



# **MOAT HOUSING GROUP LIMITED**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 MARCH 2024**

**Registered under the Co-operative and Community Benefit Societies Act 2014  
No. 27943R**

**Registered under Section 5 of the Housing Associations Act 1985 No. L4047**

# MOAT HOUSING GROUP LIMITED

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# MOAT HOUSING GROUP LIMITED

## BOARD

		<b>Number of meetings attended (3 in total)</b>
David Brocklebank	Independent, Chair	3
Tim Boag	Independent	2
Gerard McCormack ( <i>stepped down December 2023</i> )	Independent	2
Andrew Farmer ( <i>appointed January 2024</i> )	Independent	1
Steve White	Independent	3
Mary Gibbons ( <i>left February 2024</i> )	Executive	2
Steve Nunn	Executive	3
Gloria Yang ( <i>appointed April 2023</i> )	Executive	3

## SECRETARY

Gloria Yang (*appointed November 2023*)  
Sara Thomson (*left November 2023*)

## AUDIT & RISK COMMITTEE

*(formerly known as the Audit Committee)*

		<b>Number of meetings attended (4 in total)</b>
Andrew Farmer ( <i>appointed August 2023</i> )	Chair ( <i>from January 2024</i> )	2
Gerard McCormack ( <i>stepped down December 2023</i> )	Chair	3
Jeremy Ellis		4
Mark Foster		4
Gavin Cansfield ( <i>appointed January 2024, resigned April 2024</i> )		1

## FINANCE COMMITTEE

		<b>Number of meetings attended (4 in total)</b>
Tim Boag	Chair	4
David Brocklebank		4
Andrew Farmer ( <i>appointed August 2023</i> )		2
Gerard McCormack ( <i>stepped down December 2023</i> )		3

## CUSTOMER & COMMUNITIES COMMITTEE

		<b>Number of meetings attended (7 in total)</b>
Caroline Ross	Chair ( <i>from June 24</i> )	5
Jo Moran ( <i>Independent member September 23 to April 24</i> )	Chair	7
Jeremy Ellis		4
Mark Foster		6
Belinda Moore ( <i>appointed August 2023</i> )		3
Gavin Cansfield ( <i>appointed January 2024, resigned April 2024</i> )		1

## GOVERNANCE & PEOPLE COMMITTEE

*(formerly known as Remuneration & Nominations Committee)*

		<b>Number of meetings attended (4 in total)</b>
Mark Foster	Chair	4
Belinda Moore ( <i>appointed January 2024</i> )		2
Jo Moran ( <i>stepped down September 2023</i> )		1
Caroline Ross		4
Steve White		4

## REGISTERED OFFICE

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

## REGISTERED AUDITOR

BDO LLP, 55 Baker Street, London W1U 7EU

## BANKER

Royal Bank of Scotland Plc, Europa House, 49 Sandgate Road, Folkestone, Kent CT20 1RU

## LEGAL STATUS

Registered under the Co-operative and Community Benefits Societies Act 2014 No. 27943R  
Registered under Section 5 of the Housing Associations Act 1985 No. L4047

# **MOAT HOUSING GROUP LIMITED**

## **STRATEGIC AND DIRECTORS' REPORT**

for the year ended 31 March 2024

The Directors present the report and financial statements for Moat Housing Group Limited (MHG) for the year ended 31 March 2024.

### **PRINCIPAL ACTIVITIES**

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MHG is a non-charitable registered provider regulated by the Regulator of Social Housing (RSH). It is a subsidiary of Moat Homes Limited (MHL) and operates as part of the Moat Group (Moat).

Its primary activities are the construction and sale of homes on the open market. It also has a small portfolio of three social rented houses.

MHG's subsidiaries, Mariner Facilities Management Limited and Moat Development Limited are dormant.

### **OPERATING REVIEW**

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The year has seen activity at four schemes:

- All Saints – A provision for remedial work of £1m was included in 2022/23, of which £0.7m has been completed in 2023/24. The total cost of defect works and compensation is now estimated at £1.4m and an additional £0.4m has been provided in 2023/24.
- Raley's Gym – the two remaining homes are rented while looking for opportunities to sell.
- Littlebourne – this was a phased development of 61 homes. The final 2 homes handed over in April 2023. All 4 remaining homes were sold in April 2023 at an average margin of 16%.
- Frogna Lane – land has been purchased for a development of 200 open market sales in partnership with Chartway. Development is phased with handovers from 2025 to 2028.

4 homes were sold (2023: 30 sales) with 2 homes available for sale at 31 March 2024 (4 at 31 March 2023).

MHG made a gift aid payment of £845k to MHL relating to 2022/23 profits.

MHG's focus going forward continues to be to develop open market sale properties, either independently or working with other developers. The development will be funded by reserves, sales proceeds, and the £50m unsecured revolving credit facility with MHL which expires 30 September 2026.

### **MARKET REVIEW**

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The on-going concerns of inflation and skilled labour and material shortages are being monitored closely for their possible impact on increased costs and delays in development. Sales values are stable, with values local to Frogna Lane in line with the investment appraisal. The high cost of living may also reduce disposable income and therefore may impact on the demand.

**MOAT HOUSING GROUP LIMITED**  
**STRATEGIC AND DIRECTORS' REPORT (continued)**  
for the year ended 31 March 2024

**FINANCIAL REVIEW**

- There was an overall deficit of £0.6m (2023: £0.9m surplus).
- Within operating deficit of £30k (2023: £1.1m surplus):
  - 4 property sales made a surplus of £0.4m (2023: £2.0m surplus)
  - an additional £0.4m has been provided for additional defect works at All Saints (2023: £1.0m provision)
  - a surplus of £83k from open market rent (2023: £113k)
  - a surplus of £8k on social housing lettings (2023: £8k)
  - 2 Firstbuy loans remain which earn interest of £1k (2023: £1k)
  - administrative costs of £56k (2023: £43k), covering audit, tax and regulatory compliance fees.
- £0.6m (2023: £0.2m) of interest costs were recognised during the year. These costs arose on borrowings required to meet development costs and are treated as an expense when they become due and not as cost of sale when properties are sold.
- A gift aid payment of £845k to MHL relating to 2022/23 profits was made from reserves.
- At 31 March 2024, MHG had revenue reserves of £13.1m (2023: £14.6m).

**TREASURY REVIEW**

The Finance Committee reviews Moat's Treasury Policy annually.

Borrowings at 31 March 2024 were £7.4m (2023: £7.2m), under the £50m unsecured revolving credit intercompany facility from MHL. The facility expires on 30 September 2026. At 31 March 2024 £42.6m was undrawn.

Interest payable on the intercompany loan is in line with current market rates for development finance.

**VALUE FOR MONEY (VfM)**

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.

**VfM metrics**

The VfM Standard issued by The Regulator of Social Housing (RSH) requires registered providers to monitor their performance against VfM metrics. MHG provides a minimal amount of social housing, with only 3 social rented properties, and is not currently developing new social homes as this activity is carried out by MHL. Our 2023/24 performance in applicable metrics is compared below to 2022/23 results and to targets based on the 2023/24 and 2024/25 budgets.

	Target 2024-25	Actual 2023-24	Target 2023-24	Actual 2022-23
<b>VfM metrics</b>				
Operating margin (social housing lettings only) %	36%	35%	36%	36%
Headline social housing cost per unit (HSHC) £	£2,946	£2,476	£2,735	£2,524

**VfM benchmarking**

The operating margin on social housing lettings at 35% is higher than MHL's margin of 28% and the HSHC is at £2,476 is lower than MHL's £4,972. MHG's three properties are houses and were built in 2013.

**MOAT HOUSING GROUP LIMITED**  
**STRATEGIC AND DIRECTORS' REPORT (continued)**  
for the year ended 31 March 2024

**STATEMENT OF GOING CONCERN**

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There is only one current scheme approved by the Board, Frogmal Lane, with development and handovers phased until 2027/28. With no sales expected until 2025/26, MHG is forecast to make small losses as interest is expensed during the development period. With a gross sales margin of 14% forecast, MHG shows a surplus on the scheme once sales commence. MHG's current reserves of £13.1m are sufficient to cover the forecast losses and the impact of a potential 30% fall in sales values.

Development costs are funded by a £50m intercompany facility from MHL which is in place until 30 September 2026. MHL's 30-year long-term financial plan assumes continued support to MHG by extending the £50m facility to future years.

The Board has concluded that there is a reasonable expectation that MHG has adequate resources to continue in operational existence for more than 12 months from the date of these accounts. It therefore continues to adopt the going concern basis in the financial statements.

**VIABILITY STATEMENT**

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The UK Corporate Governance Code requires the Board to undertake an assessment of the future prospects of MHG taking account of the current position and the principal risks facing the business. This assessment was made by the Board using core business processes, which include:

- **Long Term Plan (LTP)** – The 30-year long-term financial plan builds on the budget as the base year and includes detailed stress testing and recovery planning. Stress tests included testing the sensitivity of the plan to inflation, interest rates, sales values, sales rates and impairment, and scenarios combining these elements to simulate market disruption that could be caused by adverse economic events. If there is a stress event at any point, MHG can switch off any future development plans. There is also an option to market rent some of the homes for a period until the market improves. MHG's plan passes its stress tests and complies with its "Golden Rules" of a net development cap of £50m and an intercompany borrowing cap of £50m.
- **Risk management** – as described within the Risks section of this Strategic Report, Moat has a structured approach to the management of risk and the principal risks identified are reviewed regularly by Moat.
- **Liquidity** – the Board reviews forecast working capital requirements, cash flow, committed borrowing, and available facilities. The £50m facility from MHL is sufficient to cover MHG's development plans.

In undertaking this review the Board have used a three-year horizon. Whilst development spend and required facilities is planned over a longer period than three years, the selected period ensures that MHG is viable beyond its usual development commitment timeframe allowing time to take corrective action if needed.

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

# MOAT HOUSING GROUP LIMITED

## STRATEGIC AND DIRECTORS' REPORT (continued)

for the year ended 31 March 2024

### GOVERNANCE

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The Board is MHG's governing body and is made up of:

- Four independent Non-Executive Directors, appointed through a competitive process supported by an external recruitment agency; and
- two Executive Directors.

The Board is responsible for setting MHG's strategic direction and oversees the performance of MHG 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 MHG uses its resources effectively and complies with its regulatory requirements.

The Board has delegated some of its functions and detailed work on assurance to Moat's Committees and 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 & Risk Committee and the Governance & People Committee can be found from page 11.

#### Board members:

##### David Brocklebank

##### Independent Chair

David joined the 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. He has 28 years of development experience, having previously held Directorships with the Berkeley Group and David Wilson Homes. He is a founding Board member of the Land Promoters and Developers Federation and has sat on the Advisory Committee of the MSc in Sustainable Development at Oxford University.

##### Tim Boag

##### Independent Director

Tim joined the Board in December 2017. He has had an extensive career including a number of roles throughout Corporate and Commercial Banking with RBS/NatWest. He has led coverage and financing businesses, delivering to customers across a wide range of industry sectors. Most recently he was group managing director Business Finance at Aldermore Bank. Tim was previously a director of BGF Plc, a company set up to make equity investments in SMEs. He has also been a member of the CBI London Council and Chartered Banker Professional Standards Board.

##### 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, a position he has held since August 2015, and from his previous roles in capital intensive sectors which have included positions at Manchester Airports Group and Doosan Power Systems. Qualifying as a Chartered Accountant with Price Waterhouse he then moved into banking specialising in equity capital markets.

##### Steve White

##### Independent Director

Steve joined the Board in July 2016. He has spent most of his career leading organisations through large transformational change, including a period as Chief Executive of the Hyde Group which sparked his passion for housing. Steve has also been the Chair of Origin Housing and has worked as an independent interim executive in senior roles at The Law Society, University of Southampton, Solicitors Regulation Authority, RBS, and T-Mobile. Steve is also a Trustee at BLESMA, a military charity for limbless veterans.

##### Steve Nunn

##### Acting Chief Executive; Executive Director: Growth

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.

##### Gloria Yang

##### Executive Director: Finance

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

**MOAT HOUSING GROUP LIMITED**  
**STRATEGIC AND DIRECTORS' REPORT (continued)**  
for the year ended 31 March 2024

**GOVERNANCE (continued)**

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**Committees:**

**Audit & Risk Committee** (formerly Audit Committee)

The Audit & 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 Long-Term Plan.

**Customer & Communities Committee**

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

**Governance & People Committee** (formerly Remuneration & Nominations Committee)

The Governance & 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 performance in respect of equality, diversity and inclusion as well as data and technology and oversees people and culture developments.

The membership of the Committees is shown on page 1.

**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, and observations of Board and Audit & Risk Committee meetings. The review concluded that the Board continues to be effective and performs well in its role and in discharging its responsibilities.

**Stakeholders**

Open, transparent, and collaborative relationships with the Regulator, development partners, customers and suppliers play an important part in helping us to achieve our strategic goals.

**EMPLOYEES**

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MHG has no employees (2023: no employees).



**MOAT HOUSING GROUP LIMITED**  
**STRATEGIC AND DIRECTORS' REPORT (continued)**  
for the year ended 31 March 2024

**STATEMENT OF EFFECTIVENESS OF INTERNAL CONTROLS**

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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 & Risk Committee has delegated authority from 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.

**RISK MANAGEMENT**

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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.

The Risk Management Policy and Framework is updated and reviewed annually by the Audit & 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 Board assesses the appropriateness of principal and emerging risks. The Strategic Risk Register is reviewed by the Audit & Risk Committee and Board at every meeting. The appropriateness of the risks, the risk score and whether any additional risks should be added is reviewed. The annual Board awayday includes a review of the external landscape and operating environment to help identify any new or potential risks.

The 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 across all activities, 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 the 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.

The 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.

**MOAT HOUSING GROUP LIMITED**  
**STRATEGIC AND DIRECTORS' REPORT (continued)**  
for the year ended 31 March 2024

**RISK MANAGEMENT (continued)**

**Strategic Risks**

Key strategic risks are noted below together with mitigating actions:

<b>Risk context</b>	<b>Mitigations and controls</b>
Economic downturn impacts sales values of the outright sales programme and demand for these homes.	<ul style="list-style-type: none"> <li>• Value for money and deliverability tests on build costs for new projects</li> <li>• All outright sale projects require approval of MHG Board</li> <li>• Values on pipeline schemes updated every three months</li> </ul>
Contractor insolvency	<ul style="list-style-type: none"> <li>• Due diligence checks: Credit checks, review accounts</li> <li>• Use of performance bonds / parent company guarantees</li> <li>• Monthly contract/credit review</li> <li>• Request annual statements during contract if needed</li> <li>• Discussions with peers on their experience working with contractor</li> <li>• Devonshire's / Trowers contractor insolvency training</li> </ul>
Cyber / IT system security	<ul style="list-style-type: none"> <li>• Workforce mandatory training and support regarding cyber-attacks</li> <li>• Cyber security testing, both cyclical and unplanned, including penetration testing</li> <li>• Robust email and file scanning and interception software</li> <li>• Cyber security attack approach and response plans, and regular testing</li> <li>• Fully hosted Managed Detect and Respond</li> <li>• Quarterly phishing simulations</li> <li>• Ongoing evaluation of security threats and available relevant mitigations</li> </ul>
Delays to programme delivery	<ul style="list-style-type: none"> <li>• Potential to slow / halt construction or change tenure if there's a market downturn</li> <li>• Monthly meeting with developer and monitoring of sales</li> </ul>
External factors hinder strategy and viability	<ul style="list-style-type: none"> <li>• 2024/25 financial plan (approved May 24) and quarterly plan update</li> <li>• Full set of stress tests</li> <li>• Mitigation plan details the actions to be taken under a stress situation</li> <li>• Capital Projects Committee oversight of key investment decisions</li> </ul>
Poor partner selection	<ul style="list-style-type: none"> <li>• References from others the partner works with</li> <li>• Visits to existing schemes and meeting senior team to check quality, performance, ability.</li> <li>• Review of financial statements, corporate strategy and values, other schemes</li> </ul>
Poor build quality	<ul style="list-style-type: none"> <li>• Clear Design Brief and Employer's Requirements</li> <li>• Effective working relationship with consultants and contractors</li> <li>• Attendance at Contractor's site meetings with review of reported defects to improve design quality</li> <li>• Employment of Clerk of Work on all contracts</li> <li>• A lessons learnt log is maintained and updated</li> <li>• Reputable warranty providers used / building regs sign off</li> </ul>

**MOAT HOUSING GROUP LIMITED**  
**STRATEGIC AND DIRECTORS' REPORT (continued)**  
for the year ended 31 March 2024

**STATEMENT OF RESPONSIBILITIES OF THE BOARD**

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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 MHG 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 MHG will continue in business.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of MHG and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2022. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of MHG 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 Moat's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board confirms that the Directors' Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess MHG's performance, business model and strategy.

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).

**Compliance with UK Corporate Governance Code**

The Board adopted the UK Corporate Code of Governance in 2010. The Code was 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: *MHG 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 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 MHG is compliant with the remaining provisions of the Code.

The UK Corporate Code of Governance is not specific to the housing sector and the Board has decided to adopt the NHF Code of Governance 2020 from 1 April 2024.

**MOAT HOUSING GROUP LIMITED**  
**STRATEGIC AND DIRECTORS' REPORT (continued)**  
for the year ended 31 March 2024

**STATEMENT OF RESPONSIBILITIES OF THE BOARD (continued)**

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**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.

Moat's Governance and Viability rating at the end of the 2023/24 financial year was G1/V1, the highest grading available. The Board confirms that we were fully compliant in all material aspects with the Governance and Viability Standard during the year and up to the date of signing.

The Board also had plans in place to ensure compliance with the new Consumer Standards effective 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 Financial Conduct Authority (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](http://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.

**POST YEAR END EVENTS**

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

Approved by the Board and signed on its behalf by:



**David Brocklebank, Chair**  
**1 August 2024**

# **MOAT HOUSING GROUP LIMITED**

## **REPORT OF THE AUDIT & RISK COMMITTEE**

for the year ended 31 March 2024

### **Role**

The Audit & 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 group wide 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 three independent Non-Executive Directors, one of whom is the Chair. Details of Committee members and their attendance can be found on page 1.

### **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.

### **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 August 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 one key audit matter relating to MHG, that the recoverable amount of property developed for sale might be materially misstated. Impairment work carried out by management was outlined in a paper to the Committee and Note 2 on page 27 discusses the critical judgements used in carrying out the impairment review which resulted in no movement in net realisable value. The Committee considered the information provided by management and BDO and were satisfied that the net realisable value of property developed for sale was not materially misstated.

The work carried out by management to assess the appropriateness of adopting the going concern basis in preparing the financial statements was outlined in a paper to the Committee and this is summarised in the Going Concern Statement on pages 4 and 23.

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 that the Board approve the financial statements.

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

## **MOAT HOUSING GROUP LIMITED**

### **REPORT OF THE AUDIT & RISK COMMITTEE (continued)**

for the year ended 31 March 2024

#### **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. The Audit & Risk Committee oversees the appointment of the Internal Auditors and agrees the annual audit plan, which is risk based, in advance. The Internal Auditors present their reports at each Committee meeting.

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

#### **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.

#### **Annually:**

- External Audit and Financial Statements - Review of the Audit Planning Report and Audit Completion Report. Approval of Financial Statements
- Annual Report on Assets and Liabilities Register Policy - 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
- Economic Standards - Review of compliance with Regulator of Social Housing's economic standards
- Environmental Sustainability and Governance Report (ESG) - Review of ESG report in line with Sustainability Reporting Standard for Social Housing
- Key policy reviews - Review of policies central to managing key risks and controls, such as Risk Management Policy and Framework, Accounting Policies, Tax Strategy, Anti-Fraud, Tax Evasion, Bribery Policy and Whistleblowing Policy, Business Continuity Policy, Disaster Recovery Policy.

#### **Each meeting**

- Cyber security update - Update on the external environment and our work to maintain safe and secure systems
- Data Protection - Report on any data protection issues and updates on any work to improve or maintain compliance with legislation
- Fraud, Whistleblowing and Money Laundering monitoring - Report of any suspected fraudulent or money laundering activity and monitors open cases. Report of any disclosures made under whistleblowing arrangements. Annually approving the report of the Fraud Register to the Regulator.
- Health and Safety report - Report covering KPI performance for FLAGEL key risk areas, health and safety audit findings and other relevant management information
- Internal Audit Report - Review of each audit report, the management response and follow up of the implementation of recommendations
- Risk Registers - Review of the Strategic and Operational Risk Registers
- Insurance overview and renewal - Review of the ongoing performance and annual review of the terms of renewal and receiving assurance that adequate insurance is in place to protect the organisation's assets and activities
- Work Programme - Review of the Committee's rolling 12-month work programme.

During the period, the Committee considered the annual review of the risk management framework, including developing further the Board risk appetite, qualitative statements and tolerance measures and agreeing a new reporting format in alignment with Moat's new corporate strategy launched in April 2023. The Committee undertook a deep-dive review of our data and assurance around its reliability in relation to decision making, and Moat's cyber security report and cyber security incident response plan.

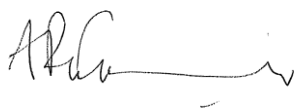
Looking forward into 2024/25, alongside key cyclical matters, the Committee will undertake a cycle of in-depth reviews focused on the top strategic risk areas.

**MOAT HOUSING GROUP LIMITED**  
**REPORT OF THE AUDIT & RISK COMMITTEE (continued)**  
for the year ended 31 March 2024

**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 & Risk Committee Chair**  
**1 August 2024**



# **MOAT HOUSING GROUP LIMITED**

## **REPORT OF THE GOVERNANCE & PEOPLE COMMITTEE**

for the year ended 31 March 2024

### **Role**

The Remuneration and Nominations Committee was replaced by the Governance & People Committee (the Committee) in September 2023 to additionally oversee people, EDI (Equality, diversity, and inclusion) and culture. 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. Details of Committee members and their attendance can be found on page 1.

### **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
- 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 Strategy and plans, receiving and agreeing on key people and culture related reports on values and behaviours, and key elements of the new Moat strategy
- receiving reports and updates from the Colleague Forum
- agreeing the Board's learning and development framework and receiving regular updates against progress
- reviewing Moat's Gender and Ethnicity Pay Gap reports and analysis
- reviewing Moat's proposed IT and Data Strategy.



**MOAT HOUSING GROUP LIMITED**  
**REPORT OF THE GOVERNANCE & PEOPLE COMMITTEE (continued)**  
for the year ended 31 March 2024

**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 recently adopted NHF Code of Governance
- consider and recommend to Board the People and Culture Framework
- consider and recommend to 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 & People Committee Chair**  
**1 August 2024**

# REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MOAT HOUSING GROUP LIMITED

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of the Association's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Moat Housing Group Limited ("the Association") for the year ended 31 March 2024 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

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

## Independence

We remain independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

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

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

In relation to the Association's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Board's statement in the financial statements about whether the Board considered it appropriate to adopt the going concern basis of accounting.

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

## Other information

The Board are responsible for the other information. The other information comprises the information included in the financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Strategic and Directors' report, Report of the Audit & Risk Committee and the Report of Governance and People Committee and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

# REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MOAT HOUSING GROUP LIMITED (continued)

## 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	<ul style="list-style-type: none"> <li>• 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 page 4.</li> <li>• 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 page 4.</li> </ul>
Other Code provisions	<ul style="list-style-type: none"> <li>• Board’s statement on fair, balanced and understandable as set out on page 9</li> <li>• Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 7</li> <li>• The section of the annual report that describes the review of effectiveness of risk management and internal control systems as set out on page 7</li> <li>• The section describing the work of the Audit &amp; Risk Committee. As set out on pages 11 to 13, the Directors consider that it is impracticable to have a separate Audit &amp; Risk Committee for the Company.</li> </ul>

## 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 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Strategic and Directors’ Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## Statement of responsibilities of the Board

As explained more fully in the statement of responsibilities of the Board set out on page 9, 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 Association’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

## Auditor’s responsibilities for the audit of the financial statements

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

## 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:

## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MOAT HOUSING GROUP LIMITED (continued)

### *Non-compliance with laws and regulations*

Based on:

- our understanding of the Association and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining and understanding of the Association'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 Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Association 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 Association'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 through accounting estimates and inappropriate journal entries.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the net realisable value of properties developed for sale.

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.

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MOAT HOUSING GROUP LIMITED (continued)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

## **BDO LLP**

BDO LLP  
Statutory Auditor  
Gatwick

8 August 2024

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

**MOAT HOUSING GROUP LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 March 2024

	Notes	2024 £000	2023 £000
Turnover	3	2,403	18,228
Operating costs	3	(141)	(79)
Cost of sales	3	<u>(2,292)</u>	<u>(17,092)</u>
<b>Operating (deficit)/surplus</b>	<b>3</b>	<b>(30)</b>	<b>1,057</b>
Interest receivable	5	-	38
Interest payable	6	<u>(598)</u>	<u>(227)</u>
<b>(Deficit)/surplus before taxation</b>	<b>7</b>	<b>(628)</b>	<b>868</b>
Taxation	8	<u>-</u>	<u>-</u>
<b>(Deficit)/surplus and total comprehensive (expense)/income for the year</b>		<b><u>(628)</u></b>	<b><u>868</u></b>

The notes on pages 23 to 34 form part of these financial statements.

All amounts relate to continuing activities.

**MOAT HOUSING GROUP LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2024

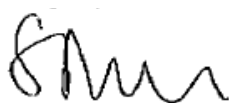
	Notes	2024 £000	2023 £000
<b>Tangible fixed assets</b>			
Housing properties	11	399	406
<b>Investments</b>			
Firstbuy loans		50	50
		<hr/> 449	<hr/> 456
<b>Current assets</b>			
Housing stock for sale	13	20,983	21,481
Debtors	14	5	10
Cash at bank and in hand	19	153	1,196
		<hr/> 21,141	<hr/> 22,687
<b>Creditors – amounts due within one year</b>	15	<hr/> (982)	<hr/> (1,204)
<b>Net current assets</b>		<hr/> <b>20,159</b>	<hr/> <b>21,483</b>
<b>Total assets less current liabilities</b>		<hr/> <b>20,608</b>	<hr/> <b>21,939</b>
<b>Creditors – amounts due after more than one year</b>	16	<hr/> (7,527)	<hr/> (7,385)
<b>Total net assets</b>		<hr/> <b>13,081</b>	<hr/> <b>14,554</b>
<b>Capital and reserves</b>			
Called up share capital	20	-	-
Income and expenditure account		13,081	14,554
<b>Capital and reserves</b>		<hr/> <b>13,081</b>	<hr/> <b>14,554</b>

The notes on pages 23 to 34 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



**David Brocklebank**  
Chair



**Steve Nunn**  
Director



**Gloria Yang**  
Secretary

**MOAT HOUSING GROUP LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
as at 31 March 2024

	Notes	Income and expenditure account 2024 £000	Income and expenditure account 2023 £000
Balance at 1 April		14,554	13,686
Gift aid payment to MHL	9	(845)	-
(Deficit)/surplus for the year		(628)	868
<b>Balance at 31 March</b>		<b>13,081</b>	<b>14,554</b>



# **MOAT HOUSING GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2024

### **1. PRINCIPAL ACCOUNTING POLICIES**

#### **Basis of preparation**

MHG is a public benefit entity registered under the Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom, the Accounting Direction for Private Registered Providers of Social Housing 2022, the Statement of Recommended Practice for registered social housing providers 2018 (SORP), published by the National Housing Federation, and on the historic cost basis except for modification to a fair value basis for certain financial instruments.

The financial statements have been presented in pounds Sterling (£000).

#### **Disclosure exemptions**

Under FRS 102 the company has taken advantage of reduced disclosures for subsidiaries and has not prepared a statement of cash flows as its parent MHL consolidates MHG in its own financial statements.

#### **Exemption from consolidation**

MHG is exempt from the requirement to prepare consolidated accounts on the grounds that it is a wholly owned subsidiary of another undertaking and its parent undertaking includes MHG, and its subsidiaries, in its own published consolidated financial statements.

A summary of the principal accounting policies, which have been applied consistently, is set out below.

#### **Going concern**

There is only one current scheme approved by the Board, Frogmal Lane, with development and handovers phased until 2027/28. With no sales expected until 2025/26, MHG is forecast to make small losses as interest is expensed during the development period. With a gross sales margin of 14% forecast, MHG shows a surplus on the scheme once sales commence. MHG's current reserves of £13.1m are sufficient to cover the forecast losses and the impact of a potential 30% fall in sales values.

Development costs are funded by a £50m intercompany facility from MHL which is in place until 30 September 2026. MHL's 30 year long-term financial plan assumes continued support to MHG by extending the £50m facility to future years.

The Board has concluded that there is a reasonable expectation that MHG has adequate resources to continue in operational existence for more than 12 months from the date of these accounts. It therefore continues to adopt the going concern basis in the financial statements.

#### **Housing properties**

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

The cost of housing properties for rent is split between land, structure and major components with a substantially different economic life.

Gains and losses on the disposal of housing property fixed assets are determined by comparing the proceeds with the carrying amount and are recognised within gain/loss on disposal of fixed assets in the statement of comprehensive income.

**MOAT HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**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, doors	- 20 years
Bathrooms, windows	- 30 years
Heating	- 15 years
Electrical rewiring	- 40 years
Roofs	- 50 years

The assets residual values, useful lives and depreciation methods are reviewed and adjusted if there is an indication of significant change since the last reporting date.

**Impairment of housing properties**

The carrying amounts of housing properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the 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 assets carrying value exceeds its estimated recoverable amount and is recognised in operating costs in the statement of comprehensive income.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply and only to the extent that the assets carrying value 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 through turnover 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.

**Firstbuy loans**

Loans advanced under Firstbuy arrangements to people purchasing their own homes meet the definition of a public entity concessionary loan and are initially recognised as the amount paid to the purchaser. In subsequent years, to the extent the loan is deemed irrecoverable, an impairment loss is recognised in the surplus for the year.

In the event that the property is sold, MHG recovers the equivalent loaned percentage of the property value at the time of the sale. Any surplus generated by repayment of a Firstbuy loan is included in turnover.

**Investments in subsidiaries**

Investments in subsidiaries are measured at cost less accumulated impairment.

**MOAT HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Housing stock for sale**

Completed properties and properties under construction for open market sales 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. Interest incurred on borrowings relating to the development of open market sale properties is expensed as it is due.

Assessing net realisable value requires the use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. At each reporting date, the housing stock for sale is assessed for impairment. If impairment is necessary the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is immediately recognised in the surplus for the year.

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 costs.

**Leasehold sinking funds**

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

**Financial instruments**

Financial assets and liabilities are recognised when MHG 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 MHG 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 from impairment are recognised in other operating expenses.

**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 rate method, less any impairment losses.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances.

**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 or loss for the year.

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the assets 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.

**MOAT HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Provisions for liabilities**

Provisions are recognised when MHG 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.

**Turnover**

Turnover represents the following 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) are recognised on an accruals basis as they fall due.
- Social Housing Grant (SHG) is amortised to turnover over the useful economic life of the property to which the grant relates.
- Proceeds from open market sales are recognised on completion of the sale.

**VAT**

MHG is a member of the Moat VAT group. A large proportion of Moat'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 open market sales activity and from partially exempt activities is credited to the surplus for the year.

**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.

**Gift aid payment**

Gift aid payment is only recognised as a liability at the year end to the extent that it has been paid prior to the year end or there is a legal obligation to make a gift aid payment. A gift aid payment of £845k, relating to 2023/24, was paid to MHL in December 2023 and recognised as a distribution from reserves in 2023/24.

**MOAT HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**2. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of MHG'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 the 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 years if the revision affects both current and future years.

**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.

**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.

The sales values of homes for sale, both available for sale and in construction, have been reviewed. 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.

**Provision for works required on sold homes at All Saints**

The provision to cover works to be carried out assumes that costs will not be recoverable from the developer following discussions with them. The cost is based on the current estimate from a contractor.

**MOAT HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**3. TURNOVER, OPERATING COSTS AND OPERATING (LOSS)/SURPLUS**

	2024			
	Turnover	Operating costs	Cost of sales	Operating deficit
	£000	£000	£000	£000
<b>Social housing lettings</b>	<b>23</b>	<b>(15)</b>	-	<b>8</b>
<b>Non-social housing lettings</b>				
Leasehold	21	(16)	-	5
Equity loan interest receivable	1	-	-	1
Open market rent	137	(54)	-	83
Open market sales	2,221	-	(2,292)	(71)
Administrative costs	-	(56)	-	(56)
	<b>2,403</b>	<b>(141)</b>	<b>(2,292)</b>	<b>(30)</b>

	2023			
	Turnover	Operating costs	Cost of sales	Operating surplus
	£000	£000	£000	£000
<b>Social housing lettings</b>	<b>22</b>	<b>(14)</b>	-	<b>8</b>
<b>Non-social housing lettings</b>				
Leasehold	16	(9)	-	7
Equity loan interest receivable	1	-	-	1
Open market rent	126	(13)	-	113
Open market sales	18,063	-	(17,092)	971
Administrative costs	-	(43)	-	(43)
	<b>18,228</b>	<b>(79)</b>	<b>(17,092)</b>	<b>1,057</b>

**Income and expenditure from social housing lettings**

	2024 General needs £000	2023 General needs £000
<b>Turnover from social housing lettings</b>		
Rents receivable	20	19
Service charge income	1	1
	<b>21</b>	<b>20</b>
<b>Net rental income</b>		
Amortisation of Social Housing Grant	2	2
	<b>23</b>	<b>22</b>
<b>Operating costs on social housing lettings</b>		
Management	(3)	(3)
Service charge cost	(2)	(3)
Routine maintenance	(2)	(1)
Rent losses from bad debts	(1)	-
Depreciation of housing properties	(7)	(7)
	<b>(15)</b>	<b>(14)</b>
<b>Operating surplus on social housing lettings</b>	<b>8</b>	<b>8</b>
Void losses	-	-

**MOAT HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**4. DIRECTORS, EXECUTIVE TEAM AND EMPLOYEE INFORMATION**

MHG Non-Executive Directors did not receive any remuneration for their services as board members from MHG (2023: £nil).

MHG does not have any employees (2023: no employees).

**5. INTEREST RECEIVABLE**

	2024 £000	2023 £000
Intercompany interest receivable from MHL	-	<b>38</b>

**6. INTEREST PAYABLE**

	2024 £000	2023 £000
Interest payable to Group entities	<b>598</b>	<b>227</b>

Interest costs are written off as incurred and not capitalised to housing stock for sale.

**7. SURPLUS BEFORE TAXATION**

	2024 £000	2023 £000
<b>This is stated after charging/(crediting):</b>		
Depreciation of housing properties	7	7
Amotisation of government grant	(2)	(2)
Auditor's remuneration (excluding VAT):		
• Audit of financial statements	33	33

**8. TAXATION**

	2024 £000	2023 £000
Current tax:		
UK corporation tax	-	-
(Deficit)/surplus before tax	<b>(628)</b>	<b>868</b>
Current tax at 19% (2023: 19%)	(119)	165
Effects of:		
Loss carried forward	118	-
Brought forward losses utilised in year	-	(5)
Gift aid payment to MHL	-	(161)
Non-taxable items	1	1
<b>Total tax charge</b>	<b>-</b>	<b>-</b>

**MOAT HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**9. GIFT AID PAYMENT**

	2024 £000	2023 £000
<b>The aggregate amount of gift aid payments comprises:</b>		
Gift aid payment in respect of prior year but not recognised as a liability in that year	(845)	-

**10. NUMBER OF HOMES IN MANAGEMENT**

	At 31 March 2024	At 31 March 2023
<b>Social housing</b>		
General needs	3	3
<b>Non-social housing</b>		
Leasehold properties	15	15
Firstbuy properties	2	2
Market rent properties	2	2
	19	19
<b>Total</b>	<b>22</b>	<b>22</b>

**11. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES**

	Rented properties completed 2024 £000	Rented properties completed 2023 £000
<b>Cost</b>		
At 1 April and 31 March	473	473
<b>Depreciation</b>		
At 1 April	(67)	(60)
Charged in the year	(7)	(7)
31 March	(74)	(67)
<b>Net book value at 31 March</b>	<b>399</b>	<b>406</b>
<b>Freehold properties at cost</b>	<b>473</b>	<b>473</b>

**12. INVESTMENT IN SUBSIDIARIES**

	Registered number	Principal activity	Country of incorporation	% of ordinary shares held	Investment £
Moat Development Ltd	4657544	Dormant	England	100%	1
Mariner Facilities Management Ltd	6561610	Dormant	England	100%	100



**MOAT HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**13. HOUSING STOCK FOR SALE**

Housing stock for sale represents the cost of land and buildings for homes for sale on the open market.

	2024 £000	2023 £000
<b>Open market sale stock</b>		
In construction	18,310	18,810
Available for sale	2,673	2,671
	<b>20,983</b>	<b>21,481</b>
<b>Open market sale stock</b>		
Housing stock for sale as at 1 April	21,481	14,964
Additions	1,366	23,609
Sales	(1,864)	(17,092)
	<b>20,983</b>	<b>21,481</b>

**14. DEBTORS**

	2024 £000	2023 £000
<b>Due within one year</b>		
Arrears of rent and service charges	3	7
Provision for bad and doubtful debt	(2)	(1)
	1	6
Other debtors	-	1
Prepayments and accrued income	4	3
	<b>5</b>	<b>10</b>

**15. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR**

	2024 £000	2023 £000
Trade creditors	3	22
Government grant	1	2
Amounts due to other Group regulated companies: interest on loan	33	-
Other creditors	9	10
Accruals	936	1,170
	<b>982</b>	<b>1,204</b>

**MOAT HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**16. CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR**

	2024 £000	2023 £000
Amounts due to other Group regulated companies: loan	7,371	7,234
Government grant	130	130
Leasehold sinking funds	26	21
	<b>7,527</b>	<b>7,385</b>
Amounts repayable after five years are:		
Government grant	130	130
Leasehold sinking funds	26	21
	<b>156</b>	<b>151</b>

The unsecured loan from MHL is a revolving facility which expires on 30 September 2026. Interest is payable at 4.00% p.a. (2023: 4.00%) over UK Base Rate.

**17. GOVERNMENT GRANT**

	2024 £000	2023 £000
Social Housing Grant	147	147
Cumulative amortisation of Social Housing Grant	(16)	(15)
	<b>131</b>	<b>132</b>

**18. CAPITAL COMMITMENTS**

	2024 £000	2023 £000
Capital expenditure contracted for but not provided in the financial statements	20,144	20,173

Capital commitments will be funded from reserves, borrowing from MHL and sale proceeds.

**MOAT HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**19. FINANCIAL INSTRUMENTS**

	2024 £000	2023 £000
<b>Financial assets</b>		
<b>Measured at historic cost:</b>		
Trade and other debtors ( <i>note 14</i> )	1	7
Cash and cash equivalents	153	1,196
	<b>154</b>	<b>1,203</b>
	2024 £000	2023 £000
<b>Financial liabilities</b>		
<b>Measured at amortised cost:</b>		
Amounts due to group companies ( <i>notes 15,16</i> )	7,404	7,234
<b>Measured at amortised cost:</b>		
Trade and other creditors ( <i>notes 15,16</i> )	974	1,223
	<b>8,378</b>	<b>8,457</b>

Amounts due to Moat Homes Limited are repayable at 4.00% (2023: 4.00%) over UK base rate.

	2024 £000	2023 £000
<b>Interest income and expense:</b>		
Total interest income for financial assets at amortised cost	-	38
Total interest expense for financial liabilities at amortised cost	(598)	(227)
	<b>(598)</b>	<b>(189)</b>

**20. CALLED UP SHARE CAPITAL**

	2024 £000	2023 £000
<b>Alloted, issued and fully paid £1 shares:</b>		
At 1 April	5	5
Cancelled during the year	(1)	-
Issued during the year	1	-
<b>At 31 March</b>	<b>5</b>	<b>5</b>

MHL and Non-Executive Directors each hold one £1 share in the Association. Executive Directors cannot be shareholders in accordance with MHG's Rules. These shares confer the right to vote at general meetings and are irredeemable, being cancelled on cessation of directorship. They do not confer a right to dividends or a provision for distribution on winding up.

**MOAT HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**21. RELATED PARTY TRANSACTIONS**

Key management personnel are Board members and the Executive Team. There were no related party transactions in 2023/24.

**22. INTRA GROUP TRANSACTIONS WITH NON-REGULATED ENTITIES**

There were no intra-group transactions with non-regulated entities during the year.

**23. GROUP STRUCTURE**

As at 31 March 2024 MHG was a subsidiary undertaking of Moat Homes Limited. The results of MHG have therefore been consolidated within the Group financial statements, which are available on request from:

**The Secretary, Moat Homes Limited, Mariner House, Galleon Boulevard, Dartford, Kent DA2 6QE**

**24. LEGISLATIVE AUTHORITY**

MHG is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is a non-charitable Registered Provider.