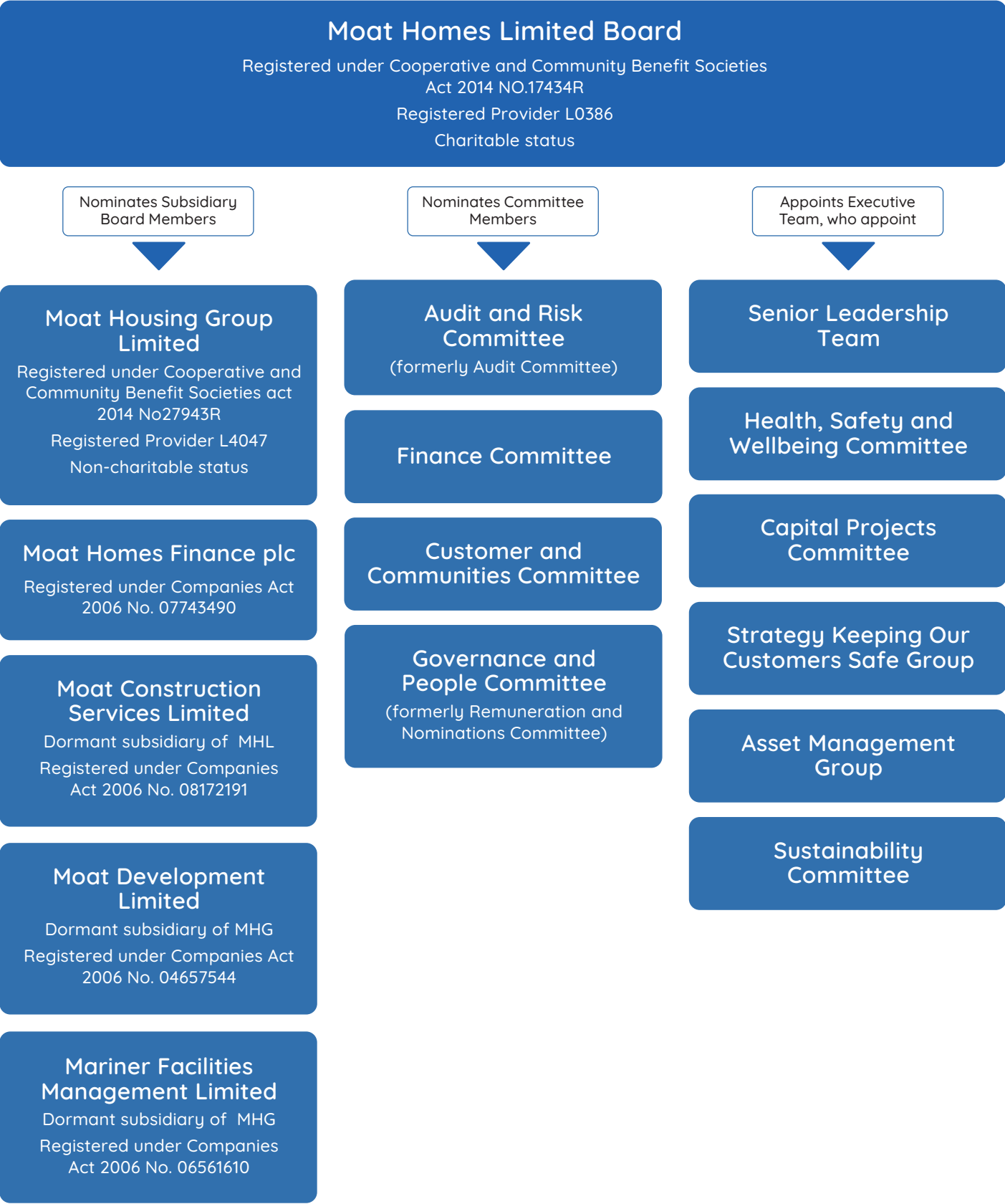
Carrie joined Moat in early 2020 to lead and set the strategic direction for people and communications. After supporting the organisation through its recovery from the pandemic, Carrie joined the Executive Team in September 2021. Prior to joining Moat, Carrie worked for Medway Council where she was an 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.

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, 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.

Executive Team	
Steve Nunn	Acting Chief Executive (from March 2024); Executive Director: Growth
Mary Gibbons (left 9 February 2024)	Chief Executive
Carrie McKenzie	Executive Director: People and Culture
Annemarie Roberts (resigned 10 November 2023)	Executive Director: Customer Experience
Gloria Yang (appointed 11 April 2023)	Executive Director: Finance; Company Secretary (from November 2023)
Chyrel Brown (appointed 2 January 2024)	Interim Executive Director: Customer Experience
Sara Thomson (left 17 November 2023)	Interim Executive Director: Governance and Compliance; Company Secretary



The Board

The Board is responsible for setting, monitoring and ensuring compliance with our values, vision, mission and strategic objectives and for ensuring Moat's long-term success. It establishes a positive culture that is focussed on the needs of our customers and embeds equality, diversity and inclusion in all that we do.

It is Moat's governing body and is made up of:

- Independent Non-Executive Directors, appointed through a competitive recruitment and selection process; and
- the Chief Executive and two 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.

Governance review

In line with good governance and best practice, the Board carries out its own internal annual review of governance arrangements and every three years commissions an external governance review. In 2023, Campbell Tickell carried out a review. This included a desktop study of documents, a survey, interviews (including customers), and observations of Board and Audit and Risk Committee meetings. The review concluded that the Board continues to be effective and performs well in its role and in discharging its responsibilities.

Committees

The Board has delegated some of its functions and detailed work on assurance to its Committees and has delegated the delivery of the strategy and operations to the Chief Executive. The Committees each have a group wide remit with clear terms of reference. Full reports on the work of the Audit and Risk Committee and the Governance and People Committee can be found from page 35.

Audit and Risk Committee (formerly Audit Committee)

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

Finance Committee

The Finance Committee oversees Moat's financial performance and provides detailed assurance on the 30-year Financial Plan to the Board.

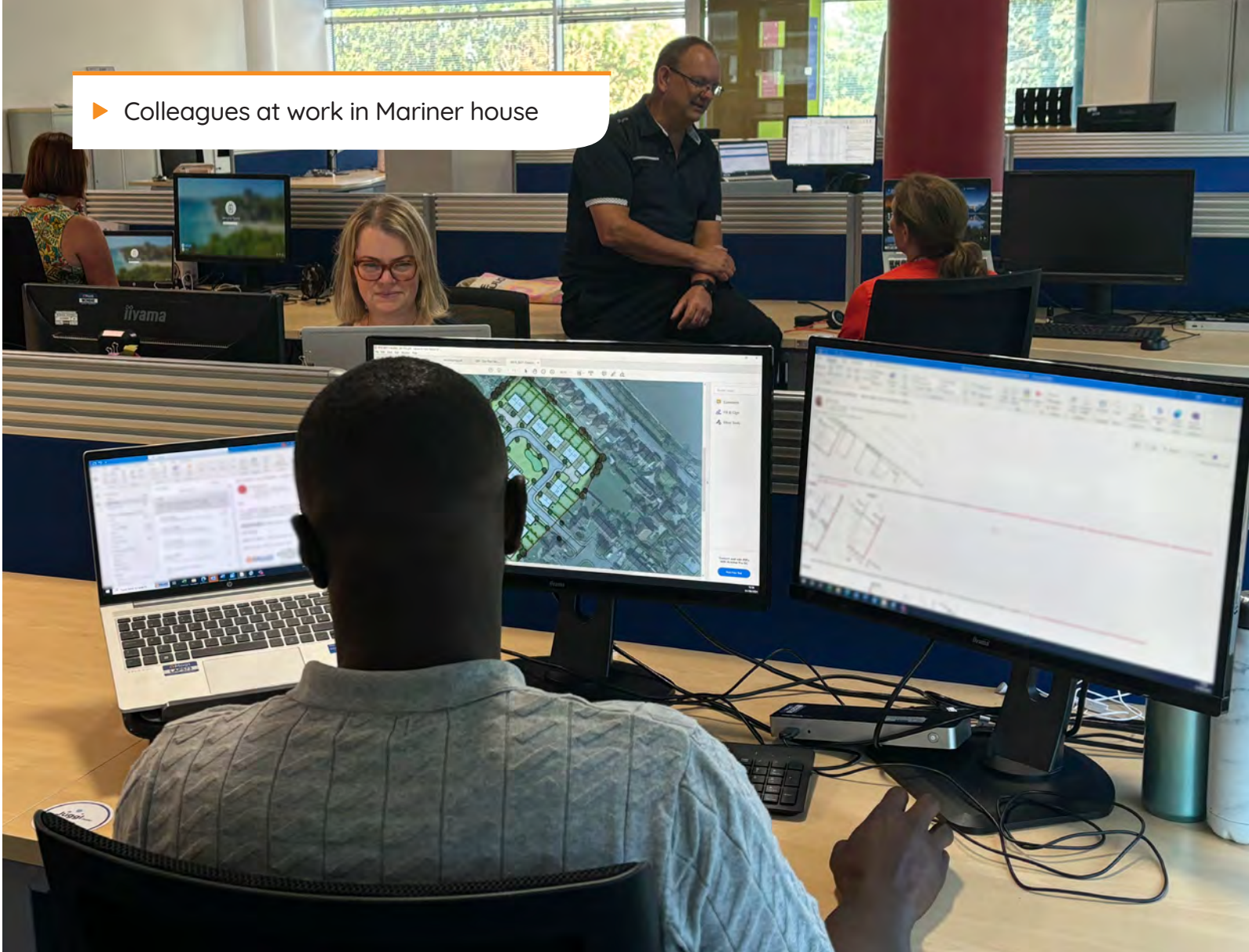
Customer and Communities Committee

The Customer and Communities Committee provides assurance on landlord responsibilities and customer service provision. It also advises on customer influence and engagement.

Governance and People Committee (formerly Remuneration and Nominations Committee)

The Governance and People Committee reviews the effectiveness of our governance arrangements including overseeing the appointment process for independent directors and makes recommendations to the Board. It also reviews and recommends to the Board the remuneration for our non-executive and executive directors and the annual pay award to colleagues. The Committee monitors our performance in respect of equality, diversity and inclusion as well as data and technology and oversees people and culture developments.

▶ Colleagues at work in Mariner house



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, both now and in the future, to thrive within their homes and communities.

- **Customers** - We would not exist without our customers, and we know that our customers need a place that they can call home, where they feel safe and supported, particularly throughout the cost-of-living crisis and market volatility. We are, and will continue to be, ambitious for our customers and we will continue to work hard to make a difference in their lives through a range of engagement opportunities, including our customer advocacy programme, partnering contract management groups and will continue to build on this variety of feedback forums. Our Customer and Communities Committee holds us to account to ensure that customers and community representatives are involved in our activities which inform decision making at the Board. We are looking to set up an additional customer led Impact and Action Group in 2024, linking in to Board and Committees.
- **Colleagues** - Our colleagues are our driving force in delivering great services for our customers. Adopting a collaborative approach helps us to put our customers at the centre of everything we do. We have, and will continue to build, on the great positive engagement with colleagues, through surveys, colleague forums and regular organisation-wide feedback sessions. Our Colleague Forum, chaired by colleague representatives and attended by the Executive Director: People and Culture and the Chief Executive, enables feedback from our colleagues to be incorporated into decision making by the Executives and the Board.
- **Regulators** - We have a positive and open relationship with the RSH, maintaining regular contact, which helps us to meet our statutory obligations and has ensured that we have retained our G1/V1 rating.
- **Investors** - Our investors enable us to deliver on our plans to build much needed 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 we need to support the customers within our communities.
- **Local Authorities** - We have a large network of local authorities, and we recognise the importance of these relationships, since we share common goals. Working with our local authority partners means that we stay true in 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 our well planned and executed development programmes, we work closely with Homes England, Greater London Authority and our development partners including a great network of consortiums with joint aims in building new communities in great places.
- **Suppliers** - Our network of suppliers, that support us to deliver effective and efficient services, play an important role for us and our customer base. We have, and will continue to, maximise these partnerships to deliver great value for our customers.



► Kershaw Grove, Rainham, Kent

Representatives from Medway Council, developers McCullochs, and Moat staff at the official launch of Kershaw Grove in Rainham, Kent – a scheme of 27 new three bedroom homes for social rent.



Risk management.

The Board agrees the nature and extent of the risks that we are willing and able to take as a business and sets risk appetite.

The risk appetite is reviewed annually, or more frequently if needed, and sets out our attitude toward risk and reward. Our current appetite is:

- a hungry appetite in pursuit of innovation for our customer services to ensure we are customer led and responsive.
- an open appetite on data, insight, and technology to ensure efficiency and improve services for customers.
- an open appetite on stock acquisition and land-led opportunities.
- a balanced appetite towards financial capacity risk, operating within a framework, with clear ‘Golden Rules’. Additionally, we have a balanced appetite towards housing market exposure, sustainability and our ways of working.
- an adverse appetite in relation to any actions or omissions that impact on the continued provision of safe and decent homes for our customers, our cyber security, and in relation to our compliance with legal and regulatory requirements.

The Risk Management Policy and Framework is updated and reviewed annually by the Audit and Risk Committee. It was approved by the Board in March 2024. Strategic and Operational Risks are monitored, with risks ranked using an agreed scoring system for unmitigated and mitigated risks. Means of assurance to reduce the residual risk score are documented. Each risk is also assigned a target risk score and actions needed to reach that score documented and monitored. The Strategic Risk Register is reviewed by the Audit and Risk Committee and Board at every meeting. The appropriateness of the risks, the risk score and whether any additional risks should be added is assessed. The annual Board awayday includes a review of the external landscape and operating environment to help identify any new or potential risks.

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 external 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 advice.

Key strategic risks	Key controls and actions providing assurance
Compromised IT systems and/or data arising from a significant cyber security breach.	• Workforce mandatory training and support regarding cyber-attacks • Cyber security testing, both cyclical and unplanned • Robust email and file scanning and interception software • Cyber security attack approach, response plans • Fully hosted Managed Detect and Respond services • Quarterly phishing simulations
The property repairs and maintenance service fails to achieve expected levels of performance or customer satisfaction	• Repairs Steering Group (which includes Executive Team) • Weekly monitoring of Core KPIs • Strategic Transformation project to prepare for future service offer • Board Task and Finish group established to monitor effective engagement and involvement with customers and Board
Failure to manage and govern data effectively leading to unreliable or inaccessible data, a reduced opportunity to use data to tailor services, plans and inform performance and overall decision making.	• Data Governance Framework developed • Data Maturity Delivery Plan outlining the key strategic areas of focus and milestones to improve data management • Data owner and steward training • Implementation of new Data and Technology Strategy.
Services to customers are not delivered in line with our great customer experience objective, to the high standards expected or in line with regulatory requirements and expectations.	• Dedicated resources for dealing with certain types of complaints (e.g. disrepair) • Customer oriented policies and procedures • Customer feedback and insights routinely captured and reviewed • Customer led repairs forum • Implementation of new Customer Influence Strategy.
External economic and political factors hinder our ability to achieve our strategic objectives, realise our mission and remain viable for the long term.	• Strong liquidity pipeline • Prudent set of assumptions used in annual Board approved financial plan and quarterly plan update • Comprehensive range of stress tests • Mitigation plan details the actions to be taken under a stress situation • Contractor viability checks and monitoring
Ineffective financial planning and mitigation resulting in lower covenant and liquidity headroom, limiting ability to make the most impactful investment decisions for customers and communities.	• Golden rules ensure significant headroom against covenant requirements • External review of investment appraisal assumptions • External treasury advisory and assurance • Annual treasury management policy review and approval
A significant economic downturn may impact sales values of and demand for shared ownership/open market homes.	• VfM and deliverability tests on build costs for new projects • All outright sales projects approved by MHG and MHL Boards • Reduced exposure in development pipeline to shared ownership and outright sales
Strategic and government targets for decarbonisation and improved energy efficiency of our customers’ homes are not met.	• Independent external validation of property data • EPC checks undertaken by accredited assessors • Retro-fit coordinator consultant to ensure compliance with PAS2035 • SHDF grant funding and contractors in place to deliver works
Our homes do not remain safe or fit for our customers to live in. Failure to maintain robust compliance with statutory, legislative and regulatory requirements for health and safety and building compliance or address systemic issues.	• Monitoring of KPIs covering landlord health and safety obligations, decent homes and stock condition • Dedicated internal skilled resources and retained third party expertise • Damp and mould taskforce

Statement of effectiveness of internal controls.

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

Its responsibility extends over matters covering strategic, operational, financial, and compliance issues.

The Audit and Risk Committee has delegated authority from the Board to ensure the correct implementation of the risk management framework and effective operation of processes and controls. It reports to Board on the adequacy and effectiveness of systems of governance, risk management and internal control.

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 and reduce the risk of failing 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.

The Board has reviewed the system of internal controls for the year ended 31 March 2024 and has 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 the Group and Association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for taking such steps as are reasonably open to it to safeguard the assets of the Group and the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association'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 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.

Compliance with Regulatory Standards

As a registered provider of social housing, we have a duty to comply with the regulatory standards set out by the Regulator of Social Housing (RSH).

Moat's Governance and Viability rating at the end of the 2023/24 financial year was G1/V1, the highest grading available.

The Board undertakes an annual assessment of compliance with the regulatory standards and confirms that we continue to be fully compliant in all material aspects with the standards during the year and up to the date of signing.

Compliance with UK Corporate Governance Code

The Board adopted the UK Corporate Code of Governance in 2010, last revised in 2018. It has identified four areas of the Code which are not applicable to Moat as a Registered Provider of Social Housing and a Registered Society under the Cooperative and Community Benefit Societies Act 2014:

1. Principle D, provision 3 – regular engagement with major shareholders: Moat has no major shareholders. All shareholders have an equal, nominal share of £1.
2. 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.
3. 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 National Housing Federation (NHF) model rules. The first two appointments are for three-year terms, followed by annual review as part of the succession planning process.
4. Principle Q, provision 36 – remuneration schemes should promote long-term shareholdings by Executive Directors: Moat does not have shareholdings by Executive Directors.

The Board can confirm that Moat is compliant with the remaining provisions of the Code.

The UK Corporate Code of Governance is not specific to the housing sector. Our Customer Pioneer Strategy aligns better with the NHF Code of Governance 2020 and the Board has decided during the year to adopt this Code from 1 April 2024.

Compliance with Financial Conduct Authority (FCA) regime

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 FCA. In compliance with the Senior Managers and Certification Regime, we can confirm that Moat had the required arrangements in place throughout the year.

Anti-slavery statement

The Board confirms, so far as it is aware, there were no acts of modern day slavery during 2023/24. We are fully committed to combatting slavery and human trafficking and have implemented training, systems and controls. Moat's Modern Slavery Statement can be found on-line at moat.co.uk.

Provision of information to the Auditor

The Board members confirm that in fulfilling their duties as a Director they have taken the steps they ought to have taken to make themselves aware of any information relevant to the audit and the auditors are aware of that information. So far as they are each aware, there is no relevant audit information which the auditor is unaware of.

Statement of Going Concern

In March 2024, the Board approved the budget for 2024/25. The budget outperforms the golden rules set by the Board (operating margin, gearing and interest cover) and delivers to the approved risk appetite. This is despite the financial pressures of continuing high interest rates, additional provision on decarbonisation and improved energy efficiency of homes, lower volumes of first tranche sales, and additional investment in people, Data and IT to improve the customer experience.

In May 2024, the Board reviewed the 30-year financial plan which builds on the 2024/25 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 23 different sensitivities (individual and multiple). They highlight that Moat is most sensitive to a prolonged increase, above current levels, in interest rates and annual rent decreases of 1% in real terms. Based on the results of the sensitivities and scenarios, the earliest point of external lender covenant failure is in 2027 for one multiple sensitivity scenario. Recovery planning shows that remedial action, through a variety of options, 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.

The Board has concluded that there is a reasonable expectation that Moat has adequate resources to continue in operational existence 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 Statement of Going Concern section, the 30-year financial plan is fully compliant with all external covenants and with Moat's 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 management 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 output of the 30-year financial plan and regular re-forecasting of cash flows the Board regularly reviews an analysis looking at 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 stable.

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.

Post Balance Sheet events

There have been no events post 31 March 2024 which require disclosure.

Approved by the Board and signed
on its behalf by:

Steve White, Chair
1 August 2024

Buying with Moat again, Ashvine Park

"We were already in a Moat shared ownership house and couldn't afford to buy on the open market for our next move. Shared ownership really was our only option – other than moving up north to cheaper property prices."

Read more on moathomes.co.uk



Report of the Audit and Risk Committee

Role

The Audit and Risk 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 has a groupwide remit and 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 four independent Non-Executive Directors, one of whom is the Chair of the Committee. Details of Committee members and their attendance can be found on page 21.

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 partnered with Campbell Tickell to conduct 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.

Work programme

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. The table opposite details the work programme of the Committee.

Internal Audit

The Committee 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. It 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.

During the year, the Committee oversaw delivery of the internal audit plan by Beever and Struthers. The Committee reviewed eight audit reports, discussed findings with Beever and Struthers, and monitored the completion of action plans against agreed timelines.

External Audit

BDO LLP was appointed as our External Auditor in 2016 and was reappointed to audit the financial statements for 2023/24.

At the July 2024 meeting, the Committee reviewed the financial statements in discussion with management and BDO, as well as considering BDO’s Audit Completion report.

BDO identified two key audit matters:

- The recoverable amount of property developed for sale might be materially misstated. This has been identified by Moat as a key strategic risk, see page 30 and had been reviewed by the Committee in the Strategic Risk Register at each meeting. Impairment work carried out by management was also outlined in a paper to the Committee and Note 2 on page 54 discusses the critical judgements used in carrying out the impairment review which resulted in no impairment adjustments.
- MHF only – recoverability of intergroup debt from MHL. The Security Trust Deed by which MHL provides the security for the intergroup loan and the Bond (page 17) and the going concern review for MHL (page 33) provide assurance.

The Committee considered the information provided by management and BDO and were satisfied that the key audit matters had been addressed.

Agenda item	Frequency	Content
Annual Report on Assets and Liabilities Register Policy	Annually	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
Cyber security update	Each meeting	Update on the external environment and our work to maintain safe and secure systems
Data Protection	Each meeting	Report on any data protection issues and updates on any work to improve or maintain compliance with legislation
Economic Standards	Annually	Review of compliance with Regulator of Social Housing’s economic standards
Environmental Sustainability and Governance Report (ESG)	Annually	Review of ESG report in line with Sustainability Reporting Standard for Social Housing
External Audit and Financial Statements	Annually	Review of the Audit Planning Report and Audit Completion Report. Approval of Financial Statements
Fraud, Whistleblowing and Money Laundering monitoring	Each meeting	Report of any suspected fraudulent or money laundering activity and monitors open cases. Report of any disclosures made under whistleblowing arrangements. Annually approving the report of the Fraud Register to the Regulator.
Health and Safety report	Each meeting	Report covering KPI performance for FLAGEL, key risk areas, health and safety audit findings and other relevant management information
Insurance overview and renewal	Each meeting and annually	Review of the ongoing performance, and 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	Each meeting	Review of each audit report, the management response and follow up of the implementation of recommendations
Key policy reviews	Annually	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
Risk Registers	Each meeting	Review of the Strategic and Operational Risk Registers
Work Programme	Each meeting	Review of the Committee’s rolling 12-month work programme

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 33 and 51.

The Committee noted that there were no unadjusted audit differences and no significant deficiencies in internal control had been identified during the audit.

The Committee also reviewed a report detailing the assurances given by the Board in the financial statements and the work performed to ensure compliance. The Committee was satisfied that these assurances could be given.

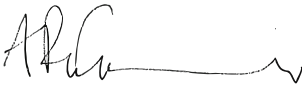
The Committee recommended MHL, MHG and MHF Boards to approve the relevant financial statements.

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.



Andrew Farmer
Audit and Risk Committee Chair
1 August 2024

Report of the Governance and People 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 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 of the Committee. Details of Committee members and their attendance can be found on page 21.

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 partnered with Campbell Tickell to conduct 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.

2023/24 work programme

The Committee led on the recruitment of three new Board Members following discussions during the year about succession planning, board diversity and the skills needed on the Board to deliver the Corporate Strategy. The recruitment was supported by external consultants (Odgers Berndtson) who have no other connection with Moat or its Non-executive and Executive Directors. The Committee met four 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
- 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
- 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 Governance.
- shaping Equality, Diversity and Inclusion policy 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 Colleague Forum
- agreeing the Board's learning and development framework and receiving regular updates against progress
- reviewing Moat's gender pay gap and ethnicity pay gap analysis
- reviewing Moat's proposed IT and Data Strategy

2024/25 work programme

Looking ahead to 2024/25, alongside key cyclical matters the Committee's work plan will:

- receive updates on Moat's preparedness for the regulatory inspection
- continue to focus on delivery of the Moat Board succession plan
- oversee continual improvement plans for governance
- monitor implementation of actions to fully comply with the newly adopted NHF Code of Governance
- consider and recommend to the Board the People and Culture Framework
- consider and recommend to the Board the Equality, Diversity and Inclusion Strategy and plan
- review and agree Gender and Ethnicity Pay Gap reports, analysis and any resultant plan
- 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
- carry out a deep-dive into people and culture related matters.



Mark Foster
Governance and People
Committee Chair
1 August 2024

As at 31 March 2024:

Our Board was:

- 73% male, 27% female
- 82% white, 18% from ethnic minority groups.

Our senior management team (Executive and Senior Leadership Team) was:

- 33% male, 66% female
- 87% white, 13% from ethnic minority groups.

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 2024 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 2024, 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 and Risk Committee.

Independence

Following the recommendation of the Audit and Risk 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 8 years, covering the years ending 31 March 2017 to 31 March 2024.

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 12 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.

Overview of audit			
Coverage	100% (2023: 100%) of Group surplus before tax 100% (2023: 100%) of Group revenue 100% (2023: 100%) of Group total assets		
Key audit matters	The recoverable amount of property developed for sale	2024 Yes	2023 Yes
Materiality	Group financial statements as a whole: £29.6m based on 1.5% of total assets (2023: £4.0m based on 6% adjusted operating surplus) Group specific: £3m based on 2% of turnover (2023: n/a).		

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 55.	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 estimated sales proceeds less all costs to complete and sell, resulting in an amount recognised in the balance sheet of £31.7m. For completed properties at the balance sheet date an assessment is needed of the anticipated selling price. For properties in development at the balance sheet date, an assessment is needed of both an expected 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 this 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 also considered the impact of sensitivities in management's forecasts to decreases in sales prices and increases in build costs. - We considered other current factors including the status of 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.

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.

Audit work on all components was performed by BDO LLP, 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.

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:

Materiality				
	Group Financial Statements		Parent Association Financial Statements	
	2024	2023	2024	2023
Financial statement materiality				
Materiality	£29.6m	£4.0m	£29.4m	£3.8m
Basis for determining materiality	1.5% of total assets	6% of adjusted operating surplus	1.5% of total assets	6% of adjusted operating surplus
Performance materiality	£20.7m	£2.8m	£20.5m	£2.7m
Basis for determining performance materiality	70% of materiality	70% of materiality	70% of materiality	70% of materiality
Specific materiality				
Specific materiality	£3.0m	N/A	£3.0m	N/A
Basis for determining specific materiality	2% of revenue	N/A	2% of revenue	N/A
Specific performance materiality	£2.1m	N/A	£2.1m	N/A
Basis for determining specific performance materiality	70% of materiality	N/A	70% of materiality	N/A

Rationale for the benchmarks applied

The materiality benchmark in the previous year was adjusted operating surplus. We have reflected on our approach to materiality and concluded that for housing associations key stakeholders are primarily focused on the value of the stable, rented asset portfolio, as their debt is secured on these assets.

Total assets is therefore considered to be the appropriate benchmark for determining overall materiality. However, we also determined that for other classes of transactions and balances in income and expenditure recognised within the statement of comprehensive income that are used in covenant calculations and sector benchmarking metrics, as well as other financial statement areas such as property for sale stock and rent arrears that are subject to greater scrutiny by key stakeholders, a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of the users of the financial statements. As a result, we applied a specific materiality calculated using Revenue as the benchmark to these balances and transactions. Revenue is considered to be a more stable metric to use for this purpose than adjusted operating surplus and is also more transparent and more easily understood by the users of the financial statements.

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 areas of the financial statements subject to significant estimation uncertainty.

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 1.4% and 99.3% (2023: 3.1% 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 £430,000 to £29,400,000 (2023: £125,000 to £3,800,000). In the audit of each component, we further applied performance materiality levels of 70% (2023: 70% 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 and Risk Committee that we would report to them all individual audit differences in excess of £590,000 (2023: £80,000). 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.

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 33 and 51. - 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 33 and 51.
Other Code provisions	- Board's statement on fair, balanced and understandable as set out on page 32; - Board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 29; - The section of the annual report that describes the review of effectiveness of risk management and internal control systems as set out on page 31; and - The section describing the work of the Audit Committee is set out on page 35. As set out on page 35, the Directors consider that it is impracticable to have a separate Audit Committee for the Company.

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.

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 an 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 meetings 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 meetings 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 of controls including the posting of inappropriate journals to manipulate financial results and management bias in accounting estimates. In addition, we considered cut off of property sales revenue to be an area susceptible to fraud.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria as well as an additional random sample, by agreeing to supporting documentation; and
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the recoverable amount of properties developed for sale (see Key Audit Matters), the value of defined benefit pension liabilities and the valuation of derivative financial instruments
- Testing a sample of sales either side of the year end to confirm they were recorded in the correct accounting period.

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

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

A further description of our responsibilities 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.

E Kulczycki

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).

8 August 2024

Joyce’s 40 year Moat anniversary

In May, Head of Supported and Retirement Living, Rajinder Manger, and Neighbourhood Services Manager, John Phelan, were delighted to visit Joyce at her home in Durston Court, Sutton, to celebrate her 40 year anniversary as a Moat customer.



Consolidated statement of comprehensive income

For the year ended 31 March 2024

	Notes	2024	2023
		£000	£000
Turnover	3	154,448	159,758
Operating costs	3	(102,731)	(82,562)
Cost of sales	3	(15,449)	(31,357)
Gain on disposal of fixed assets (staircasings, redemptions and right to buy/acquire)	3,4	8,341	15,813
Gain on disposal of fixed assets	3,4	-	3
Operating surplus	3	44,609	61,655
Interest receivable and similar income	7	1,999	984
Interest and finance costs	8,9	(28,380)	(23,130)
Movement in fair value of investments	15	29	-
Movement in fair value of financial instruments	26	2,669	6,375
Surplus before taxation	10	20,926	45,884
Taxation	11	-	-
Surplus for the year		20,926	45,884
Movement in fair value of hedged financial instruments	26	7,041	25,890
Remeasurement of pension liability	29	(4,207)	(1,631)
Total comprehensive income for the year		23,760	70,143

The notes on pages 51 to 86 form part of these financial statements.
All amounts relate to continuing activities.
Movements in reserves are shown in the consolidated statement of changes in reserves.

Association statement of comprehensive income

For the year ended 31 March 2024

	Notes	2024	2023
		£000	£000
Turnover	3	152,044	141,813
Operating costs	3	(102,589)	(82,484)
Cost of sales	3	(13,157)	(14,548)
Gain on disposal of fixed assets (staircasings, redemptions and right to buy/acquire)	3,4	8,341	15,813
Gain on disposal of fixed assets	3,4	-	3
Operating surplus	3	44,639	60,597
Interest receivable and similar income	7	3,433	1,211
Interest and finance costs	8,9	(28,371)	(23,167)
Movement in fair value of investments	15	29	-
Movement in fair value of financial instruments	26	2,669	6,375
Surplus before taxation	10	22,399	45,016
Taxation	11	-	-
Surplus for the year		22,399	45,016
Movement in fair value of hedged financial instruments	26	7,041	25,890
Remeasurement of pension liability	29	(4,207)	(1,631)
Total comprehensive income for the year		25,233	69,275

The notes on pages 51 to 86 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

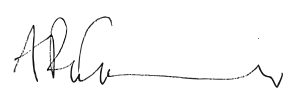
As at 31 March 2024

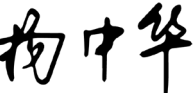
	Notes	2024	2023
		£000	£000
Fixed assets			
Housing properties	13	1,855,251	1,701,928
Investment properties	15	621	592
Other tangible fixed assets	16	14,550	14,970
Homebuy loans receivable		33,766	35,181
		1,904,188	1,752,671
Current assets			
Housing stock for sale	17	31,723	33,476
Debtors	18	15,473	16,532
Cash and cash equivalents		11,896	32,061
		59,092	82,069
Creditors - amounts falling due within one year	19	(84,271)	(78,135)
Net current (liabilities)/assets		(25,179)	3,934
Total assets less current liabilities		1,879,009	1,756,605
Creditors - amounts falling due after more than one year	20	(1,234,537)	(1,122,039)
Derivative financial instruments	26	(3,220)	(18,781)
Pension liability	29	(9,826)	(8,119)
Net assets		631,426	607,666
Capital and reserves			
Called up share capital	28	-	-
Reserves - Revenue reserve		656,459	639,740
- Cash flow hedge reserve		(25,033)	(32,074)
Total reserves		631,426	607,666

The notes on pages 51 to 86 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 1 August 2024 and signed on its behalf by:


Steve White
Chair


Andrew Farmer
Board Member


Gloria Yang
Secretary

Association statement of financial position

As at 31 March 2024

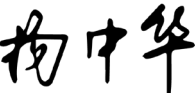
	Notes	2024	2023
		£000	£000
Fixed assets			
Housing properties	13	1,854,852	1,701,523
Investment in subsidiaries	14	50	50
Investment properties	15	621	592
Other tangible fixed assets	16	14,550	14,970
Homebuy loans receivable		33,716	35,131
		1,903,789	1,752,266
Current assets			
Housing stock for sale	17	10,737	11,995
Debtors	18	22,872	23,761
Cash and cash equivalents		11,090	30,220
		44,699	65,976
Creditors - amounts falling due within one year	19	(83,354)	(76,973)
Net current liabilities		(38,655)	(10,997)
Total assets less current liabilities		1,865,134	1,741,269
Creditors - amounts falling due after more than one year	20	(1,233,741)	(1,121,255)
Derivative financial instruments	26	(3,220)	(18,781)
Pension liability	29	(9,826)	(8,119)
Net assets		618,347	593,114
Capital and reserves			
Called up share capital	28	-	-
Reserves - Revenue reserve		643,380	625,188
- Cash flow hedge reserve		(25,033)	(32,074)
Total reserves		618,347	593,114

The notes on pages 51 to 86 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 1 August 2024 and signed on its behalf by:


Steve White
Chair


Andrew Farmer
Board Member


Gloria Yang
Secretary

Statement of changes in reserves

For the year ending 31 March 2024

	Revenue reserve	Cash flow hedge reserve	Total reserves
Consolidated	£000	£000	£000
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 1 April 2023	639,740	(32,074)	607,666
Surplus for the year	20,926	-	20,926
Movement in fair value of hedged financial instruments	-	7,041	7,041
Remeasurement of pension liability	(4,207)	-	(4,207)
Balance at 31 March 2024	656,459	(25,033)	631,426

	Revenue reserve	Cash flow hedge reserve	Total reserves
Association	£000	£000	£000
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 1 April 2023	625,188	(32,074)	593,114
Surplus for the year	22,399	-	22,399
Movement in fair value of hedged financial instruments	-	7,041	7,041
Remeasurement of pension liability	(4,207)	-	(4,207)
Balance at 31 March 2024	643,380	(25,033)	618,347

Consolidated statement of cash flows

For the year ended 31 March 2024

	2024	2023
	£000	£000
Net cash generated from operating activities (note 30)	58,310	58,024
Cash flow from investing activities:		
Purchase of housing properties	(179,087)	(91,901)
Purchase of other fixed assets	(1,230)	(1,068)
Proceeds from sale of fixed assets	17,282	33,423
Grants received	397	2,321
Social housing decarbonisation grant (SHDF) received	3,015	-
Interest received	663	984
Net cash outflow from investing activities	(158,960)	(56,241)
Cash flow from financing activities:		
Interest paid	(30,793)	(26,123)
Swap break fees	(4,515)	-
Interest element of finance lease rental payment	(3)	(4)
Drawdown/(repayment) of revolving credit facility	130,200	(2,666)
Repayment of borrowings	(14,404)	(6,538)
Net cash inflow/(outflow) from financing activities	80,485	(35,331)
Taxation	-	-
Net decrease in cash and cash equivalents	(20,165)	(33,548)
Cash and cash equivalents at 1 April	32,061	65,609
Cash and cash equivalents at 31 March	11,896	32,061

	At 31 March 2023	Cash flows	Other non-cash changes	At 31 March 2024
	£000	£000	£000	£000
Net debt analysis				
Cash and cash equivalents				
Cash and cash equivalents	32,061	(20,165)	-	11,896
Debt				
Borrowings due within one year	(11,255)	8,683	(14,475)	(17,047)
Borrowings due after one year	(603,114)	(124,479)	16,582	(711,011)
Derivative financial liabilities	(18,781)	-	15,561	(3,220)
	(633,150)	(115,796)	17,668	(731,278)
Total net debt	(601,089)	(135,961)	17,668	(719,382)

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 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 2024, the Board approved the budget for 2024/25. The budget outperforms the golden rules set by the Board (operating margin, gearing and interest cover) and delivers to the approved risk appetite. This is despite the financial pressures of continuing high interest rates, additional provision on decarbonisation and improved energy efficiency of homes, lower volumes of first tranche sales, and additional investment in people, Data and IT to improve the customer experience.

In May 2024, the Board reviewed the 30-year financial plan which builds on the 2024/25 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 23 different sensitivities (individual and multiple). They highlight that Moat is most sensitive to a prolonged increase, above current levels, in interest rates and annual rent decreases of 1% in real terms. Based on the results of the sensitivities and scenarios, the earliest point of external lender covenant failure is in 2027 for one multiple sensitivity scenario. Recovery planning shows that remedial action, through a variety of options, 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.

The Board has concluded that there is a reasonable expectation that Moat has adequate resources to continue in operational existence 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 and redemptions 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 to 10 years
Computer equipment	3 years
Scheme furniture and equipment	3 to 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 existing 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. This scheme is closed to new employees. During the year, the Group ceased participation in both the Essex County Council pension scheme and the London Borough of Merton pension scheme.

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 at 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 increased maintenance costs due to the current high levels of inflation and material and labour shortages. 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. As this is being driven by delays in works performed by our contractor rather than the quality of our properties, 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 2024. 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 has not materially reduced. Therefore, we determine that there is no general indicator of impairment.

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.

We carried out an impairment review for schemes where additional costs highlighted a negative net book value. For the schemes identified in the year, the review did not result in an impairment being recognised.

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.

There is no indication that the net realisable value is lower than cost and no write down of the value of stock is required.

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 £2.3m.

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. 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.



▶ Holywell House, Folkestone

One of our Supported and Retirement Living schemes was refurbished this year. The communal area was redecorated throughout, including the addition of a new pool table and all new soft furnishings.

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

	2024				
	Turnover	Operating costs	Cost of sales	Gain on disposal of fixed assets	Operating surplus
	£000	£000	£000	£000	£000
Social housing lettings	134,430	(97,035)	-	-	37,395
Other social housing activities					
Contracted services	859	(488)	-	-	371
Development administration	-	(3,077)	-	-	(3,077)
Impairment of schemes under construction/completed in the year	-	-	-	-	-
Shared ownership property sales	15,076	-	(13,157)	-	1,919
Write back of housing stock for sale	-	-	-	-	-
Staircasing activity on low cost home ownership	-	-	-	6,665	6,665
Redemption of equity loans	-	-	-	1,275	1,275
Right to buy/right to acquire	-	-	-	401	401
Gain on disposal of fixed assets	-	-	-	-	-
Investment in communities	-	(1,494)	-	-	(1,494)
Other	1,611	(498)	-	-	1,113
Non-social housing activities					
Market renting lettings	251	(82)	-	-	169
Open market sales	2,221	-	(2,292)	-	(71)
Other	-	(57)	-	-	(57)
Total	154,448	(102,731)	(15,449)	8,341	44,609

	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
Other	16	(52)	-	-	(36)
Total	159,758	(82,562)	(31,357)	15,816	61,655

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

	2024				2023
	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	76,823	28,810	8,456	114,089	103,477
Service charge income	5,893	7,074	1,988	14,955	13,049
Net rental income	82,716	35,884	10,444	129,044	116,526
Amortisation of Social Housing Grant	3,942	1,004	440	5,386	5,292
Total turnover from social housing lettings	86,658	36,888	10,884	134,430	121,818
Operating costs of social housing lettings					
Management	(16,910)	(7,484)	(3,413)	(27,807)	(23,437)
Service charge costs	(6,152)	(7,119)	(2,104)	(15,375)	(13,692)
Routine maintenance	(17,273)	-	(2,608)	(19,881)	(13,138)
Planned maintenance	(4,461)	(40)	(676)	(5,177)	(5,065)
Major repairs expenditure	(6,029)	(73)	(798)	(6,900)	(3,563)
Rent losses from bad debts	(474)	(70)	(65)	(609)	(403)
Depreciation of housing properties	(15,895)	(3,595)	(1,796)	(21,286)	(20,409)
Total operating costs of social housing lettings	(67,194)	(18,381)	(11,460)	(97,035)	(79,707)
Operating surplus/(deficit) on social housing lettings	19,464	18,507	(576)	37,395	42,111
Void losses	(2,007)	-	(1,104)	(3,111)	(2,370)

Included within social housing lettings operating costs is £2,408k (2023: £1,169k) of fire safety costs and £736k (2023: £304k) of zero carbon costs.

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

	2024				
	Turnover	Operating costs	Cost of sales	Gain on disposal of fixed assets	Operating surplus
	£000	£000	£000	£000	£000
Social housing lettings	134,407	(97,020)	-	-	37,387
Other social housing activities					
Contracted services	859	(488)	-	-	371
Development administration	-	(3,077)	-	-	(3,077)
Impairment of schemes under construction/completed in the year	-	-	-	-	-
Shared ownership property sales	15,076	-	(13,157)	-	1,919
Write back of housing stock for sale	-	-	-	-	-
Staircasing activity on low cost home ownership	-	-	-	6,665	6,665
Redemption of equity loans	-	-	-	1,275	1,275
Right to buy/right to acquire	-	-	-	401	401
Gain on disposal of fixed assets	-	-	-	-	-
Investment in communities	-	(1,494)	-	-	(1,494)
Other	1,611	(498)	-	-	1,113
Non-social housing activities					
Market renting lettings	91	(12)	-	-	79
Total	152,044	(102,589)	(13,157)	8,341	44,639

	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

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

	2024			2023	
	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	76,803	28,810	8,456	114,069	103,459
Service charge income	5,892	7,074	1,988	14,954	13,048
Net rental income	82,695	35,884	10,444	129,023	116,507
Amortisation of Social Housing Grant	3,940	1,004	440	5,384	5,290
Total turnover from social housing lettings	86,635	36,888	10,884	134,407	121,797
Operating costs on social housing lettings					
Management	(16,906)	(7,484)	(3,413)	(27,803)	(23,435)
Service charge costs	(6,150)	(7,119)	(2,104)	(15,373)	(13,689)
Routine maintenance	(17,271)	-	(2,608)	(19,879)	(13,136)
Planned maintenance	(4,461)	(40)	(676)	(5,177)	(5,065)
Major repairs expenditure	(6,029)	(73)	(798)	(6,900)	(3,563)
Rent losses from bad debts	(473)	(70)	(65)	(608)	(403)
Depreciation of housing properties	(15,889)	(3,595)	(1,796)	(21,280)	(20,402)
Total operating costs on social housing lettings	(67,179)	(18,381)	(11,460)	(97,020)	(79,693)
Operating surplus/(deficit) on letting activities	19,456	18,507	(576)	37,387	42,104
Void losses	(2,007)	-	(1,104)	(3,111)	(2,370)

Included within social housing lettings operating costs is £2,408k (2023: £1,169k) of fire safety costs and £736k (2023: £304k) 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	14,169	2,758	643	-	17,570
Attributable book value and incidental selling costs	(7,504)	(1,483)	(242)	-	(9,229)
Gain on disposal of fixed assets - 2024	6,665	1,275	401	-	8,341
Gain on disposal of fixed assets - 2023	12,452	2,374	987	3	15,816

5. Board members and Executive Team

The key management personnel are members of the Executive Team, listed on page 23. The total remuneration including pension contribution, received by Executive Team members was £1,460,714 (2023: £1,304,484). 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 outgoing Chief Executive, who was the highest paid director, in the year was as follows:

	2024	2023
	£000	£000
Emoluments, excluding pension contributions	327	191
Pension contributions - in respect of services as director	46	35
	373	226

The outgoing Chief Executive was an ordinary member of the Aviva (Moat Homes Retirement Savings Plan) defined contribution scheme.

Non-executive board members received £140,301 (2023: £117,175) as fees for their services to the group and also received £4,270 as expenses during the year (2023: £3,331). They were paid on a pro-rata basis:

	Remuneration per annum	
	2024	2023
	£	£
MHL chair	27,500	27,500
Senior independent director	16,500	16,500
Committee chair	15,900	15,900
Board member	11,500	11,500

Details of Board and Committee members can be found on pages 21 to 23.

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:

	2024	2023
	Number	Number
Housing	300	243
Management	97	105
New business and sales	59	51
	456	399

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

	2024	2023
	£000	£000
Wages and salaries	19,644	16,847
Social security costs	2,184	1,928
Other pension costs	1,773	1,430
	23,601	20,205

76 (2023: 63) employees, including the Executive team, earned over £60,000 in remuneration in the following bands:

	2024	2023
	No of employees	No of employees
£60,000 - £69,999	24	22
£70,000 - £79,999	17	10
£80,000 - £89,999	11	10
£90,000 - £99,999	7	5
£100,000 - £109,999	4	3
£110,000 - £119,999	1	3
£120,000 - £129,999	2	3
£130,000 - £139,999	3	2
£140,000 - £149,999	1	-
£160,000 - £169,999	1	1
£170,000 - £179,999	1	-
£180,000 - £189,999	1	1
£190,000 - £199,999	-	1
£200,000 - £209,999	1	-
£210,000 - £219,999	-	1
£220,000 - £229,999	1	1
£370,000 - £379,999	1	-

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

7. Interest receivable and similar income

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Interest receivable	663	984	654	984
Gift aid receipt from MHG	-	-	845	-
Inflation-linked swap breaks	1,336	-	1,336	-
Interest receivable from group undertakings	-	-	598	227
	1,999	984	3,433	1,211

8. Interest and finance costs

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
On bank loans, overdrafts and other loans	29,374	24,936	29,365	24,972
Interest on finance leases	3	4	3	4
Notional interest on RCGF balances	2,371	1,299	2,371	1,299
Less: interest capitalised	(3,693)	(3,388)	(3,693)	(3,388)
	28,055	22,851	28,046	22,889

The average rate of interest used for capitalisation was 4.43% (2023: 4.48%).

9. Other finance costs

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Pension finance costs				
Merton and Essex pension schemes	-	13	-	13
MHPS pension scheme	325	266	325	266
	325	279	325	279

10. Surplus before taxation

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Surplus before tax is stated after (charging)/crediting:				
Depreciation of housing properties				
Charge for the year	(20,330)	(19,720)	(20,324)	(19,714)
Accelerated depreciation on replaced components	(956)	(689)	(956)	(688)
Note 3	(21,286)	(20,409)	(21,280)	(20,402)
Depreciation of other fixed assets	(1,630)	(1,665)	(1,630)	(1,665)
Amortisation of government grant	5,386	5,292	5,384	5,290
Impairment of schemes under construction/completed in the year	-	2,087	-	2,087
Operating lease rentals	(154)	(113)	(154)	(113)
Auditor's remuneration:				
Audit of financial statements	(180)	(130)	(136)	(97)

11. Taxation

Group	2024	2023
	£000	£000
Current tax:		
UK corporation tax	-	-

	2024	2023
	£000	£000
Surplus before tax	20,926	45,884
Current tax at 25% (2023: 19%)	5,232	8,718
Effects of:		
Surpluses subject to charitable exemption	(5,232)	(8,553)
Qualifying charitable donation from subsidiary	-	(161)
Utilisation of losses previously carried forward	-	(4)
Total current tax	-	-

Association	2024	2023
	£000	£000
Current tax		
UK corporation tax	-	-

	2024	2023
	£000	£000
Surplus before tax	22,399	45,016
Current tax at 25% (2023: 19%)	5,600	8,553
Effects of:		
Surpluses subject to charitable exemption	(5,600)	(8,553)
Total current tax	-	-

12. Residential accommodation owned and/or managed - Group

	As at 31 March 2023	Additions	Disposals	Change in Tenure/ Other	As at 31 March 2024
Owned and managed					
Social housing					
General needs	8,181	574	-	2	8,757
General needs affordable rent	2,553	238	-	4	2,795
Housing for older people	1,470	-	-	-	1,470
Housing for older people affordable rent	98	-	-	-	98
Supported housing	103	13	-	(8)	108
Shared ownership	5,786	122	(74)	1	5,835
Leasehold properties	1,093	5	(1)	26	1,123
Non-social housing					
Open market rented	5	-	-	-	5
Total owned and managed	19,289	952	(75)	25	20,191
Owned not managed					
Social housing					
General needs	1	-	-	-	1
Supported housing	137	-	-	(2)	135
Non-social housing					
Care homes	44	-	-	-	44
Total owned not managed	182	-	-	(2)	180
Managed not owned					
Social housing					
General needs	308	-	-	-	308
General needs affordable rent	-	-	-	-	-
Leasehold properties	58	-	-	-	58
Equity loan properties	959	-	(39)	-	920
Non-social housing					
Leasehold properties	15	-	-	-	15
Firstbuy loans	2	-	-	-	2
Freehold properties	1,055	3	-	7	1,065
Total managed not owned	2,397	3	(39)	7	2,368
Residential properties owned and/or managed	21,868	955	(114)	30	22,739
Owned and managed non-residential					
Community hubs	4	-	-	-	4
Staff housing and guest rooms	2	-	-	-	2
Garages	577	3	-	-	580
Commercial	26	-	-	1	27
Total owned and managed non-residential	609	3	-	1	613

12. Residential accommodation owned and/or managed - Association

	As at 31 March 2023	Additions	Disposals	Change in Tenure/ Other	As at 31 March 2024
Owned and managed					
Social housing					
General needs	8,178	574	-	2	8,754
General needs affordable rent	2,553	238	-	4	2,795
Housing for older people	1,470	-	-	-	1,470
Housing for older people affordable rent	98	-	-	-	98
Supported housing	103	13	-	(8)	108
Shared ownership	5,786	122	(74)	1	5,835
Leasehold properties	1,093	5	(1)	26	1,123
Non-social housing					
Open market rented	3	-	-	-	3
Total owned and managed	19,284	952	(75)	25	20,186
Owned not managed					
Social housing					
General needs	1	-	-	-	1
Supported housing	137	-	-	(2)	135
Non-social housing					
Care homes	44	-	-	-	44
Total owned not managed	182	-	-	(2)	180
Managed not owned					
Social housing					
General needs	308	-	-	-	308
General needs affordable rent	-	-	-	-	-
Leasehold properties	58	-	-	-	58
Equity loan properties	959	-	(39)	-	920
Non-social housing					
Freehold properties	1,055	3	-	7	1,065
Total managed not owned	2,380	3	(39)	7	2,351
Residential properties owned and/or managed	21,846	955	(114)	30	22,717
Owned and managed non-residential					
Community hubs	4	-	-	-	4
Staff housing and guest rooms	2	-	-	-	2
Garages	577	3	-	-	580
Commercial	26	-	-	1	27
Total owned and managed non-residential	609	3	-	1	613

13. Tangible fixed assets - housing properties - Group

	Rented		Shared ownership		Total
	Completed	Under construction	Completed	Under construction	
	£000	£000	£000	£000	£000
Cost					
At 1 April 2023	1,248,532	112,554	529,881	27,289	1,918,256
Additions	70,009	63,781	13,637	11,823	159,250
Improvements to existing properties	18,778	-	-	-	18,778
Capitalised interest	-	2,999	-	694	3,693
Schemes completed	34,602	(34,602)	7,993	(7,993)	-
Change in tenure	(155)	-	155	-	-
Disposals	(5,356)	-	(7,324)	-	(12,680)
At 31 March 2024	1,366,410	144,732	544,342	31,813	2,087,297
Depreciation					
At 1 April 2023	(180,130)	-	(32,438)	-	(212,568)
Charge in year	(16,739)	-	(3,591)	-	(20,330)
Change in tenure	21	-	(21)	-	-
Released on disposal	4,122	-	490	-	4,612
At 31 March 2024	(192,726)	-	(35,560)	-	(228,286)
Impairment					
At 1 April 2023	(1,088)	(2,103)	(569)	-	(3,760)
Movement in year	-	-	-	-	-
At 31 March 2024	(1,088)	(2,103)	(569)	-	(3,760)
Net Book Value - 2024	1,172,596	142,629	508,213	31,813	1,855,251
Net Book Value - 2023	1,067,314	110,451	496,874	27,289	1,701,928

Interest Capitalisation

Interest capitalised in the year	-	2,999	-	694	3,693
Cumulative interest capitalised	21,103	5,652	26,387	891	54,032

Properties with a net book value of £1,096m (2023: £755m) are pledged as security on loan financing.

13. Tangible fixed assets - housing properties - Association

	Rented		Shared ownership		Total
	Completed	Under construction	Completed	Under construction	
	£000	£000	£000	£000	£000
Cost					
At 1 April 2023	1,248,061	112,554	529,881	27,290	1,917,786
Additions	70,009	63,781	13,637	11,823	159,250
Improvements to existing properties	18,778	-	-	-	18,778
Capitalised interest	-	2,999	-	694	3,693
Schemes completed	34,602	(34,602)	7,993	(7,993)	-
Change in tenure	(155)	-	155	-	-
Disposals	(5,356)	-	(7,324)	-	(12,680)
At 31 March 2024	1,365,939	144,732	544,342	31,814	2,086,827
Depreciation					
At 1 April 2023	(180,065)	-	(32,438)	-	(212,503)
Charge in year	(16,733)	-	(3,591)	-	(20,324)
Change in tenure	21	-	(21)	-	-
Released on disposal	4,122	-	490	-	4,612
At 31 March 2024	(192,655)	-	(35,560)	-	(228,215)
Impairment					
At 1 April 2023	(1,088)	(2,103)	(569)	-	(3,760)
Movement in year	-	-	-	-	-
At 31 March 2024	(1,088)	(2,103)	(569)	-	(3,760)
Net Book Value - 2024	1,172,196	142,629	508,213	31,814	1,854,852
Net Book Value - 2023	1,066,908	110,451	496,874	27,290	1,701,523

Interest Capitalisation

Interest capitalised in the year	-	2,999	-	694	3,693
Cumulative interest capitalised	21,103	5,652	26,387	891	54,032

Properties with a net book value of £1,096m (2023: £750m) are pledged as security on loan financing.

13. Tangible fixed assets - housing properties (continued)

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Housing properties at cost comprise:				
Freeholds	1,769,531	1,594,553	1,769,061	1,594,083
Long leaseholds	316,716	322,653	316,716	322,653
Short leaseholds	1,050	1,050	1,050	1,050
	2,087,297	1,918,256	2,086,827	1,917,786

14. Investment in subsidiaries

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

MHL has paid £12,500 of the allotted share capital in MHF (2023: £12,500) .

15. Investment properties

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Investment properties at 1 April	592	592	592	592
Movement in fair value	29	-	29	-
Investment properties at 31 March	621	592	621	592

Investment properties are held at fair value. These are commercial properties, which were revalued by external chartered surveyors, Residentially, at 31 March 2024, using the comparable method of market valuation evidence as set out in the Red Book (2022 Global standards), to ascertain the Market Values and Market Rents. The valuations assume yields of 6.25% - 6.75% 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 2023	11,481	11,358	9,562	32,401
Additions	-	735	475	1,210
Disposals	-	-	(12)	(12)
At 31 March 2024	11,481	12,093	10,025	33,599
Depreciation				
At 1 April 2023	(3,921)	(5,665)	(7,845)	(17,431)
Charge for the year	(240)	(706)	(684)	(1,630)
Disposals	-	-	12	12
At 31 March 2024	(4,161)	(6,371)	(8,517)	(19,049)
Net book value - 2024	7,320	5,722	1,508	14,550

Included within the net book value of other is an amount of £81k (2023: £35k) 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%.

Group	First tranche sale stock		Open market sale stock		Total
	Under construction	Completed	Under construction	Completed	
	£000	£000	£000	£000	£000
As at 1 April 2023	10,118	1,877	18,811	2,670	33,476
Additions	11,236	90	1,369	-	12,695
Disposals	-	(12,584)	-	(1,864)	(14,448)
Schemes completed	(11,020)	11,020	(1,864)	1,864	-
Movement in net realisable value	-	-	-	-	-
As at 31 March 2024	10,334	403	18,316	2,670	31,723

Association	First tranche sale stock		Open market sale stock		Total
	Under construction	Comple-	Under construction	Completed	
	£000	£000	£000	£000	£000
As at 1 April 2023	10,118	1,877	-	-	11,995
Additions	11,236	90	-	-	11,326
Disposals	-	(12,584)	-	-	(12,584)
Schemes completed	(11,020)	11,020	-	-	-
Movement in net realisable value	-	-	-	-	-
As at 31 March 2024	10,334	403	-	-	10,737

18. Debtors

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Due within one year				
Arrears of rent and service charges	6,363	4,809	6,360	4,802
Provision for bad and doubtful debts	(2,849)	(2,297)	(2,848)	(2,297)
	3,514	2,512	3,512	2,505
Amounts due from Group entities	-	-	33	-
Prepayments and accrued income	7,493	11,137	7,490	11,137
Other debtors	3,696	2,113	3,696	2,113
	14,703	15,762	14,731	15,755
Due after one year				
Amounts due from Group entities	-	-	7,371	7,236
Other debtors	770	770	770	770
	15,473	16,532	22,872	23,761

19. Creditors: amounts falling due within one year

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Housing loans (note 20)	14,413	8,684	14,413	8,684
Bond premium due under one year	2,615	2,553	-	-
Trade creditors	6,707	3,325	6,703	3,303
Owed to other Group entities	-	-	2,958	2,896
Recycled capital grant fund (note 22)	29,107	31,056	29,107	31,056
Deferred capital grant	5,728	5,346	5,726	5,346
Finance lease liabilities (note 20)	19	18	19	18
Other creditors	9,057	7,808	8,741	7,492
Accruals and deferred income	16,625	19,345	15,687	18,178
Total	84,271	78,135	83,354	76,973

Included within other creditors is £3,816k of rent received in advance (2023: £3,992k)

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

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Housing loans	357,490	246,958	357,490	246,958
Bond issue	300,000	300,000	-	-
Bond premium due over one year	53,503	56,117	-	-
Deferred capital grant	468,316	464,057	468,187	463,925
Homebuy grant	29,738	30,925	29,738	30,925
Owed to other Group entities	-	-	352,862	355,486
Recycled capital grant fund (note 22)	17,233	19,468	17,233	19,468
Leasehold sinking funds	5,222	4,475	5,196	4,454
Finance lease liabilities	20	39	20	39
Social housing decarbonisation fund (SHDF) grant received	3,015	-	3,015	-
	1,234,537	1,122,039	1,233,741	1,121,255

Housing loans	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Within one year (note 19)	14,413	8,684	14,413	8,684
Between one and two years	17,542	8,693	17,542	8,693
Between two and five years	136,006	44,631	136,006	44,631
In more than five years:				
Repayable by instalments	207,740	196,297	207,740	196,297
Repayable other than by instalments	300,000	300,000	-	-
Issue costs	(3,798)	(2,663)	(3,798)	(2,663)
Over one year (note 20)	657,490	546,958	357,490	246,958
Total housing loans	671,903	555,642	371,903	255,642

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% (2023: 1.54% - 12.84%) per annum. As at 31 March 2024, 74% of our borrowings, including interest rate swaps, were charged interest at a fixed rate (2023: 89%). Weighted average cost where interest expense (including interest rate swaps) divided by average outstanding balance divided by number of days during the period was 4.98% (2023: 4.48%).

Bond finance raised by MHF is on-lent to MHL under a secured loan agreement. This is shown as an inter-group transaction in creditors as owed to other Group entities.

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

Source of housing loans	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
The Finance for Residential Social Housing Plc	3,318	3,383	3,318	3,383
Banks and building societies	322,383	204,922	322,383	204,922
Affordable Housing Finance Plc	50,000	50,000	50,000	50,000
Moat Homes Finance Plc Bond	300,000	300,000	-	-
	675,701	558,305	375,701	258,305
Issue costs	(3,798)	(2,663)	(3,798)	(2,663)
	671,903	555,642	371,903	255,642

Finance leases	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Within one year (note 19)	19	18	19	18
Between one and five years	20	39	20	39
In more than five years	-	-	-	-
	39	57	39	57

Deferred capital grant	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Social Housing Grant (SHG) and other government grant	568,063	558,293	567,916	558,146
Cumulative amortisation	(94,019)	(88,890)	(94,003)	(88,875)
	474,044	469,403	473,913	469,271

21. Total government grant assistance

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

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
SHG on housing properties	568,063	558,293	567,916	558,146
Homebuy and starter home initiative	29,738	30,925	29,738	30,925
Recycled capital grant fund	46,340	50,524	46,340	50,524
Social housing decarbonisation fund (SHDF) grant	3,015	-	3,015	-
Add: cumulative revenue grant	13,769	13,769	12,050	12,050
	660,925	653,511	659,059	651,645

22. Recycled capital grant fund – Group and Association

	Homes England	GLA	Homes England	GLA
	2024	2023	2023	2023
	£000	£000	£000	£000
At 1 April	48,479	2,045	52,874	3,374
Inputs to fund:				
Grants recycled	2,265	732	3,971	1,057
Interest accrued	2,245	126	1,215	83
	52,989	2,903	58,060	4,514
Withdrawals from fund:				
New build	(9,552)	-	(9,456)	(826)
Flexible Tenure	-	-	(125)	-
Repaid	-	-	-	(1,643)
At 31 March	43,437	2,903	48,479	2,045
Amounts three years or older where repayment may be required	29,107	-	31,056	-

We don't anticipate that any repayment of RCGF will be required in future accounting periods.

23. Other financial commitments - Group and Association

At 31 March 2024 there are future commitments under non-cancellable operating leases as follows:

	Land and building lease commitments		Other lease commitments	
	2024	2023	2024	2023
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	81	35	47	52
Between one and five years	26	26	-	-
In more than five years	-	-	-	-
	107	61	47	52

24. Capital commitments

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Capital expenditure contracted for but not provided in the financial statements	193,993	227,066	138,209	171,253
Capital expenditure authorised but not yet contracted for	91,490	51,568	91,490	51,568

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

25. Contingent liabilities

During the year, Moat acquired 603 properties from another registered provider under a stock transfer agreement. The purchase price was £52.3m and these properties have been recognised at EUV-SH. Moat has not accounted for any social housing grant (SHG) that was attached to the properties at the date of transfer. This amounted to £18.8m. This liability will only be triggered if and when any of these properties are disposed of in future accounting periods.

26. Financial instruments

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

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Financial assets				
Measured at undiscounted amount receivable:				
Trade and other debtors and cash collateral given (note 18)	7,980	5,395	15,382	12,624
Cash and cash equivalents	11,896	32,061	11,090	30,220
	19,876	37,456	26,472	42,844

26. Financial instruments (continued)

	Group		Association	
	2024	2023	2024	2023
	£000	£000	£000	£000
Financial liabilities				
Measured at fair value and designated as an effective hedge:				
Derivative financial liabilities (note 27)	25,033	32,074	25,033	32,074
Effective element of broken interest rate swaps	(10,596)	-	(10,596)	-
Measured at fair value through the surplus for the year:				
Ineffective element of interest rate swaps	(11,217)	(13,293)	(11,217)	(13,293)
	3,220	18,781	3,220	18,781
Measured at amortised cost:				
Loans payable (notes 19,20)	371,903	255,642	371,903	255,642
Bond payable (note 20)	300,000	300,000	-	-
Obligations under finance leases (notes 19,20)	39	57	39	57
Intercompany loans payable (notes 19,20)	-	-	355,820	358,382
Measured at undiscounted amount payable:				
Trade and other creditors (notes 19,20)	37,610	34,954	36,325	33,427
	712,772	609,434	767,307	666,288

Effective element of broken interest rate swaps is the amount being amortised over the life of the loans the swaps were hedging.

Ineffective 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	
	2024	2023	2024	2023
	£000	£000	£000	£000
Interest income and expense				
Total interest income for financial assets at amortised cost	1,999	984	2,588	1,211
Total interest expense for financial liabilities at amortised cost	(29,377)	(24,940)	(29,368)	(24,978)
Fair value gains and losses				
On derivative financial liabilities designated as an effective hedge	7,041	25,890	7,041	25,890
On financial liabilities measured at fair value through surplus for the year	2,669	6,375	2,669	6,375
	(17,668)	8,309	(17,070)	8,498

27. Hedging financial instruments - Group and Association

	Due within one year		Due after one year	
	2024	2023	2024	2023
	£000	£000	£000	£000
On derivative financial liabilities				
Interest rate swaps	744	-	24,289	32,074

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	
	2024	2023	2024	2023	2024	2023
	%	%	£000	£000	£000	£000
More than five years	4.50	4.91	78,000	143,000	25,033	32,074

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 £30m matures in 2038.

28. Called-up share capital

	Association	
	2024	2023
	£	£
Allotted, issued and fully paid £1 shares		
At 1 April	8	8
Cancelled during the year	(2)	-
Issued during the year	3	-
As at 31 March	9	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.

29. Pension obligations

Defined contribution schemes

MHL participates in a defined contribution scheme, the Moat Homes Retirement Savings Plan, managed by Aviva. The total expense charged to surplus in the period ended 31 March 2024 was £1,523k (2023: £521k). This scheme is open to all new employees and current employees can 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 2024 was £155k (2023: £150k). 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 scheme has 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 the defined benefit scheme we participate in is carried out every three years with interim reviews in the intervening years.

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

Moat Homes Pension Scheme (MHPS)

The scheme is classed as a defined benefit scheme in the UK. This is a separate Trustee administered fund holding the Scheme assets to meet long term pension liabilities.

The Moat Homes Pension Scheme is managed by TPT Retirement Solutions. MHL is the only participating employer in the scheme. The Scheme's first actuarial valuation is currently underway as at 30 September 2023 and the preliminary results of this have been updated to 31 March 2024 by a qualified actuary.

The projected unit method has been used to calculate the Scheme liabilities at 31 March 2024, by rolling forward the preliminary results of the triennial actuarial valuation as at 30 September 2023.

The invested asset values at 31 March 2024 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 £30,145,000.

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. MHL will also pay £82,000 per annum in respect of expenses. Separately, MHL will pay the Pension Protection Fund levy, any Group life assurance costs and any FRS102 accounting support cost due by the Scheme. Contributions in respect of future service are payable as a percentage of earnings by both member's and the Employer with the rate depending on the member's chosen rate of benefit accrual.

London Borough of Merton and Essex County Council Pension schemes

MHL ceased participating in both the London Borough of Merton and the Essex County Council Pension Schemes during 2023.

MHL requested cessation reports from independent, qualified actuaries, Barnett Waddingham LLP for both schemes and exited Essex County Council Pension Scheme on 30 June 2023 and the London Borough of Merton scheme on 31 December 2023.

To assess the value of the Employers' liabilities at the relevant cessation date, Barnett Waddingham LLP rolled forward the value of the Employers' liabilities calculated for the funding valuations using financial assumptions that comply with FRS 102. To calculate the asset share, they have rolled forward the assets allocated to MHL 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.

29. 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	Essex Pension Fund	Merton Pension Fund
	2024	2024	2024
Assumptions as at 31 March:	% pa	% pa	% pa
RPI increases	3.1%	n/a	n/a
CPI increases	2.8%	n/a	n/a
Salary increases	3.8%	n/a	n/a
Pension increases	n/a	n/a	n/a
Discount rate	4.9%	n/a	n/a
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	n/a	n/a

	MHPS	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

The expected return on assets is the discounted

29. Pension obligations (continued)

The assumed life expectations from age 65

	MHPS	Essex Pension Fund	Merton Pension Fund
	2024	2024	2024
	Years	Years	Years
Retiring today - Males	22.0	n/a	n/a
Retiring today - Females	24.2	n/a	n/a
Retiring in 20 years - Males	23.6	n/a	n/a
Retiring in 20 years - Females	25.6	n/a	n/a

The assumed life expectations from age 65 are:

	MHPS	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

Amounts recognised in the surplus are:

	MHPS	Essex Pension Fund	Merton Pension Fund	Total
	2024	2024	2024	2024
	£000	£000	£000	£000
Service cost	8	-	-	8
Net interest on defined liability	(325)	-	-	(325)
Administration expenses	(106)	-	-	(106)
Total	(423)	-	-	(423)

Amounts recognised in the surplus are:

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

29. Pension obligations (continued)

	MHPS	Essex Pension Fund	Merton Pension Fund	Total
	2024	2024	2024	2024
	£000	£000	£000	£000
Remeasurement of pension liability in other comprehensive income				
Return on assets in excess of interest	(1,957)	-	-	(1,957)
Change in financial assumptions	306	-	-	306
Change in demographic assumptions	(1,091)	-	-	(1,091)
Actuarial gains/(losses) due to scheme experience	(1,421)	18	(62)	(1,465)
Remeasurement of pension liability	(4,163)	18	(62)	(4,207)

	MHPS	Essex Pension Fund	Merton Pension Fund	Total
	2023	2023	2023	2023
	£000	£000	£000	£000
Remeasurement of pension liability in other comprehensive income				
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)

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

	MHPS	Essex Pension Fund	Merton Pension Fund	Total
	2024	2024	2024	2024
	£000	£000	£000	£000
Net pension liability in the statement of financial position as at 31 March 2024				
Present value of defined benefit obligation	(39,971)	-	-	(39,971)
Fair value of Fund assets (bid value)	30,145	-	-	30,145
Deficit	(9,826)	-	-	(9,826)

	MHPS	Essex Pension Fund	Merton Pension Fund	Total
	2023	2023	2023	2023
	£000	£000	£000	£000
Net pension liability in the statement of financial position as at 31 March 2023				
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)

29. Pension obligations (continued)

Movements in the present value of the scheme:

	MHPS	Essex Pension Fund	Merton Pension Fund
	2024	2024	2024
	£000	£000	£000
Opening defined benefit obligation	(37,358)	(2,195)	(1,866)
Current service cost	8	-	-
Interest cost	(1,783)	-	(2)
Change in financial assumptions	306	(938)	-
Change in demographic assumptions	(1,091)	-	-
Actuarial gains/(losses) due to scheme experience	(1,421)	18	(62)
Estimated benefits paid net of transfers in	1,387	-	-
Contributions by scheme participants	(19)	-	-
Cessation value (at cessation date)	-	3,115	1,930
	(39,971)	-	-

Movements in the present value of the scheme:

	MHPS	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)	-
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)

29. Pension obligations (continued)

Movements in the fair value of the scheme assets:

	MHPS	Essex Pension Fund	Merton Pension Fund
	2024	2024	2024
	£000	£000	£000
Opening fair value of Fund assets	29,353	2,195	1,752
Interest on assets	1,458	-	-
Return on assets in excess of interest	(1,957)	938	(160)
Administration expenses	(106)	-	-
Contributions by employer including unfunded	2,765	6	176
Contributions by Fund participants	19	-	-
Estimated benefits paid plus unfunded net of transfers in	(1,387)	-	-
Effect of asset cap	-	-	-
Cessation value (at cessation date)	-	(3,139)	(1,768)
	30,145	-	-

The total return on the MHPS assets for the year to 31 March 2024 is (£499,000).

Movements in the fair value of the scheme assets:

	MHPS	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 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).

29. Pension obligations (continued)

The analysis of the scheme assets at reporting date was as

	2024	2024	2023	2023
	£000	%	£000	%
MHPS - Employer asset share - bid value				
Equity	2,541	8%	1,084	3%
Bonds	1,219	4%	1,944	7%
Property	1,346	4%	2,227	8%
Cash	2,579	9%	1,718	6%
Other	2,960	10%	3,524	12%
LDI	13,043	43%	13,171	45%
Liquid alternatives	3,544	12%	1,857	6%
Private Credit	2,913	10%	3,828	13%
Total assets	30,145	100%	29,353	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.

	2024	2024	2023	2023
	£000	%	£000	%
Essex Pension Fund -Employer asset share - bid value				
Equities	-	-	1,798	57%
Gilts	-	-	43	1%
Other bonds	-	-	139	5%
Property	-	-	252	8%
Cash/temporary investments	-	-	104	3%
Alternative assets	-	-	486	16%
Other managed funds	-	-	324	10%
Effect of asset cap	-	-	(951)	-
Total assets	-	-	2,195	100%

	2024	2024	2023	2023
	£000	%	£000	%
Merton Pension Fund - Employer asset share - bid value				
Equities	-	-	904	52%
Gilts	-	-	108	6%
Property	-	-	115	7%
Cash	-	-	72	4%
Multi asset credit	-	-	148	8%
Diversified growth	-	-	175	10%
Infrastructure	-	-	230	13%
Total assets	-	-	1,752	100%

30. Statement of cash flows - Group

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

	2024	2023
	£000	£000
Surplus for the year	20,926	45,884
Adjustments for non-cash items		
Depreciation of tangible fixed assets	21,960	21,385
Amortisation of government grants	(5,130)	(4,938)
Impairment of tangible fixed assets	-	(2,087)
Pension costs less contributions payable	(2,500)	(1,214)
Fair value of swaps broken	(5,851)	-
Movement in fair value of financial instruments	(2,669)	(6,375)
Changes in working capital		
Decrease/(increase) in housing stock	1,753	(2,345)
Decrease in debtors	1,059	756
Increase in creditors	6,876	3,366
Adjustments for investing or financing activities		
Proceeds from sale of tangible fixed assets	(17,282)	(33,423)
Cost of tangible fixed asset disposals	8,242	15,261
Increase in fair value of investment properties	(29)	-
Interest payable	27,103	22,738
Swap break fees	4,515	-
Interest receivable	(663)	(984)
Cash generated from operations	58,310	58,024

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 29.

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

Moat incorporates MHL and MHG which 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 (2023: £12.5m). At 31 March 2024, MHL owed MHF £343k (2023: £343k) of accrued interest and £355.5m (2023: £358.1m) of loans.

33. Legislative authority

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

Registered under the Co-operative and Community Benefits Societies Act 2014 No. 17434R
Registered under Section 5 of the Housing Associations Act 1985 No. L0386 Ref DPPPP-1