

RED KITE COMMUNITY HOUSING LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDING 31 MARCH 2025

REGISTERED WITH THE HOMES & COMMUNITIES AGENCY No. 4682

REGISTERED WITH THE FINANCIAL CONDUCT AUTHORITY No. 31322R

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Group and Association information

Registered Society registration number	31322R
Regulator of Social Housing registration number	4682
Registered office	Red Kite Community Housing Limited Windsor Court Kingsmead Business Park Frederick Place High Wycombe Buckinghamshire HP11 1JU
Board	Lucy Weston, Chair Anita Khan Senior Independent Director Paul Turner, Vice Chairman (Retired 10 September 2024) Simon Archer Steven Broadbent (Appointed 10 September 2024) David Carroll Derek Cash Tracey Faraday-Drake Diana Green Bobby Koshy Tim Mulvenna Alistair Newman

Group and Association information (continued)

Chief Executive	Trevor Morrow (Retired 11 April 2025) Susan Hickey– Interim (Appointed 19 May 2025)
Company Secretary	Sue Fryer
Executive Directors	Alan Keers, Deputy Chief Executive Blaise Jennings, Group Director of Resources (resigned 3 February 2025) Iain Bacon, Group Director of Resources – Interim (appointed 17 February 2025) Mark Haines, Director of Property (retired 23 May 2024) Nicholas Burston, Director of Property (appointed 24 May 2024) Sarah North, Director of Customer Services
Funders	The Royal Bank of Scotland plc 250 Bishopsgate London EC2M 4AA Pension Insurance Corporation 22 Ropemaker St, London EC2Y 9AR Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES
External Auditor	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
Internal Auditor	Beever and Struthers LLP One Express 1 George Leigh Street Manchester M4 5DL

Chair's Statement

Red Kite Community Housing is a tenant led, community housing association, an identity firmly rooted in our values. With more than 16,000 living in our homes, 660 tenant and leaseholder members, and 65 active volunteers, we strive to be tenant-led in everything that we do. From tenants sitting on staff interview panels, to making decisions as members of key committees and the board, their voice is embedded at all levels of decision making.

We have more work to do to ensure that we hear from as broad a cross-section of residents as possible, but I am endlessly impressed by the tireless commitment of so many residents in helping us to do better and by the unshakable commitment of staff who manifest these values in their daily work. I want to take this opportunity to thank all those residents and staff, who work alongside each other to deliver services and improvements.

As a charitable organisation, all the money we make is used to provide services to our residents, invest in their homes and the communities we serve and build new homes to meet local housing need. Supported by a refreshed Corporate Strategy, we are working hard to deliver our vision of providing affordable homes that are foundations for enabling individuals and communities to thrive.

We adapt our services to support tenants facing emerging challenges, for example by deploying our hardship fund to mitigate the government's withdrawal of winter fuel payments for 200 households. We are also committed to learning from tenant feedback and have increased resources to this end.

Overall tenant satisfaction remains strong at 75.4%, but a key focus this year has been our repairs service. While repairs response times have improved, they are still below what we aspire to. Correspondingly, tenant satisfaction in this area has fallen, with satisfaction with the overall repairs service sitting at 70%. Following a comprehensive review of the service and engagement with our resident representative team, an improvement plan is now in place and will be closely monitored to ensure it delivers against our shared expectations. This report provides further information on how we have performed across all Tenant Satisfaction Measures.

This year we have increased investment in our homes to £17.2m, focusing on quality and safety as part of our longer-term strategic investment program. 77% of our homes are rated EPC C or above and we are on track to reach 100% by 2028. Alongside this, we invested £8.9m in building new homes; 40 homes were delivered during the year (more than 50% for social rent with the balance being affordable homes) and a further 113 homes are being built, contributing to our target of 500 new homes over the next 5 years.

Financial resilience is a key priority for the Board. Despite the challenging operating environment, Red Kite has maintained the highest G1/V1 rating from the Regulator of Social Housing and has raised competitive additional finance facilities during the year. We are well prepared to adopt the forthcoming changes in legislation and to rise to the challenge of delivering much needed homes for the communities we serve.

Strategic Report

Principal activities

Red Kite Community Housing is a charitable registered Society that was registered with the Financial Conduct Authority on 26 July 2011 and commenced trading on 13 December 2011 when it purchased the entire housing stock of Wycombe District Council.

Red Kite's primary purposes are:

- the provision of affordable housing to our local community; and
- to realise the potential in our communities.

The Group owns and manages approximately 6,500 properties in Buckinghamshire and South Oxfordshire, including 669 leasehold flats.

In December 2017, the structure changed from a single entity into a Group one, and this underpins the delivery of the Corporate Strategy.

Business and financial review

The financial statements cover the twelve-month period to the 31 March 2025 and are presented on a full Group basis. The financial performance of the Group continues to be significantly influenced by the Parent Red Kite Community Housing Ltd. The Board reports an operating surplus for the year (excluding gains on disposal of property) of £10,917,000 (2024: £9,570,000). This £1,347,000 increase in the operating surplus for the year is the net impact of the:

- an increase in rental income;
- a planned increase in the investment in our existing homes;
- growth in operating expenditure that was lower than the adjustment in rental income, and this includes an:
 - increase in the annual depreciation charge as the result of the continued capitalised investment in our existing homes that is in addition to the new ones that are being built for the local community.
 - increase in the expenditure to maintain the homes of our tenants.

The Board's fundamental objective is to provide excellent quality homes that are safe for its residents, and this requires continued on-going investment. The level of this investment will fluctuate annually, and the profile of works identified is based upon the Group's Asset Management Strategy. During the year we invested a further £17,208,000 (2024: £14,471,000), and of this £10,387,000 (2024: £9,602,000) was charged to the Statement of Comprehensive Income, with the remaining investment of £6,821,000 (2024: £4,869,000) being added to the value of our homes in the Statement of Financial Position.

This capitalised investment in our existing homes included £262,000 (2024: £524,000) of improvements funded from the Social Housing Decarbonisation Fund, with a further £467,000 being funded in the 2025-26 Financial Year. The continued strong financial position of the Group underpins its ability to fully fund the required levels of investment in its current homes whilst investing in new homes for its local community. During the year, the Group invested a further £8,859,000 (2024: £21,037,000) in new homes that will be retained in management.

The annual rent increase for April 2024 for the regulated homes in Red Kite at 7.7%, was the maximum permitted under the Rent Standard.

Strategic Report (continued)

Business and financial review (continued)

The Board when setting the April 2024 rent and service charges levels had to balance the financial requirements on the business and the affordability of the increase to the household budgets of its tenants. The rent increases in the previous year were capped by the Government at 7%, this resulted in a reduction of the financial capacity in the Business Plan due to the higher levels of cost inflation. As Twenty11 is not regulated by the Regulator of Social Housing its Board has rent freedoms, and the April 2024 rents of its tenants were inflated by 7.7%. This followed a decision by its Board to restrict the rent increase in April 2023 to 7% despite cost inflation being significantly higher.

The overall increase in the Group rental income (including service charges for its homes, but excluding the amortisation of grant) was £3,983,000 (9.7%), and this is achieved by:

- Red Kite - there were 40 new homes delivered during the year for the local community, there was a full 12 months of rent for the 100 new homes delivered in the previous financial year, and the annual rent adjustment of 7.7%. This was offset by Twenty11 transfers.
- Twenty11 - the number of homes in management increased by 49 during the year, and this combined with the annual rent adjustment, and the full financial benefit of the 47 homes transferred in the previous year resulted in turnover growing by £754,000 (26%).

The reported level of arrears for the Group is disclosed within note 16 and shows a reduction from £3,231,000 to £2,897,000. During the year £194,000 of the annual rental income was expensed as a potential bad debt provision.

	March 2025	Year Ending March 2024	March 2023
Rental bad debt expense in year	£194,000	£392,000	£54,000
As a % of rental income	0.42%	0.94%	0.14%

The management of reletting homes in the most efficient manner enables a family or individual to improve their well-being sooner, and for the Group to minimise the loss of rent. The performance for the last three years is reported below:

	March 2025	Year Ending March 2024	March 2023
Loss of Rent and service charge	£391,000	£339,000	£362,000
As a % of rental income	0.81%	0.78%	0.86%

During the year there were the following sales of our homes

	Number	Year Ending Sale Receipts £'000	Sum retained by the Group £'000
Right to Buy sales	11	2,365	626
Right to Acquire sales	1	397	397
Asset Management Strategy sales	1	625	625

Strategic Report (continued)

Business and financial review (continued)

Under the terms of the Transfer Agreement with the Local Authority the Group is required to pay the receipts from all Right to Buy sales to them until December 2041 less a sum that reflects the loss of rent for each home. For the year, the Group retained £626,000

The total 11 Right to Buy sales in the year reflects the volume in the previous twelve months with the main difference in the overall gain between the two financial years being the land disposal in 2023/24 that resulted in an accounting gain of £1,210,000.

The increase in the surplus on ordinary activities before taxation by £2,614,000 to £11,619,00 is the net of:

- The improvement of £1,347,000 in the operating surplus that was reported earlier.
- The overall value of the assets classified as investments increasing by £3,230,000 (2024: £251,000), with the main driver the revaluation of the shops. Note 13 provides further information on this material increase.
- The 23% increase of £733,000 to £3,887,000 in the expenditure associated with servicing the debt of the Group with the average debt during the year increasing from £86,800,000 to £92,500,000. In addition, the costs associated with the new Barclays £80 Million revolving credit facility is being amortised over four years, and this reflects £116,000 (16%) of the annual increase.

The surplus for the financial year of £11,615,000 (£9,003,000) incorporates a corporation tax liability of £4,000 (2024: £2,000) for Edenmead Ltd.

Red Kite Community Housing (as per note 10) is a member of the Buckinghamshire Local Government Pension Scheme. The Board in December 2011 closed its membership to new members, and the number of employees at 31 March 2025 accruing future benefits was twelve. The March 2025 actuarial report on the Red Kite's assets and liabilities was a surplus £4,604,000 (2024: £2,768,000). Since March 2023 there has been a potential pension asset, but it has not been recognised due its recoverability not being in the control of the Group. The elimination of the deficit reflects the outcome of the March 2022 triennial review that has been updated to reflect the current environment in March 2025.

The Total Comprehensive Income for the year is £11,615,000 (2024: £9,003,000).

The Statement of Financial Position for the Group reflects the total assets less current liabilities of £348,939,000 (2024: £331,236,000) and this translates into net assets of £122,609,000 (£110,994,000) after deducting the long-term creditors and provisions.

During the year the Group took the opportunity to purchase an office on the Kingsmead Business Park, thus creating a permanent home. This investment in the year as per note 15 was £3,435,000, and there will be further expenditure in the 2025/26 financial year to transform it into the new home for the Group's staff, volunteers, and the wider community.

As part of the Board's vision to support the local community during the year it explored the potential purchase of 319 social homes in the Maidenhead and Windsor area of Berkshire from the Riverside Group as it executed a stock rationalisation programme. After appraising the financial aspects and understanding how the Group could enhance the experience of the tenants of these 319 homes the Board decided to proceed with the purchase. As detailed in note 34 this purchase completed on Monday 7 April 2025 and we welcomed these new tenants to Red Kite.

Strategic Report (continued)

Business and financial review (continued)

The Group Board has a clear vision to deliver much needed additional homes to its local community, and during the year the Group was able to provide 40 (2024: 100) new affordable rented homes.

In addition, there are 113 homes currently being built (2024: 68) with 24 handed over in the first three months of the 2025-26 financial year.

To support the investment in new homes the Group received a further £1,466,000 of grant from Homes England during the year, and since April 2023 the total value of such funding is £8,300,000.

The Group's Business Plan that aligns to the revised Corporate Strategy is underpinned by the aspiration to deliver a further phase of 500 new homes in the 5-year period from April 2025.

The Group Business Plan also incorporated the outcomes of the stock condition survey of our tenants homes, and this has ensured that there is sufficient financial capacity to enable continued investment in our existing homes, including greater energy efficient and contributing to the wider sustainability agenda. The stock condition survey will enable the Board to make informed decisions on its future investment in our current tenants homes, its wider sustainability approach, and will also support the conclusions of a planned second sheltered housing review.

Key for any funder is the Group's financial strength and its performance, both current and future. The revised June 2025 Group Business Plan enables the Board to demonstrate the strong financial foundations of the Group that has positioned it to manage the associated risks of its Corporate Strategy and the external environment.

The Board is well placed financially to consider additional investment opportunities should they arise. This is due to the ability to service additional debt, and a strong pool of unsecured good quality homes that can be used as security. The Development Strategy is underpinned by a mixed portfolio of new social, affordable, and shared ownerships homes for the local community.

Red Kite is a tenant-led business. This means that we provide the means for tenants and leaseholders to influence our direction and determine what type of organisation we are and will be. We have 661 tenants and leaseholders as shareholders (2024: 688), two positions are available for tenants and leaseholders to sit on our Board; and it is the tenants and leaseholders who make the key procurement recommendations and monitor the performance of our various repairs and maintenance contractors as well as supporting most recruitment processes.

The Board has set a clear vision of how it will realise the potential in our communities, and a fundamental part of this will be delivered by the subsidiaries that were formed when the Board approved its Group Structure in December 2017.

One of these subsidiaries, Twenty11, has been created as an unregulated housing charity, following the regulatory changes that were introduced in April 2017. This has allowed homes to be transferred to it that enables Twenty11 to charge rents that are aligned to our tenant's ability to pay and support its tenants to enhance their individual circumstances and assist them to improve their financial well-being. At 31 March 2025 382 (2024: 333) homes had been transferred to Twenty11.

Strategic Report (continued)

Business and financial review (continued)

Summary statements of comprehensive income and financial position are shown below:

For the year ended 31 March	2025	2024	2023	2022	2021
	£'000	£'000	£'000	£'000	£'000
Statement of Comprehensive Income					
Turnover and other income	47,276	45,514	40,358	37,641	37,117
Operating surplus (excluding gains on property disposals)	10,917	9,570	6,049	8,267	10,201
Total comprehensive income for the year	<u>11,615</u>	<u>9,003</u>	<u>10,355</u>	<u>8,360</u>	<u>7,181</u>
Statement of Financial Position					
Negative goodwill	(36,398)	(38,681)	(41,862)	(44,261)	(46,650)
Housing properties, net of depreciation	246,235	234,597	213,747	200,225	194,244
Investment properties	10,097	7,320	7,406	8,392	8,249
Other tangible fixed assets	4,536	619	309	633	870
Fixed assets	<u>224,470</u>	<u>203,855</u>	<u>179,600</u>	<u>164,989</u>	<u>156,713</u>
Net current assets	3,311	4,666	4,146	10,241	12,116
Debtors due after one year	<u>120,958</u>	<u>122,715</u>	<u>126,953</u>	<u>130,576</u>	<u>136,192</u>
Total assets less current liabilities	<u>348,739</u>	<u>331,236</u>	<u>310,699</u>	<u>305,806</u>	<u>305,021</u>
Creditors due after more than one year	(105,105)	(97,454)	(81,619)	(79,388)	(79,285)
Net pension asset / (liability)		-	-	(4,114)	(6,089)
Provisions for liabilities	(121,025)	(122,788)	(127,089)	(130,668)	(136,371)
Total net assets	<u>122,609</u>	<u>110,994</u>	<u>101,991</u>	<u>91,636</u>	<u>83,276</u>
Reserves	<u>122,609</u>	<u>110,994</u>	<u>101,991</u>	<u>91,636</u>	<u>83,276</u>

Strategic Report (continued)

Business and financial review (continued)

	2025	2024	2023	2022	2021
Social housing homes owned at the year-end:	5,412	5,434	5,518	5,582	5,604
Non social housing homes owned at the year end	382	333	286	225	203
Total number of homes owned at the year end	5,794	5,767	5,804	5,807	5,807
Statistics:					
Operating surplus as % of turnover	23.0%	21.4%	16.5%	22.2%	27.5%
EBITDA interest cover (including sales)	367.7%	419.9%	344.1%	279.5%	337.5%
EBITDA MRI interest cover (including sales)	192.1%	263.9%	172.6%	160.3%	241.9%
Gearing (including works in progress)	36.8%	34.2%	34.8%	37.1%	30.0%
Surplus for year as % of income from social housing lettings	28.5%	23.5%	17.1%	18.1%	26.2%
Rent losses (<i>voids and bad debts as % of rent and service charges receivable</i>)	1.5%	2.6%	1.0%	2.1%	2.4%
Rent arrears (<i>gross current tenant arrears as % of operating turnover</i>)	4.4%	6.1%	6.1%	5.9%	5.9%
Liquidity (<i>current assets divided by current liabilities</i>)	122.3%	128.0%	129.2%	159.9%	159.9%

Strategic Report (continued)

Business and financial review (continued)

Complying with our covenants

We monitor all Group debt financial covenants regularly and we fully complied with them during the year, and as at 31 March 2025. In addition to the covenants contained within our loan agreements, the Group has a number of internal measures, including a set of Golden Rules that it monitors and uses to manage the business. We also run regular single and multi-variant stress tests of our financial position and forecasts to ensure that, even in the most unlikely combinations of adverse market conditions or shocks, our business, factoring in our development plans, is not put at risk and adequate covenant headroom is maintained.

Objectives and strategy

The Red Kite Board is responsible for the long-term strategy and viability of the Group. At the end of the year, the Board comprised eleven non-executive directors, including two tenants and two members nominated by the Local Authority.

Our Board is responsible for providing leadership for the Group within a framework of prudent and effective controls. It sets out the strategic direction, objectives, values and standards, reviews management performance and ensures that the necessary financial, material, and human resources are in place for the Group to meet its objectives.

The Board has reserved the following matters for its consideration in accordance with the provisions of the National Housing Federation Code (2020) (henceforth “the Code”):

- Establish and approve the strategic direction of the Group, including its mission, vision and values, financial Business Plan (Plan) and budgets, Corporate Strategy, and related action plans.
- At least annually, with more frequent reviews depending on the macroeconomic environment, review stress testing and mitigation planning for the Plans of Red Kite and any operational subsidiary.
- In approving the Group financial Business Plan and budget set the financial business plan and budget of Pennvale, Edenmead and Red Kite Devco, and approve the financial Business Plan and budget of Twenty11.
- Approve the annual Treasury Strategy.
- Ensure that the strategic objectives are delivered.
- Ensure compliance with Red Kite’s objects.
- Ensure that non-charitable activities across the Group do not compromise Red Kite or Twenty11’s charitable status.
- Manage the risks that face the Group.
- Ensure that appropriate systems of control exist to protect the assets and reputation of the Group.
- Review, on a quarterly basis, the management accounts of the Group and of the Red Kite entity.
- Approve amendments to the Governance Regulations.

Strategic Report (continued)

Business and financial review (continued)

Objectives and strategy (continued)

In January 2021, the Board approved the adoption of the National Housing Federation Code (2020) (henceforth “the Code”) from April 2022.

The Board has subsequently considered Red Kite’s compliance with the Code as at 31 March 2025 and confirms that it is compliant with every provision.

The Board confirms that, throughout the year, Red Kite has applied the main principles and complied with the relevant provisions set out in the Code and international best practice in corporate governance, listing.

During the financial year the Board continued with consultations with its key stakeholders, which included tenants & leaseholders and staff, to identify their priorities as it developed its new Corporate Strategy.

Our Vision for 2025-2030 is

“Creating homes as foundations, that enable individuals and communities to thrive”

Our Mission for 2025-2030 is

We will build a strong foundation for tenants and communities centred around safe, warm, and affordable homes. This will be delivered through responsive, transparent, and cost-effective services, influenced and shaped by our diverse tenant voices. We will embrace innovative ways of working, recognising our responsibility to meet our wider challenges and ambitions to create sustainable communities and homes.

The Board recognises that it is not only what we do, but how we do it, that is important. The culture that will reflect this is based upon:

Partnership:

We will work with our tenants, volunteers, and other stakeholders to achieve successful outcomes, recognising the value and opportunities enabled by working together.

Respect:

We will hear and value the diverse voices of our tenants and communities and use this to shape and improve our services.

Pride:

We will take pride in all that we do, want everyone to be able to be proud of their homes and neighbourhoods.

Strategic Themes

Based upon this research, consultation and consideration of our vision, our strategic themes for the next five years are as follows:

Strategic Report (continued)

Business and financial review (continued)

Objectives and strategy (continued)

- Great core services
 - *Provide excellent services that are seamless and easy to use, shaped by our tenants.*
 - *Help unlock barriers to ensure fairness.*
 - *Be proactive in understanding and supporting the diverse individual needs of all our tenants and leaseholders.*
- Homes and neighbourhoods to be proud of
 - *Provide quality homes that are safe and warm*
 - *Support environments which encourage communities to flourish*
- Homes for the future
 - *Use our resources to develop 500 new homes our communities need in the future*
 - *Develop a strategic framework that allows consideration of future homes*
- Valuing tenant voices
 - *Remain tenant-led, understanding tenants and leaseholders and acting on feedback*
 - *Increase and widen opportunities for tenants to help shape the organisation*
 - *Seek input from the diverse voice of our tenants*
- Strong Foundations
 - *Be a learning organisation, prioritising continuous improvement*
 - *Develop excellent digital services fit for the future, including the potential use of AI*
 - *Be well-governed and well-managed*
 - *Maintain robust financial strength and financial control through responsible borrowing and achieving value for money*
- Staff, skills, and capacity
 - *Recruit, retain and develop high-quality, passionate staff*
 - *Develop an accountable culture in which we live our values, staff thrive, and service delivery is excellent*
 - *Ensure we have the right resources in the right place*

Strategic Report (continued)

Value for Money Report

Red Kite Group takes a strategic approach to achieving and delivering Value for Money (VFM). We are currently developing a new VFM Strategy to support our new Corporate Strategy which takes us through to 2030.

This report is prepared in accordance with the Regulator of Social Housing's (RSH) Value for Money (VFM) Standard and reflects our performance for the year ending 31 March 2025. We monitor the seven sector standard metrics required by the RSH along with some additional metrics which are aligned with our Corporate Objectives. The measures cover the performance of Red Kite and its subsidiaries, including Twenty11 Homes Limited.

In this report we consider actual performance for the year, alongside previous years' performance and future forecast performance which is taken from our Business Plan which was approved by the Board in June 2025.

The seven sector standard metrics required by the RSH have been calculated from the audited accounts and have been benchmarked against the RSH's VFM reported metrics for 2024 for comparison purposes.

Forecasts and Benchmarking

We benchmark against the RSH's reported benchmarking results which are based on published accounts from the whole sector for the year ending 31 March 2024. We have also compared our performance against a selected "peer group" which consists of a small number of housing associations which are comparable in size and operational geography. We note the limitation of this method in that forward looking benchmarks may not be a true comparison as inflation and changes in organisations size or approach can influence future costs.

Targets have been set for the sector standard metrics based on the approved budget, and these are monitored throughout the year. Deviation from expected performance will be monitored and reported, and appropriate mitigations will be implemented and reported to the Board, or it's chosen committee.

The report sets out the metrics which are set out in the RSH's Value for Money Standard for the current year, and the next five years as per the Business Plan. When compared to the March 2024 quartiles (issued by the Regulator of Social Housing in March 2025) which have been inflated for future years, the Group is in an overall strong position. Performance is good compared with the sector, except for cost per home which is between the median and upper quartile performance.

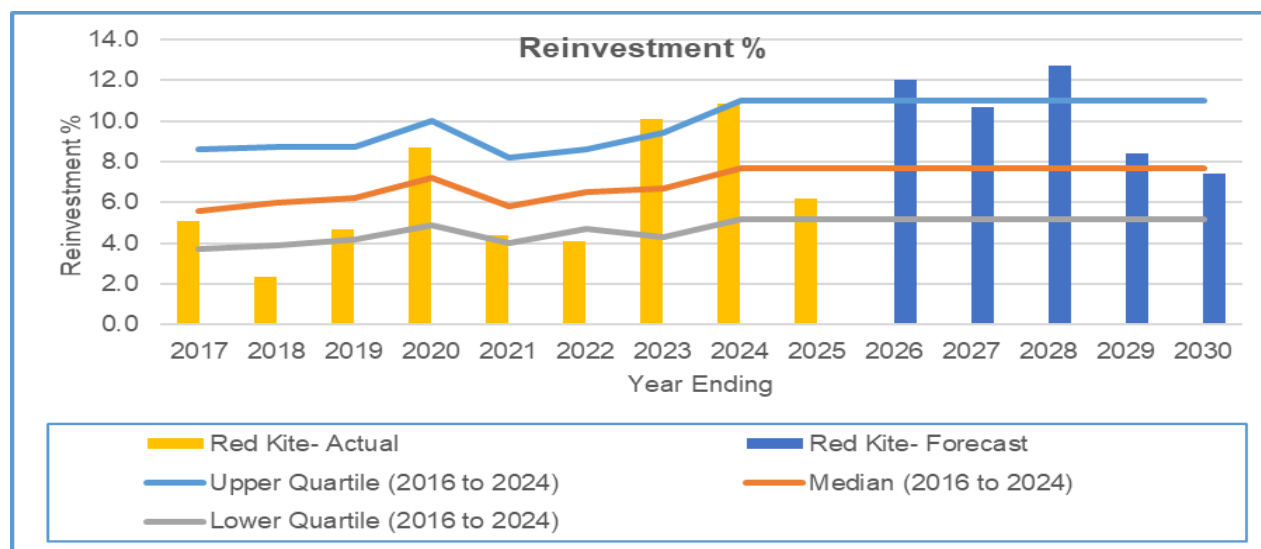
We are currently finalising additional VFM metrics which are included in the new proposed metrics for the Corporate Performance Framework (CPF) in support of the new Corporate Strategy. We have chosen metrics which reflect the higher areas of spend for the organisation, some of which link to satisfaction to determine if the money we are spending is resulting in services which our tenants value.

Strategic Report (continued)

Value for Money Report (continued)

Forecasts and Benchmarking (continued)

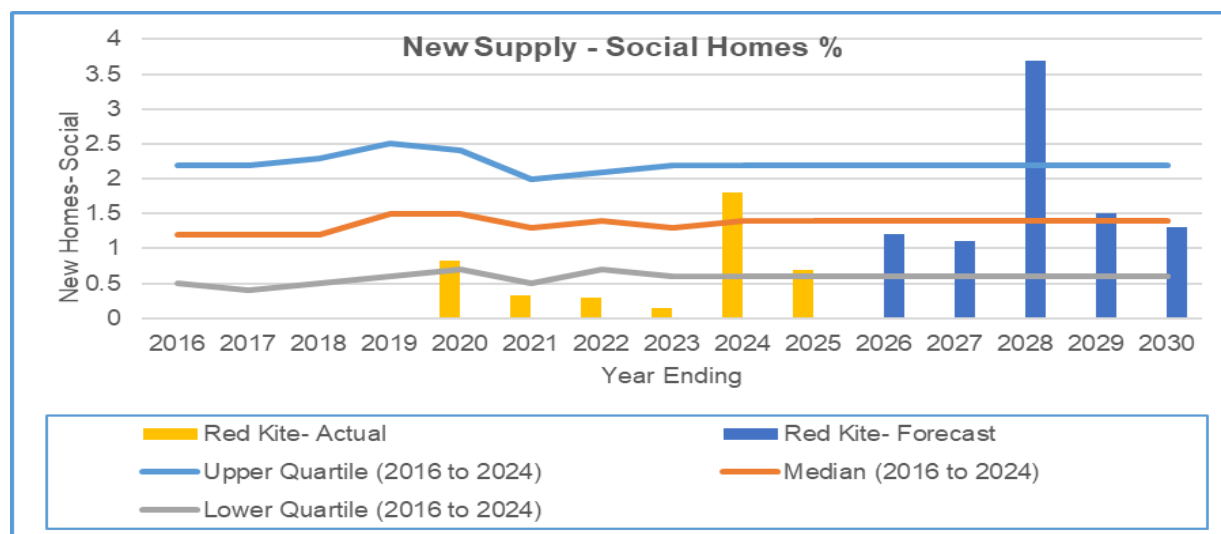
Metric 1 : Reinvestment percentage- this reflects the capitalised investment in existing and new homes during the year. It is expressed as a % of the net book value (NBV) of the homes at the end of the year.



For the year ending 31 March 2025, the outturn is 6.2%, which compares to a Plan forecast of 5.7%. The number of new homes completed in the year reduced from previous years due to timing of the handover of new homes.

The future expenditure is influenced by the level of planned investment in new homes over the next five years, and post March 2030 it reduces as it reflects only investment in existing homes when the current planned development programme comes to an end. The comparison to the RSH median and upper quartile performance is very positive, demonstrating that Red Kite is making a good level of investment in new and existing homes compared with others in the sector.

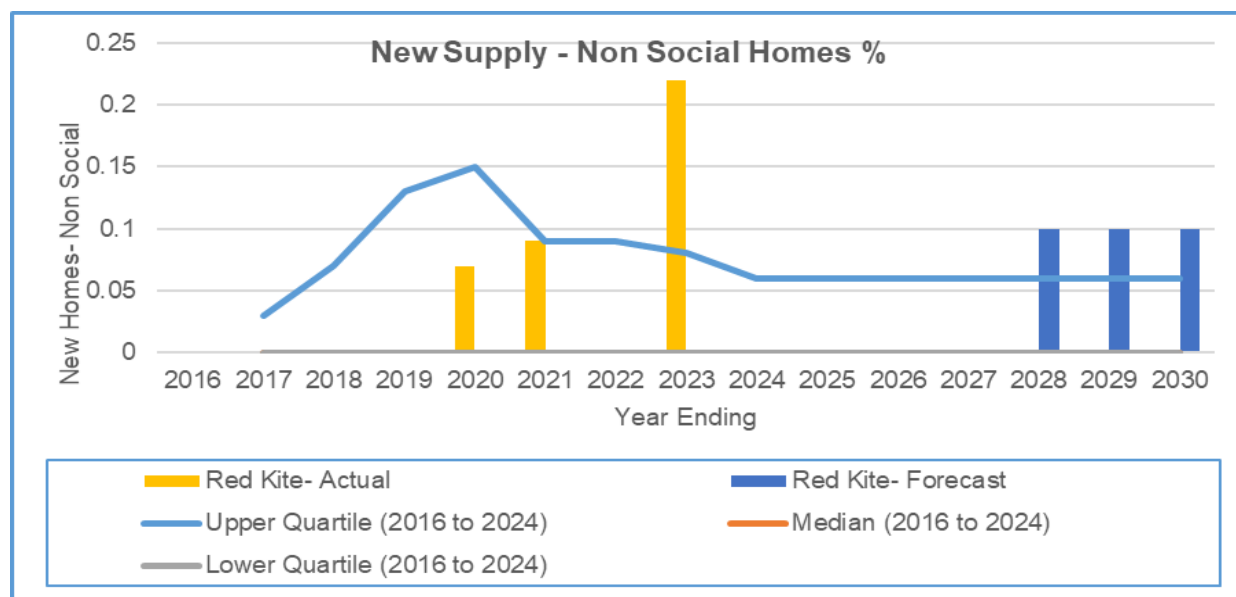
Metric 2: New supply delivered- this metric expresses the number of new homes as a percentage of the existing homes. Metrics are for Social and Non-Social Homes.



Strategic Report (continued)

Value for Money Report (continued)

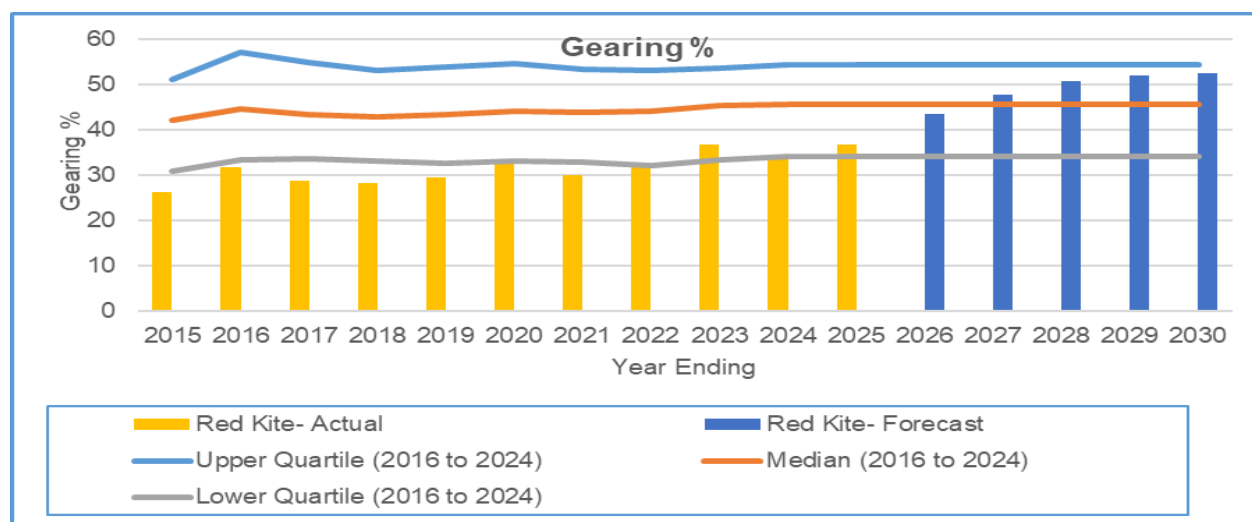
Forecasts and Benchmarking (continued)



During the year 40 new homes were delivered for the local community. There were delays with two schemes that total 28 homes.

The next five years reflects the Board's aspirations of delivering 500 new homes. There is a projected peak in the supply of Social Homes in 2027/28 which is due to the number of expected completions, but almost half of these homes are currently not contractually committed so there may be some movement between years.

Metric 3: Gearing- this represents the level of borrowing (net debt) expressed as a percentage of the value (NBV) of our homes



The level of borrowing at 31 March 2025 was higher than budgeted for several reasons, including the purchase of our new office. This resulted in a higher gearing position at the end of the year of 36.8%, placing Red Kite at the lowest geared quartile. Gearing is increased in future years by the further investment in the fit out of

Strategic Report (continued)

Value for Money Report (continued)

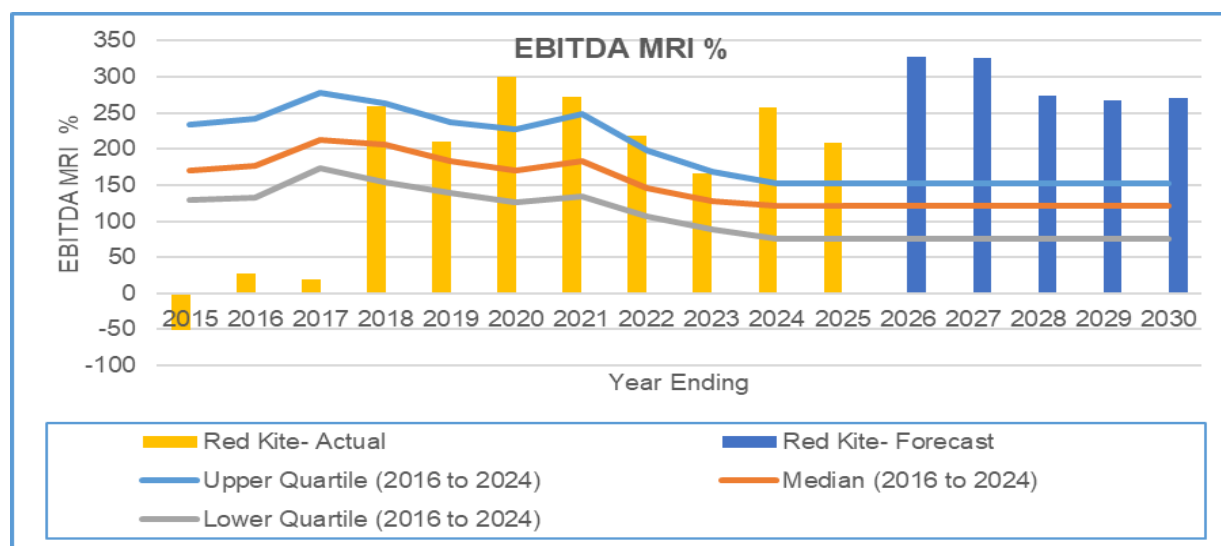
Forecasts and Benchmarking (continued)

the new office, the acquisition of the 319 homes from Riverside and the development of 500 new homes over the next five years.

The stock acquisition has changed how we compare to the wider Sector. We have gone from the lower Quartile, and the forecast peak is now closer to the upper Quartile. It is expected that when we compare the actuals of 2028 and 2029 the wider Sector will have higher gearing levels that will reflect the increased forecast investment in existing and new homes in the coming years.

Our projected gearing is well within our Golden Rules, but the increased level of gearing demonstrates that we are utilising our Balance Sheet to grow the organisation.

Metric 4: EBITDA MRI - this stands for Earnings before interest, taxation, depreciation and amortisation (Major Repairs Included) and is a measure of the organisation's financial performance, and its ability to manage its debt. It compares the operating surplus (adjusted to reflect the level of capitalised major repairs to our homes) against the interest payments.



The approved Business Plan had an outturn of 223% for the year ending 31 March 2025. During the year the Board agreed to invest a further £1M in fire doors. The actual outturn of 209% reflects the additional investment and higher borrowing that was also at a higher average cost of borrowing than assumed in the budget.

Future performance is influenced by a number of different factors that include:

- A positive change in the rent settlement (CPI +1%).
- Changes in the investment profile in existing homes.
- Additional staff costs, and also increased expenditure associated with the new Corporate Strategy.
- The depreciation cost increasing due to the purchase of the new office and the stock acquisition from Riverside.
- Increased interest expenditure due to the stock acquisition and the purchase of the new office.

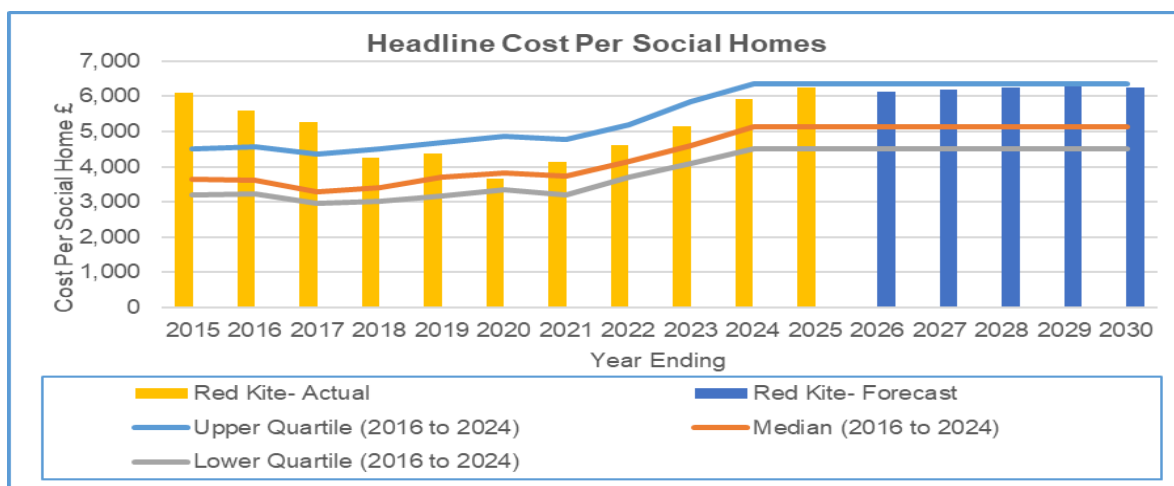
Strategic Report (continued)

Value for Money Report (continued)

Forecasts and Benchmarking (continued)

Performance is comfortably above our existing tightest covenant with our lenders of 110% and our golden rule of 130%.

Metric 5: Headline social housing cost per home - this metric is calculated by dividing total expenditure in managing and investing in our existing homes by the number of homes.



The average cost per home in 2025 (year ending 31 March 2025) of £6,247 is in line with the Upper Quartile.

The latest cost per home data for the wider sector performance is at March 2024, and the expenditure in the Business Plan is inflated each year.

The Group is forecast to be above the median cost per home in the forthcoming financial year and in future years. There are some factors which are driving this performance, for example bringing forward decarbonisation spend to increase the share of social homes with an EPC rating of C. We recognise that the cost per home is higher than we would like, and our approach to reducing this will be outlined in the VFM Strategy.

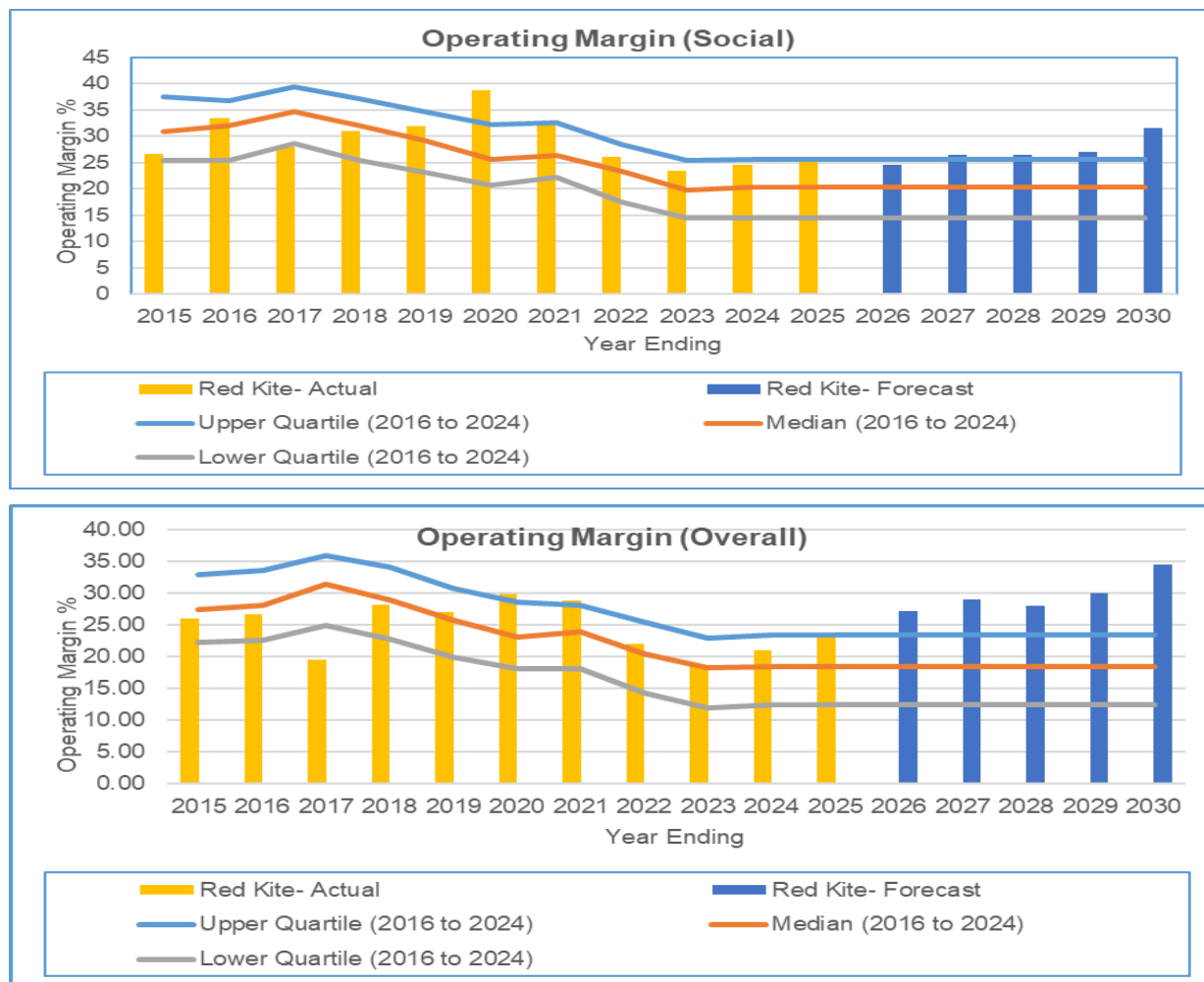
Metric 6: Operating Margin (measured for social housing lettings and overall)-

This metric expresses the operating surplus on the core social housing landlord activities of the organisation as a percentage of the turnover (income) from those activities.

Strategic Report (continued)

Value for Money Report (continued)

Forecasts and Benchmarking (continued)



The operating margin for social housing lettings for the year ending 31 March 2025 was 25.7% which is just over the upper quartile. The overall operating margin was 23.1% which is just below the upper quartile. Financial performance continues to be strong which supports the long term financial strength of the group going forward

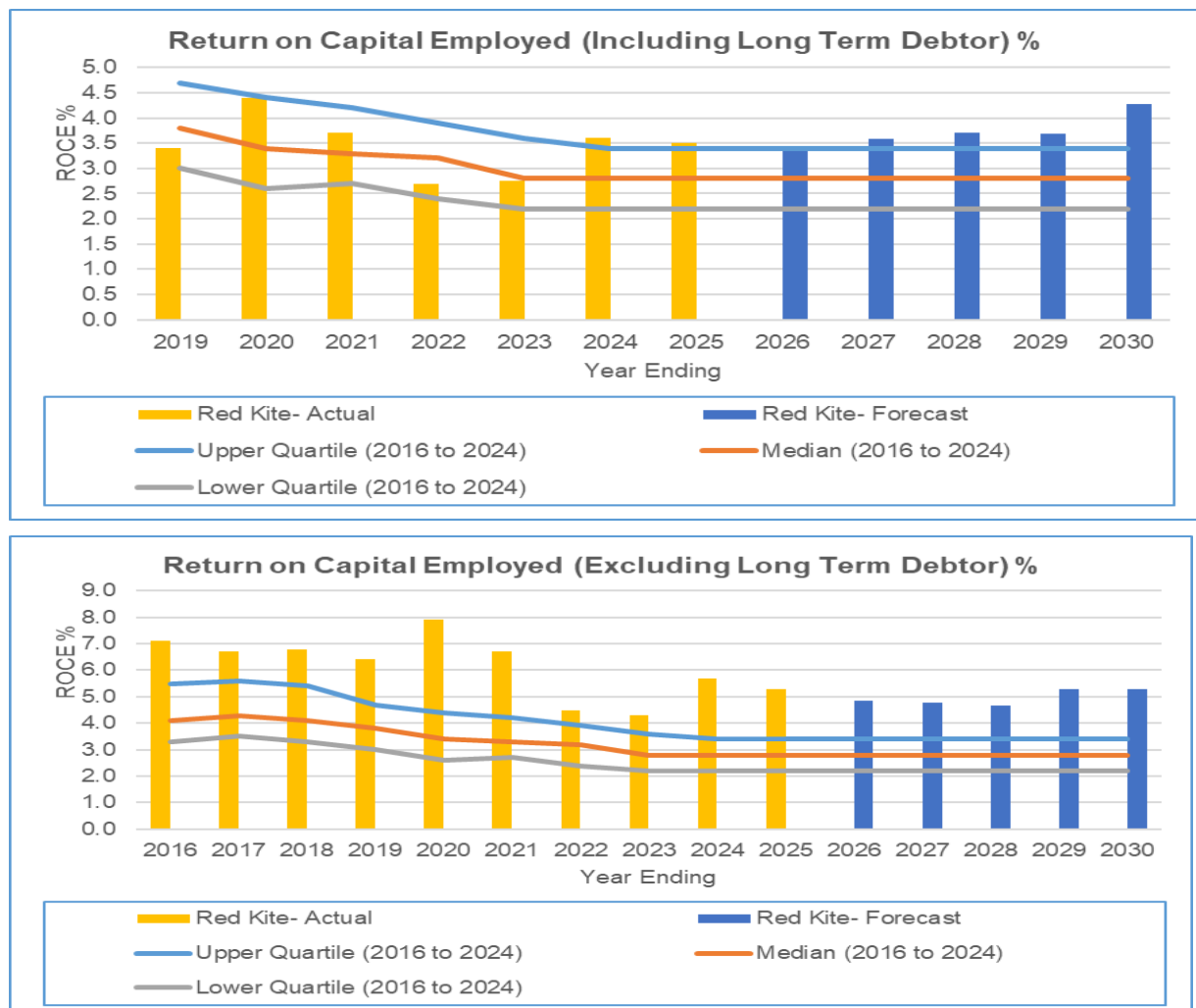
Metric 7: Return on Capital Employed (ROCE) - This metric measures the Group's operating surplus as a percentage of its total assets less current liabilities.

The definition as per the VFM Standard does not reflect the true position as it includes a long-term debtor that relates to the Development Agreement in the Transfer Agreement. This reduced performance does not enable a true comparison, and to enable one a second graph has been included which excludes the long-term debtor. This mirrors the approach for the March 2024 Financial Statements.

Strategic Report (continued)

Value for Money Report (continued)

Forecasts and Benchmarking (continued)



The performance when the long-term debtor is excluded demonstrates strong financial performance compared with the sector, with performance consistently above the upper quartile.

Comparison of standard metrics to other local Housing Associations

We have also compared our performance against some of our peers which are similar sized organisations operating in similar geography to Red Kite.

Strategic Report (continued)

Value for Money Report (continued)

Comparison of standard metrics to other local Housing Associations (continued)

	Red Kite Community Housing					Local Peer Group* 2023/24	
						From	To
	2020/21	2021/22	2022/23	2023/24	2024/25		
Homes Owned	5,604	5,588	5,519	5,434	5,412		
Reinvestment %	4.4	4.2	9.7	10.8	6.2	1.7	16.3
New supply delivered (social) %	0.3	0.29	0.10	1.8	0.7	0.6	4.1
New supply delivered (non social housing) %	0.08	0	0.22	0	0	0	0
Gearing %	30.9	32.1	34.6	33.9	36.8	46.5	68.0
EBITDA- MRI %	297	218	152	257	209	129	191
Headline social housing costs per home £	4,100	4,937	5,455	5,917	6,247	4,602	5,793
Operating margin (social lettings) %	32.6	26.0	23.5	24.6	25.7	20.5	35.6
Operating margin (overall) %	28.9	22.0	16.8	21.0	23.1	22.9	35.2
Return on capital employed	3.7	2.7	2.8	3.4	3.5	2.9	3.9
Return on capital employed (excluding long term debtor)	6.6	4.8	4.3	5.7	5.3	2.9	3.9

**this peer Group consists of SOHA, Housing Solutions, Watford, Fairhive and Thrive*

The benchmarking Table above shows that our performance is within the performance of our 'peer group', except for the higher costs per home that we explained above, low borrowing and the resulting strong EBITDA MRI position.

Our Value for Money reflects another strong and successful year for the Group. We are proud of our successes to date and ambitions for the future. Despite our success, we are not complacent; especially in light of economic pressures facing the sector and our tenants. We maintain our initiatives to deliver VfM related savings and are proactively pursuing a set of cost mitigation strategies to further improve our performance and deliver Value for Money to our tenants and communities.

Strategic Report (continued)

Value for Money Report (continued)

Safety, Repairs, Complaints and Tenant Perception

The following table sets out the TSMs, comparison with the prior year, and peers.

TSM ref.		31/3/25	31/3/24	2023/24 Sector results ¹	2024/25 Early Housemark report ¹
	Building safety				
BS01	Gas	99.92	99.95	99.9	100.0
BS02	Fire risk assessments	100.0	100.0	100.0	100.0
BS03	Asbestos management	100.0	100.0	100.0	100.0
BS04	Legionella risk assessments	100.0	100.0	100.0	100.0
BS05	Communal passenger lift safety	100.0	100.0	100.0	100.0
Additional	Electrical	99.91	99.89		
	Decent homes and repairs				
RP01	Not meeting Decent Homes Standard	0.0	0.0	0.5	0.5
RP02 (1)	Non-emergency responsive repairs completed within target	81.2	77.6	81.3	83.1
RP02 (2)	Emergency responsive repairs completed within target.	89.0	88.4	95.3	95.9
	Complaints				
CH01 (1)	Stage one complaints per 1,000 homes	49.0	63.2	42.5	54.5
CH01 (2)	Stage two complaints per 1,000 homes	9.0	2.8	5.7	8.4
CH02 (1)	% Stage one within the HO Complaint Handling timescales	95.8	93.2	82.3	90.6
CH02 (2)	% Stage two within the HO Complaint Handling timescales	91.7	86.7	83.6	89.2
	ASB				
NM01 (1)	ASB cases per 1,000 homes	68.3	45.0	35.5	35.3
NM01 (2)	ASB cases with hate crime element per 1,000 homes	0.9	1.3	0.6	0.7
	Tenant perception				
TP01	% satisfied with the overall service	75.4	78.6	71.3	73.0
TP02	% satisfied with the overall repairs service	70.0	72.8	72.3	73.6
TP03	% satisfied with time taken to complete most recent repair	68.3	70.5	67.4	69.8
TP04	% satisfied that home is well maintained	73.2	83.2	70.8	72.8

Strategic Report (continued)

Value for Money Report (continued)

Safety, Repairs, Complaints and Tenant Perception

The following table sets out the TSMs, comparison with the prior year, and peers.

TSM ref.	Tenant perception	31/3/25	31/3/24	2023/24 Sector results ¹	2024/25 Early Housemark report ¹
TP05	% agree that the homes is safe	83.7	86.7	76.7	79.0
TP06	% satisfied landlord listens to tenant views and acts on them	57.9	68.1	60.4	63.0
TP07	% satisfied that landlord keeps them informed	67.0	80.3	70.3	73.0
TP08	% Agree landlord treats them fairly and with respect	77.6	85.8	76.8	78.4
TP09	% satisfied with landlord's approach to complaints handling	31.6	36.6	34.5	35.4
TP10	% satisfied landlord keeps communal areas clean and well maintained	73.4	72.1	65.1	68.0
TP11	% satisfied that landlord makes a positive contribution to neighbourhood	70.9	74.4	63.1	66.0
TP12	% satisfied with landlord's approach to handling anti-social behaviour	58.0	76.3	57.8	60.4

¹ median

When considering early Housemark data for 2024/25, there has been an improvement in satisfaction in most areas across the sector, which reverses the downwards trajectory we have seen since the pandemic. Our own figures have seen a downward trend from the high we experienced last year. This was identified in our TSM outturn report to Board in June, along with our correlation analysis and our causation assessment. This closely follows the general pattern seen by Housemark; repairs and listening to tenants are the key areas driving the satisfaction results that we have seen.

We have put in place several measures in the past six months to positively address this, including a comprehensive repairs improvement plan, a review of our repairs service, an increase in resource to add capacity to learning from feedback, updated feedback and compensation policies and a revised adjudication process for appeals. In addition, we are working on our new initiative to deliver a customer focused approach to our services, and we have also started our Tenant Experience project which aims to see the world through our tenants' eyes and understand how they experience living in our homes and using our services.

Strategic Report (continued)

Risk Management

The Board has approved a robust strategic approach to risk management and a comprehensive risk matrix. The changing nature of risks is monitored regularly throughout the year by the Audit & Risk Committee, a sub-committee of the Board. This is underpinned by the annual review of the Three-Year Internal Audit Strategy to ensure that it remains aligned to the changing external environment and Group structure. This will ensure that it can provide the appropriate assurance to the Board.

Key risks facing the Group include:

- The Group does not operate in isolation of the economic and political environments. The general election in July 2024 resulted in the first Labour Government since 2010. This has resulted in a change of philosophy in the approach and how policies are implemented to achieve the set objectives. Which ever political party is elected they need to grow the economy to reduce the level of national debt. The recent local elections resulted in Reform increasing its national and local presence. This will have an impact in Buckinghamshire, and wide national political environment. The influences of the national economy are global as recently demonstrated by the announcement and the implementation of trade tariffs on imports to America as President Trump implements his election commitments. There are a range of risks associated with the economy and if they materialise the negative impacts could lead to an extended period of higher cost & salary inflation. and other implications that includes the cost of debt. These will impact the lives of our tenants, the wider community, and the Group.
- The regulatory environment is influenced by the Government, and in April 2024 the new Consumer Standards took effect. Whilst this will give the Group the opportunity to demonstrate positively how it compares to its peers, in the short term there will be political pressure to demonstrate how the Consumer Standards have improved the lives and living standards of all tenants. Twenty11 has adopted the Consumer Standards despite it not being a regulated entity.
- The cost of debt has a material impact on the ability of the Group to invest in new homes, and compliance with its loan covenants. The Treasury Policy requires at least 60% of debt to be fixed for a period of at least five years. In March 2025 Savills presented a funding approach that will enable the Board to reduce its exposure to variable debt. In the first half of the 2025/26 financial year it is expected the Board would have completed its planned refinancing of its current debt facility with an existing Funder. The cost of this debt is dependent on a range of economic and political factor between now and then.
- The Renters Rights Bill is progressing through the parliamentary stages of being legislation, and the impact on Red Kite Community and Twenty11 will vary.
- The increased focus on damp, mould, and condensation since late 2022 has resulted in a significant additional resource requirement to manage and resolve these historical issues. The impact has been compounded by an increase in disrepair claims that are being supported by solicitors. This has also led to an increase in referrals by tenants to the Housing Ombudsmen.
- Differential inflation (where the real inflation of the expenditure of the Group increases at a higher level than of its rental income from its homes) reduces the financial capacity of the Group unless mitigation actions are undertaken. Reduced financial capacity could have an impact on the number of new homes that could be delivered.

Strategic Report (continued)

Risk Management (continued)

- Local Housing Allowance (LHA) increased from April 2024, the first increase in four years. The LHA has a significant impact to a large number of our tenants, and this recent increase enhanced the affordability of our rents. But it was frozen again in April 2025. If this current freeze becomes a multi year one it will result in more of our weekly rent and service charges exceeding the LHA and limiting the rent increases for some Twenty11 tenants. In addition, it will reduce the forecast income for our potential new homes as these are capped at the lower of LHA and 80% market rent;
- The investment in new homes remains a core aim of the Board, and there are a range of challenges in this area that include:
 - Achieving timely and appropriate planning application determinations for development;
 - Cost of development on our land is prohibitive without grant from Homes England. The June 2025 Spending Review included £39 billion of grant for the Affordable Homes Programme over a ten year period. However, there is the risk of a change in Government within that period.
- The uncertainty relating to the required investment in our existing homes and how the proposed enhanced Decent Homes Standard will increase the energy efficiency requirements of out tenant's homes, and potentially seek to eliminate damp and mould;
- The previous Government's agenda on sustainability was always uncertain, and the initial actions taken to maintain energy supplies in both the short and longer term have increased the level of uncertainty. This has hindered the ability of the Group to set a clear and defined road map. The revised Asset Management Strategy that will being presented to the Board in the 2025-26 financial year will seek to confirm the approach for achieving EPC C rating as a minimum by the required dates.
- In addition to above external risks the Board has identified the following significant internal ones; culture, IT systems (data quality), IT systems (Digitalisation Strategy, stock condition, development, tenant services & engagement, cyber & data security, landlord compliance, and governance & regulations.

Capital structure and Treasury Policy

During the last financial year the Board has increased its total debt facilities from £120 million to £200 million as it sought to position the Group's treasury capacity to support the continued investment in additional homes. This new revolving credit facility of £80 million will assist in strengthening the Group's treasury position. During the coming financial year the work to align the existing Bank funding to similar covenants will be completed.

The revised Business Plan that was approved by the Group Board in June 2025 is underpinned by a continued investment in both existing and new homes. In addition, it demonstrates our resilience to the risks that are associated with our planned investment in new homes and the environment that we operate in. This risk management is underpinned by our annual review of our Treasury Strategy and Treasury Policy, with the latter embedding the concept of Golden Rules.

Strategic Report (continued)

Capital structure and Treasury Policy (continued)

The total drawn debt at March 2025 was £97.5 million.

	Fixed Debt Facility £'m	Fixed Debt Drawn £'m	Revolving Credit Facility £'m	Revolving Credit Drawn £'m
Pension Insurance Corporation	60	60	-	
NatWest	20	20	40	17.5
Barclays	-	-	80	-
Total	80	80	120	17.5

The fixed £60 million debt funding with The Pension Insurance Corporation has repayment dates ranging from 2030 to 2040.

The level of fixed bank debt remains at £20 million, and this facility expires in July 2027. The Group only enters into interest rate swaps that are embedded within the existing funding agreement. The Group Policy states that at least 60% of drawn debt must be fixed, it is currently 88%, but this will reduce as we start to utilise our revolving credit facility.

During the year, the Group increased its utilisation of the existing revolving credit facility with NatWest from £11 million to £17.5 million. The existing facilities expire in March 2028.

The £80 million revolving credit facility with Barclays has term dates of three and five years.

As 31 March 2025, there are undrawn revolving credit facilities of £102.5 million, and as such, the Group has sufficient agreed facilities in place to enable its committed investments, legal, and regulatory obligations to be met.

The interest rate strategy will continue to balance interest risk exposure and interest costs. The borrowings have incurred interest rates, including margins, of a weighted average cost of 4.11%

The Group's funding agreements require compliance with a number of financial and non-financial covenants. Compliance is monitored on an on-going basis and reported to the Audit and Risk Committee and Board each quarter. The Group has been in compliance with its loan covenants at the Statement of Financial Position date and throughout the year and the Board expects to remain compliant in the foreseeable future.

The Board

During the year, our Board continued to focus on providing effective leadership and oversight of our strategic objectives.

Following its adoption of the Code, Red Kite has amended its Rules and Governance Regulations to adopt the principle of limiting terms of office for Board members to six years, except in exceptional circumstances.

Strategic Report (continued)

The Board (continued)

In September 2023 the Vice Chair reached the sixth anniversary of their appointment, however the Board opted to extend the term by one year until September 2024 at which time they retired. It was felt that this approach would best support the new Chair in their first year on the Board, and the other three new members.

In September 2024 Steven Broadbent replaced Paul Turner as one of the two Local Authority nominees.

There are two Board members retiring at the September 2025 Annual General Meeting, and the recruitment process is currently underway.

The Board has reviewed its Committee membership to ensure that its members continue to be placed in Committees that best suit their skills and experience. In addition to an annual Board skills analysis, every Board member undergoes an annual appraisal which supports their personal development.

During the forthcoming financial year (2025-26) a new Board's collective effectiveness review will be undertaken.

Diversity and Inclusion

Board members are appointed according to their skills and attributes and to ensure that it is able to collectively understand and clearly consider the impact of its strategic decisions on its communities. This is also achieved through the appointment of two tenants on the Board.

Board member biographies detailing skills and experience are available on the Red Kite website.

Attendance at Board and Strategy meetings

During the year, the Board held thirteen formal meetings, and two Away Days. Board member attendance is shown below.

	Attendance	%
Lucy Weston -Chair	15 out of 15	100
Paul Turner- Vice Chairman (stood down 2024)	3 out of 5	60
Anita Khan -Senior Independent Director	10 out of 15	67
Simon Archer	13 out of 15	87
Steven Broadbent (appointed Sept 2024)	9 out of 9	100
David Carroll	12 out of 15	80
Derek Cash	11 out of 15	73
Tracey Faraday-Drake	10 out of 15	67
Diana Green	14 out of 15	93
Bobby Koshy	15 out of 15	100
Alistair Newman	14 out 15	93

Strategic Report (continued)

Board Remuneration

Following a consultation process with Red Kite members and with Buckinghamshire Council the Group commenced remunerating its Board members from 1 April 2024.

		£
Lucy Weston	Chair	14,000
Paul Turner	Vice Chair (Retired September 2024)	4,214
Anita Khan	Senior Independent Director	7,301
Simon Archer	Board Member	6,000
Simon Broadbent	Board Member (Appointed September 2024)	3,346
David Carroll	Board Member	6,000
Derek Cash	Board Member	6,000
Tracey Faraday-Drake	Committee Chair	9,500
Diana Green	Committee Chair	9,500
Bobby Koshy	Committee Chair	9,500
Tim Mulvenna	Committee Chair	9,500
Alistair Newman	Board Member	6,000

The total board member expenses for the year were £85 (2024: £501)

Board Committees

We have four Board Committees which oversee our Group operations as delegated to them by the Board in their specific Terms of Reference. The performance of our Group operations is further delegated to the Executive Leadership Team and Senior Managers, as necessary.

The Committees also oversee some of the activities of our Group subsidiaries as delegated to them by the Board. Minutes of the meeting of the Committees are made available to all the members of the Board for their information.

There were five formal Board Committees during the year:

- Audit and Risk Committee
- Development Committee
- People, Remuneration, and Nominations Committee
- Operational Performance and Tenant Services Committee

The Group's governance structures comply with best standards and practices in corporate governance and this year are predicated on compliance with the Code, the Group's Rules, and Corporate Governance best practices.

Future Developments

The world that our tenants live in, and the Group operates continues to evolve, and this introduces opportunities as well as challenges. The new Corporate Strategy tells the story on how the Red Kite Group will seek to maximise those opportunities and where possible turn challenges into positive ones.

Strategic Report (continued)

Future Developments (continued)

The Board's aspiration to invest in new homes for its local community continues with forty new homes delivered during the year with a number of development schemes on site. The Corporate Strategy contains an aspiration to deliver 500 new homes over the following five years, and efforts will continue to enable more homes to start on site. Development on our own land is dependant on grant from Homes England and applications from the top up funding announced by the Government are being progressed. The June 2025 Spending Review included £39 billion of grant for the Affordable Homes Programme over a ten year period.

The Board considered an opportunity to provide a quality and safe home underpinned by quality services to a new cohort of tenants by expanding its operational area into the Maidenhead and Windsor area of Berkshire. Following due diligence by the Board it approved the purchase of 319 existing social homes from the Riverside Group as Riverside undertook a nationwide stock rationalisation programme. The purchase completed on 7 April 2025, and the coming months and years will enable the Group to deliver on our commitments to these tenants.

To support this future investment and to replace the existing loan facilities that are to expire in the coming years a second refinancing exercise will be concluded in the coming months. This will build on the financing exercise with Barclays in the last financial year. These refinancing exercises will be concluded with an additional loan facility and enhanced loan covenants.

The Board has agreed significant investment in digital transformation to enable the Group to deliver the services to tenants and leaseholders in a manner that supports good data governance and improved customer service. A significant element of this investment is to replace the existing housing management system. This will be underpinned with solid data following the sizeable financial investment in data governance.

In the last financial year the Board agreed to purchase an office on the business park of the existing one that we leased. This has allowed the Group to have a permanent home at the heart of its local community. The work to turn this into our new home will be completed within the first half of the financial year.

The regulatory environment has continued to evolve and the coming year will be the second one where the new Consumer Standards are applicable and compliance being monitored by the Regulator of Social Housing (Regulator). We are preparing for a future inspection by the Regulator.

To enable the Board to make informed investment decisions on its tenant's homes it built on the stock condition survey that surveyed 82% of tenant's homes by surveying another 430 homes. The information will be used to deliver an investment programme that will enable the Board to continue to provide quality homes whilst forming and delivering an approach that will improve energy efficiency, reduce damp, and mould cases.

This information will also support the decisions in relation to our current Sheltered Housing Review and the new Sustainability Strategy.

Strategic Report (continued)

Future Developments (continued)

The Group is in a strong financial position to continue to provide quality homes to its tenants that are safe that will enable its tenants to be proud of them and of the community that they live in.

Statement of compliance

In preparing this Strategic Report and Report of the Board, the Board has followed the principles set out in the Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers 2018, and the Accounting Direction 2022.

The Board confirmed that it has complied with the Regulator of Social Housing's Governance and Financial Viability Standard throughout the year.

The basis of this statement is the annual self-assessment against the regulatory standards, and this is underpinned by independent reviews conducted by the internal auditors during the year. This review also included assurance that we complied with all relevant laws.

The Regulator of Social Housing following its annual stability check confirmed on 18 December 2024 that its regulatory rating of Red Kite remains at G1 & V1. The G1 rating indicates that the Red Kite meets the Regulator's governance requirements. The V1 rating is a compliant rating and indicates that the Regulator considers that the Group meets their viability requirements and has the financial capacity to deal with a wide range of adverse scenarios.

The Board recognises the impact that any legislative or regulatory breaches can have on Red Kite and its tenants, and so we monitor and co-ordinate compliance activities through our risk and assurance activities and each year assess ourselves against the Regulator of Social Housing's Regulatory Standards.

The Regulatory Standards comprise the Economic Standards (namely the Governance and Financial Viability, Value for Money, and Rent Standards) and the Consumer Standards (namely the Tenant Involvement and Empowerment, Home, Tenancy and Neighbourhood and Community Standards). We have undertaken an annual review of compliance.

The Board is assured that Red Kite is compliant with the regulatory framework (including the governance and financial viability standard and its accompanying code of practice).

Report of the Board

The Board of Red Kite Community Housing Limited is pleased to present its report together with the audited financial statements of the Group for the year ended 31 March 2025.

Principal activities, business review and future developments

Details of the Group's principal activities, its performance during the year and factors likely to affect its future development are contained within the Strategic Report, which precedes this report.

Board members and executive directors

The Board members and executive directors of the Group in the year are set out on pages 2 & 3.

The executive directors are the Chief Executive and other members of the Group's Executive Leadership Team. They act as executives within the authority delegated by the Board. The executive directors are employed on the same terms as other staff, and to protect the Group the permanent appointments have notice periods of six months. Depending when they joined Red Kite, the executive directors are eligible for membership of either the Buckinghamshire Pension Fund, which is the local Government defined benefit (career salary average) pension scheme, or the Red Kite defined contribution scheme. They participate in the schemes on the same terms as all other eligible staff. The executive directors are entitled to other benefits including health care insurance. Full details of their individual remuneration packages are included in note 11 to the audited financial statements.

Employees and involved tenants and leaseholders

Red Kite is a successful tenant-led business and is committed to remaining true to these values. Its aspirations are underpinned by it being a community focused housing provider dependent upon the effective partnership working between employees and the large number of involved tenants and leaseholders who volunteer their time to the business. During the year we have worked closely with our involved tenants and wider membership to shape the future direction of the business.

We are committed to providing effective training and development to all its employees and to its involved customers. The Board is aware of its responsibilities on all matters relating to health and safety and has adequate health and safety policies and procedures in place.

Donations

The Group made no charitable or political donations during the year.

Financial risk management objectives and policies

The Group relies upon the availability of affordable funding facilities and strong rental income streams to fund the delivery of its Business Plan.

The Group manages exposure to interest rate fluctuations on its borrowings through the use of fixed and variable rate facilities, including interest rate swaps embedded within

Report of the Board (continued)

Financial risk management objectives and policies (continued)

the loan facility agreement (details in note 23). The Group sourced additional new facilities during the year to provide sufficient liquidity flexibility to deliver the Business Plan. Additional short-term liquidity is provided by an overdraft facility of £500,000 with NatWest. During the year the Group secured its first loan facilities on a MVT valuation rather than an EUV SH one, and as a result fewer homes were required to secure the new Barclays facility. We have more than adequate security to cover our current funding and also future additional facilities required to deliver the Business Plan.

The principal long-term income risks relate to changes in the rent formula stipulated by Government to set rents, increases in arrears, differential between income and expenditure inflation. The June 2025 Spending Review confirmed that rent settlement of CPI +1% will be for a ten year period from April 2026. However, previous commitments have been made by previous Governments and not honoured. One area of cost inflation is associated with the required investment works in our existing tenant's homes with the June 2025 Business Plan incorporating an above inflation adjustment to reflect the current marketplace for such works.

Our Treasury Policy seeks to manage the impact of the risk of any Government action that could potentially decrease the security value of our homes as the result of either reduced income or additional investment, or both.

As the Group commences the provision of new homes to its local communities, some will be for home ownership (shared ownership), and a reduction or delay in receiving such income will have an adverse impact on the cash flows of the Group. There are a number of drivers that create this risk and each one has varying time lags before they impact the Group's cashflows. To mitigate the impact of these risks the Treasury Policy limits our exposure to the value of the homes that are in development or are awaiting sale at any one time. In addition to this the Treasury Policy requires us to maintain our long-term liquidity (24 months) without the sales receipts generated from property sales. Our cash flow loan covenants are not exposed to any sales receipts risk; as such income is excluded from them.

Going concern

The Group's business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term funding facilities (including £102.5 million of undrawn facilities at 31 March 2025) and cash balances of £6.9 million, which provide adequate resources to finance committed major improvement programmes, and the proposed development of new homes, along with the Group's day to day operations. The Group also has a 30-year Business Plan which shows that it is able to service these debt facilities whilst continuing to comply with Funder covenants. In reaching this conclusion the Board appraised its risks and undertook both single and multi-variant scenario stress testing to assess the financial impact if these were to materialise. This includes the potential mitigation actions available to the Board.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least a period of twelve months after the date on which the report and financial statements are signed.

Report of the Board (continued)

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating, and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2024 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- Governance Regulations were revised by the Board during the year to reflect the operational changes of the Group, and the Code;
- Board approved terms of reference and delegated authorities for Audit & Risk, Development, Remuneration and Nomination, and Operational Performance and Tenant Services Committees;
- A coterminous Board Policy to cover potential conflicts of interests arising from Board members sitting on different Group company Boards;
- Clearly defined management responsibilities for the identification, evaluation, and control of significant risks;
- Robust strategic and business planning processes, with detailed financial budgets and forecasts;
- Clear delegated authority limits for the executive team, employees and involved tenants and leaseholders;
- A sophisticated approach to treasury management which is subject to external review each year;
- Regular reporting to the Board and / or appropriate Committee on key business objectives, targets, and outcomes;
- Regular reporting of loan covenants and loan facilities;
- Group Board approval of an Anti-Fraud Policy and Committee approval of a Whistle-Blowing Policy. A fraud register is maintained and is reviewed by the Audit & Risk Committee at each of its meetings.; and
- A comprehensive programme of internal audit reviews, conducted by an independent audit firm, with all review findings reported to the Audit & Risk Committee and implementation of recommendations monitored. No major weaknesses were reported during the year.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Audit & Risk Committee to review the effectiveness of the system of internal control.

The Board receives Audit & Risk Committee reports and meeting minutes. The Audit & Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group and the annual report of the internal auditor and has reported its findings to the Board.

Report of the Board (continued)

Code of Governance

The Group adopted the revised Code of Governance 2020 from April 2022. The Code states (paragraph 3.11) that the Rules of the Group take precedent over the Code where there is a conflict between the two. There were no areas where the Rules took precedence over the Code at 31 March 2025.

The Board has prepared a comprehensive skills matrix for Board Members and monitors this to ensure that the Board collectively has the skills needed for effective governance of the business.

The Board has adopted a clear Code of Conduct that governs its behaviour and probity.

Compliance with the governance and financial viability standard

We have complied fully with requirements of the regulatory standards for the full reporting period and to the date of signing these financial statements.

Statement of the responsibilities of the Board for the report and financial statements

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with Financial Reporting Standard 102.

Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Group for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then 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 (SORP) Accounting by Registered Housing Providers Update 2018, 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 will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it 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 also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Board (continued)

Statement of the responsibilities of the Board for the report and financial statements (continued)

Insofar as each of the Board members is aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Board are responsible for the maintenance and integrity of the corporate and financial information included on the websites of the Group.

Annual general meeting

The annual general meeting will be held on 10 September 2025 at Hampden Court, Frederick Place, High Wycombe, HP11 1JU.

External auditor

A resolution to appoint Buzzacott Audit LLP will be proposed at the forthcoming annual general meeting.

The report of the Board was approved by the Board on 24 July 2025 and signed on its behalf by:



Lucy Weston
Chair

Independent Auditor's Report to the Members of Red Kite Community Housing Limited

We have audited the financial statements of Red Kite Community Housing Limited (the 'Association') and its subsidiaries (together the 'Group') for the year ended 31 March 2025 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the 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).

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 2025, and of the income and expenditure of the Group and Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2022.

Basis for Opinion

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

Conclusions Relating to Going Concern

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

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

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

Independent Auditor's Report to the Members of Red Kite Community Housing Limited (continued)

Other Information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board members are responsible for the other information contained within the annual report. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or 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 Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association's 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.

Responsibilities of the Board

As explained more fully in the statement of Board's responsibilities set out on pages 34 & 35, 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 is responsible for assessing the Group's 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.

Independent Auditor's Report to the Members of Red Kite Community Housing Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the association and its industry and in identifying and addressing the risks of material misstatements in respect of irregularities, including fraud, our procedures included the following:

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations applicable to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions made by management in their significant accounting estimates;
- Identifying and testing journal entries,
- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.

Independent Auditor's Report to the Members of Red Kite Community Housing Limited (continued)

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our Report

This report is made solely to the Association's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Trust'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 Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed

Buzzacott Audit LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Consolidated Statement of Comprehensive Income

	Note	2025 £'000	2024 £'000
Turnover	3	47,276	45,514
Cost of sales	3	(414)	(2,421)
Operating costs	3	(35,945)	(33,523)
Gain on disposal of property	4	1,210	2,235
Operating surplus	3	12,127	11,805
Interest receivable and other income	7	149	103
Interest payable and similar charges	8	(3,887)	(3,154)
Movement in fair value of investment properties	13	3,230	251
Surplus on ordinary activities before taxation		11,619	9,005
Tax on surplus on ordinary activities	28	(4)	(2)
Surplus for the financial year		11,615	9,003
Actuarial gain on defined benefit pension scheme	10	-	-
Total comprehensive income for the year		11,615	9,003

The consolidated results relate wholly to continuing activities. The notes on pages 46 to 78 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 24 July 2025.

Lucy Weston
Chair

Anita Khan
Senior Independent
Director

Sue Fryer
Company Secretary

Association Statement of Comprehensive Income

	Note	2025 £'000	2024 £'000
Turnover	3	43,542	42,529
Cost of sales	3	(414)	(2,421)
Operating costs	3	(33,248)	(31,151)
Gain on disposal of property	4	1,210	668
Other Income	33	245	1,718
Operating surplus	3	11,335	11,343
Interest receivable and other income	7	119	149
Interest payable and similar charges	8	(3,887)	(3,154)
Other finance costs		-	-
Movement in fair value of investment properties	13	3,178	246
Surplus on ordinary activities before taxation		10,745	8,584
Tax on surplus on ordinary activities	28	-	-
Surplus for the financial year		10,745	8,584
Actuarial gain on defined benefit pension scheme	10	-	-
Total comprehensive income for the year		10,745	8,584

The association's results relate wholly to continuing activities. The notes on pages 46 to 78 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 24 July 2025.

Lucy Weston
Chair

Anita Khan
Senior Independent
Director

Sue Fryer
Company Secretary

Consolidated Statement of Changes in Reserves

	Income & expenditure reserve £'000	Restricted reserve £'000	Total £'000
Balance at 31 March 2023	101,713	278	101,991
Financial surplus for the year	9,003	-	9,003
Transfer to restricted reserve	(38)	38	-
Total comprehensive income for the year	8,965	38	9,003
Balance at 31 March 2024	110,678	316	110,994

	Income & expenditure reserve £'000	Restricted reserve £'000	Total £'000
Balance at 31 March 2024	110,678	316	110,994
Financial surplus for the year	11,615	-	11,615
Transfer from restricted reserve	56	(56)	-
Total comprehensive income for the year	11,671	(56)	11,615
Balance at 31 March 2025	122,349	260	122,609

The accompanying notes on pages 46 to 78 form part of these financial statements.

Association Statement of Changes in Reserves

	Income & expenditure reserve £'000	Restricted reserve £'000	Total £'000
Balance at 31 March 2023	100,953	278	101,231
Financial surplus for the year	8,584	-	8,584
Transfer to restricted reserve	(38)	38	-
Total comprehensive income for the year	8,546	38	8,584
Balance at 31 March 2024	109,499	316	109,815

	Income & expenditure reserve £'000	Restricted reserve £'000	Total £'000
Balance at 31 March 2024	109,499	316	109,815
Financial surplus for the year	10,745	-	10,745
Transfer from restricted reserve	56	(56)	-
Total comprehensive income for the year	10,801	(56)	10,745
Balance at 31 March 2025	120,300	260	120,560

The accompanying notes on pages 46 to 48 form part of these financial statements.

Group and Association Statement of Financial Position

		Group		Association	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible assets					
Negative Goodwill	9	(36,398)	(38,681)	(34,006)	(36,475)
Tangible assets					
Housing properties	12	246,235	234,597	233,517	222,686
Investment properties	13	10,097	7,320	7,602	4,877
Investment in subsidiaries	14	-	-	12,854	11,604
Other tangible fixed assets	15	4,536	619	4,492	590
		260,868	242,536	258,465	239,757
Current assets					
Debtors due after one year	16	120,958	122,715	120,958	122,715
Debtors due within one year	16	10,412	9,543	11,035	11,333
Properties held for sale	17	832	730	832	757
Investments - shares	18	30	30	30	30
Cash and cash equivalents	22	6,884	11,035	4,230	8,035
		18,158	21,338	16,127	20,155
Creditors: amounts falling due within one year	19	(14,847)	(16,672)	(14,854)	(16,095)
Net current assets		3,311	4,666	1,273	4,060
Total assets less current liabilities		348,739	331,236	346,690	330,057
Creditors: amounts falling due after more than one year	20	(105,105)	(97,454)	(105,105)	(97,454)
Net pension asset / (liability)	10	-	-	-	-
Provisions for liabilities	21	(121,025)	(122,788)	(121,025)	(122,788)
Total net assets		122,609	110,994	120,560	109,815
Reserves					
Restricted reserves		260	316	260	316
Income & expenditure reserve		122,349	110,678	120,300	109,499
Total reserves		122,609	110,994	120,560	109,815

The accompanying notes on pages 46 to 78 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 24 July 2025.

Lucy Weston
Chair

Anita Khan
Senior Independent
Director

Sue Fryer
Company Secretary

Consolidated Statement of Cash flows

	Note	2025 £'000	2024 £'000
Net cash generated from operating activities	26	11,433	18,687
Cash flow from investing activities			
Purchase of and improvements to housing properties	12	(6,821)	(4,397)
Development of new homes for management		(8,859)	(21,172)
Purchase of other fixed assets	15	(4,179)	(291)
Receipt of Grant	24	1,446	4,802
Interest received		149	103
		<u>(18,264)</u>	<u>(20,955)</u>
Cash flow from financing activities			
Interest paid		(3,820)	(3,158)
Loan draw down (Revolving Credit Facility)		6,500	11,000
		<u>2,680</u>	<u>7,736</u>
Net change in cash and cash equivalents		(4,151)	5,468
Cash and cash equivalents at beginning of the year		11,035	5,567
Cash and cash equivalents at the end of the year		<u>6,884</u>	<u>11,035</u>

The accompanying notes on pages 46 to 78 form part of these financial statements.

Notes to the financial statements

The accompanying notes form part of these financial statements.

1. Legal status

Red Kite Community Housing Ltd is registered in England and Wales under the Co-operative and Community Benefit Societies Act 2014 as a public benefit entity and is a registered housing provider.

Red Kite Community Housing Ltd has four subsidiaries. Twenty11 (Homes) Ltd, is registered under the Co-operative and Community Benefit Societies Act 2014. Edenmead Ltd is registered under the Companies Act and develops new housing for sale to the Group. Pennvale (Holdings) Ltd (currently dormant), is registered under the Companies Act to provide commercial activities to the Group and the external market. Red Kite Devco is registered under the Companies Act to provide design and build services to the Group.

2. Accounting policies

Basis of Accounting

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), and Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for Registered Housing Providers (Housing SORP 2018). The financial statements also comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The financial statements are presented in Sterling (£), and for presentation in £'000.

The financial statements are prepared on the historical cost accounting basis except for the modification to a fair value basis for investment properties as specified in the accounting policies below.

Basis of Consolidation

The Group financial statements consolidate those of Red Kite Community Housing and its subsidiary undertakings drawn up to 31 March 2025.

In preparing the financial statements, the Association has taken advantage of the following disclosure exemptions available in FRS102:

- Exemption from making disclosures in relation to financial instruments in accordance with FRS102.1.12 (C) as the Association is a qualifying entity and the Parent Red Kite Community Housing Limited produces a consolidated statement.
- The Group discloses transactions with related parties which are not wholly owned within the same Group. The Group does not disclose transactions with members of the same Group that are wholly owned as allowed by FRS102 paragraph 33.1A. Intra Group transactions required to be disclosed by The Accounting Direction 2022 are provided for in note 31.

Subsidiaries are fully consolidated from the date on which control was transferred to the Group.

Investment in Subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Accounting policies (continued)

Going Concern

The Group's business activities, its current financial position, and factors likely to affect its future development are set out within the Report to the Board. The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lender's covenants.

Given the strength of the Statement of Financial Position and the availability of liquidity of undrawn loan facilities, totalling £102.5 million the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Groups ability to continue as a going concern. This assessment is underpinned by a range of financial modelling that has been presented to the Board. These include both single and multi-variant scenario stress testing, and the outcome confirmed that the greatest risks were linked to an environment where income growth was not aligned to cost inflation. The Board also approved a revised Mitigation Strategy that identified a range of potential actions to comply with the Treasury Golden Rules whilst identifying the impact to various stakeholders.

The Groups treasury framework will ensure a strong cash position is maintained, and effective financial management enabling ongoing compliance with the loan covenants. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Turnover

Turnover comprises rental income and service charges receivable in the year, other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Rent and service charges (if appropriate) on new homes is recognised from when they are ready to be let, and those transferred from the Parent to Twenty11 when the legal transfer is completed.

First tranche sale receipts relates to the initial equity stake purchased by a Shared Owner Leaseholder and is recognised at the date of legal completion.

Turnover from the shops and from leaseholders is recognised in line with the terms of the individual agreements with each one.

Restricted Reserves

The Group manages leasehold schemes where, under the terms of the lease, a proportion of proceeds from any sales of the properties must be retained and used to fund future major repair costs that may arise. These contributions are allocated directly to the restricted reserves; their use being limited to expenditure set out in the relevant lease contracts. Relevant expenditure is accounted for in accordance with the accounting policy for expenditure incurred on housing properties and an equivalent sum released from restricted reserves.

Fixed Assets and Depreciation

Fixed assets, excluding housing properties, are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected remaining economic useful lives of the assets as follows:

Accounting policies (continued)

Fixed Assets and Depreciation (continued)

Category	Years
Office Structure	50
Office Fit out	25
Motor Vehicles	5
Office and estate equipment and furniture	5
Leaseholder office improvements (Windsor Court)	5
ICT infrastructure, hardware, and software	5-7
Mobile ICT	3

Other than Mobile ICT costing more than £500 only items with a cost in excess of £5,000 are capitalised. The useful economic lives of all tangible fixed assets are reviewed annually. A full year depreciation is charged in the year of acquisition and none in the year of disposal.

Housing Properties

Housing properties are homes held for the provision of social housing or otherwise provide social benefit.

The properties classified as general needs housing have a historical cost equal to their fair value at transfer and are stated at cost less accumulated depreciation. The properties classified as sheltered and housing for older people have a deemed cost based on a valuation as at 1 April 2014 less accumulated depreciation.

The properties that are owned by Twenty11 (Homes) have been transferred from its parent to provide social benefit and have a historical cost equal to their value at transfer and are stated at that value less accumulated depreciation.

Additions to the housing properties are stated at cost. This includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements. The Group has adopted component accounting.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Other expenditure incurred on major repairs, cyclical, or void day to day repairs to housing properties is charged to the Statement of Comprehensive Income in the period in which it is incurred.

The Group depreciates the major components of its housing properties at the following annual rates on a straight-line basis:

<u>Category</u>	<u>Years</u>
Structure of Building- news homes acquired / developed	100
Structure of Building - housing transferred in December 2011	50
Roofs	50
Bathrooms	30
Lifts	30
Windows	30
Kitchens	25
Fire Doors	20
Solar Panels	25

Accounting policies (continued)

Housing Properties (continued)

<u>Category</u>	<u>Years</u>
Damp & Mould Monitors	10
Guttering & Fascia	20
Heating Systems	12-15

Property depreciation for social housing and for homes providing social benefit is charged on the cost, including the cost of components, excluding freehold land, which is not depreciated.

Housing properties, including those with individual components, are subject to impairment reviews annually. Where there is evidence of impairment, housing properties are written down to their recoverable amount, being the higher of the net realisable value or the value in use.

Donated land is included in cost at its valuation on donation, with the donation treated as a capital grant. Land that has a change of use will be revalued and recognised as a fixed asset for homes being retained for management, or as a current asset if it is related to outright sale.

Housing properties in the course of construction are stated at cost and are not depreciated. Housing properties are transferred to completed properties on practical completion. The cost of replacing properties which have been demolished is capitalised in full where there is no indication of impairment.

Investment properties

The Group's investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business.

For commercial properties, due to the relatively small value of these properties within the statement of financial position and due to the stability of the rents charged for these properties, a review of the existing valuation will be made annually by a member of the Executive Management Team. Only if there is a material change of circumstance will a separate independent valuation be sought.

For properties not held for the social benefit (homes for market rent) or for use in the business (garages), these are reviewed annually with any changes in fair value recognised in the statement of comprehensive income.

Shared ownership properties and staircasing

Under low cost home ownership arrangements, the Group disposes of a long lease on a low-cost home ownership home for a share ranging between 25% and 75% value. The Buyer has the right to purchase further equity up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and the related sales proceeds included in turnover. The remaining equity available for future sale "staircasing" is classed as a property and is recognised at cost less any provision for impairment. Sales of subsequent tranches are treated as a part disposal of a property. Such staircasing may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Accounting policies (continued)

Shared ownership properties and staircasing (continued)

For shared ownership accommodation that the Group has maintenance responsibilities for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the Statement of Comprehensive Income.

Allocation of costs for mixed tenure and shared ownership developments

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

Social Housing Grant (SHG)

Social Housing Grant (SHG) is receivable from Homes England (HE) and is used to reduce the capital costs of housing properties, including land costs.

SHG received for the Group's homes is recognised in income over the useful life of the structure of the property that it relates to and, where applicable, its individual components (excluding land) under the accruals model. SHG due from HE or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates once reasonable assurance has been gained the entity will comply with the conditions.

SHG is subordinated to the repayment of loans by the agreement with HE. SHG released by the sale of property may be repayable but is normally available to be recycled and is credited to the recycled capital grant fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income in the year of disposal.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the Statement of Comprehensive Income. Where components are disposed of as part of the Group home the grant is recycled.

Other Grants

Other grants are receivable from local authorities and other organisations. Capital grants are used to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Operating leases

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

Accounting policies (continued)

Housing Properties Held for Resale

Where a decision has been taken to dispose of housing properties, these are held on the statement of financial position under fixed assets. These properties are held at the lower of historical cost less depreciation, or net realisable value after allowing for further costs of completion and disposal.

Stock

Stock represents works in progress and completed properties developed for outright sale or shared ownership. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour, professional fees, and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

An assessment of whether there is any impairment is made at each reporting date. Where an impairment loss is identified, it is immediately recognised in the statement of comprehensive income.

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

Financial Instruments and Loan Issue Costs

Issue costs are amortised over the length of the loan facility as this is materially the same as amortising the net proceeds.

The Group's loans are all classified as basic financial instruments.

Right to Buy

Proceeds from the sale of dwellings under Right to Buy are received by the Group in the first instance. For sales since December 2013 until December 2041, a sum that is equal to the net present value of income foregone is retained by the Group with the balance payable to Buckinghamshire Council.

Bad and Doubtful Debts

Provision is made against rent arrears of current and former tenants and miscellaneous debtors. This is based on an estimate of the amount of the debt likely to be recovered.

Pension Costs

The Group participates in one defined benefit scheme and one defined contribution scheme. The cost of providing retirement pensions and related benefits is accounted for in accordance with FRS 102.

The Local Government Pension Scheme which is administered by Buckinghamshire Council is closed for new entrants and is independent of the Group's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the scheme to meet the benefits accruing in respect of current and future service. Pension scheme assets are measured using fair value.

Accounting policies (continued)

Pension Costs (continued)

Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method and discounted at the appropriate high-quality corporate bond rates of equivalent term and currency to the liability. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. A defined benefit pension charge is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

The employer contributions for both schemes are recognised in the accounting periods in which the benefits are earned.

There is no liability for the Group for the defined contributions scheme other than the employer contributions due.

Value Added Tax ('VAT')

The Group is registered for VAT but a large proportion of its income, including its rents, is exempt for VAT purposes.

The qualifying expenditure under the VAT Shelter is shown net of the recoverable VAT, whilst the majority of other expenditure is subject to VAT that cannot be reclaimed and is shown inclusive of the irrecoverable VAT.

Taxation

Red Kite Community Housing and Twenty11 are recognised by HM Revenue and Customs (HMRC) as charitable Registered Societies and consequently have no liability to Corporation Tax in the period.

HMRC has recognised the Intra Group Lending Agreement as an exempt activity and for Red Kite Community Housing there was no Corporation Tax liability in relation to any such lending. The other subsidiaries will be liable for Corporation Tax.

Every year before 31 March each subsidiary Board will make a decision on whether or not a gift aid donation will be made to the parent.

Development Agreement

The Group entered into a Development Agreement with Buckinghamshire Council to undertake a complete cycle of refurbishment works to the housing stock that was transferred.

Under FRS 102 the obligations of Buckinghamshire Council and the Group under the Development Agreement should be disclosed in the statement of financial position. The liability is extinguished as the repair costs are incurred.

With the approval of HM Revenue and Customs the VAT incurred on the qualifying expenditure can be recovered under a VAT Shelter agreement.

Under the Transfer Agreement the first tranche of VAT savings is retained by the Group. Savings in excess of this are shared equally between the Group and Buckinghamshire Council.

Accounting policies (continued)

Profits on the disposal of our homes and other assets

Under the transfer agreement the profits on disposals for development, as defined within the agreement, are to be shared with Buckinghamshire Council when the consideration received exceeds £3,000. This profit share is for the period of thirty years from the date of transfer until December 2041. The profit is shared 50:50 with the Buckinghamshire Council element being retained by the Group to invest in activities as defined in the agreement. Any balance of this retained profit not invested under the terms of the agreement by the tenth anniversary of the disposal will be paid to Buckinghamshire Council. The retained profit relating to Buckinghamshire Councils share is recognised as a creditor and the Group's element is released through the Statement of Comprehensive Income in the year of disposal.

This also relates to disposal of homes (that were included in the Transfer Agreement) in Twenty11 that been transferred from Red Kite.

Capitalisation of Administration Costs

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

Capitalisation of Interest Costs

Interest costs relating to the construction and acquisition of fixed assets are capitalised to the extent that they are incremental to the process and directly attributable to bringing the assets into their intended use. Other interest payable is charged to Statement of Comprehensive Income in the period in which the liability is incurred.

Negative Goodwill

Negative goodwill arises when the fair value of acquired assets exceeds the consideration given. Negative goodwill arising from the acquisition of land is released to the Statement of Comprehensive Income over the period of the business plan that is thirty years. Debtors acquired are included at an estimate of their provisional fair value.

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the Group, its recoverable amount is its fair value less costs to sell.

When considering the estimate of the recoverable amount of its homes the Group will:

- (a) Determine the level at which the recoverable amount will be assessed. This could be the asset level or cash generating unit level (CGU level). The CGU level was determined to be on an individual scheme basis;
- (b) Estimate the recoverable amount of each scheme;
- (c) Calculate the carrying amount of each scheme; and
- (d) Compare the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Accounting policies (continued)

Impairment (continued)

Based on this assessment, the Group calculates the Depreciated Replacement Cost of each home, using appropriate construction costs and land prices.

Investments

An investment in another entity's equity is measured at fair value, unless it is an unlisted investment whose fair value cannot be reliably measured, in which case it is measured at cost less impairment.

Judgements and Estimates

Preparation of financial statements requires management to make significant judgements and estimates. The items in the financial statements where there have been judgements and estimates made include determining the level of depreciation, housing properties valuation, pension liability, Development Agreement, and the bad debt provision.

For the pension liability and investment properties valuations relevant professional advisors have been engaged.

The sensitivity analysis in note 10 illustrates the change to the pension liability if the key assumptions were revised.

The valuation of the garages is underpinned by a discount factor and a:

- 1% increase in the assumed rate will result in a 9.% reduction in value of £360,000; and
- 1% decrease in the assumed rate will result in a 11% increase in value of £450,000.

Annually a management assessment is undertaken to review the values applied to the remaining commercial properties that include shops and market rented homes, and this considers if updated professional valuations are required. This also applies to the completed shared ownership homes that are in the progress of be sold.

The Development Agreement that relates to the homes transferred in December 2011 creates an asset and liability to the Group that nets off, but the amounts are individually disclosed. This underpins the HMRC approved VAT Shelter Agreement, and annually the Business Plan is updated to reflect the forecast investment works. The Development Agreement disclosures are updated annually to reflect the completed works in the last 12 months and the forecasted works in the next financial year.

The Group's core aims include providing quality homes to its current and future tenants, and this is achieved by continued investment in them. The disclosures that relate to the financial values of these homes are underpinned by the useful expected life of the components, and the ones applied are consistent with the Asset Management Strategy of the Group. Experience has proven that these are appropriate.

The carrying value of the homes in Twenty11 underpin the investment of its Parent, and as such the disclosed values of it in the financial statements of Red Kite Community Housing.

At 31 March 2025, the Group is amortising as disclosed in Note 9 a negative goodwill cost of £65.7m over a period of thirty years from December 2011. This sum and period are still deemed as appropriate. Any reduction in it would increase the annual charge, and any extension of the period decreasing it.

3. Analysis of income and expenditure

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

Group	2025		
	Turnover	Operating Costs	Operating Surplus / (Deficit)
	£'000	£'000	£'000
Social housing lettings	41,466	(30,796)	10,670
Other social housing activities			
First tranche shared ownership sales	571	(414)	157
Discounted rents (Twenty 11)	3,660	(2,592)	1,068
Leaseholder	419	(754)	(335)
	<u>46,116</u>	<u>(34,556)</u>	<u>11,560</u>
Non-social housing activities			
Lettings from investment properties	960	(512)	448
Non-capitalised development	-	(464)	(464)
Other	200	(759)	(559)
Other Group activity	-	(68)	(68)
	<u>1,160</u>	<u>(1,803)</u>	<u>(643)</u>
Gains on property sales	-	-	1,210
Total activities	<u>47,276</u>	<u>(36,359)</u>	<u>12,127</u>

	2024		
	Turnover	Operating Costs	Operating Surplus / (Deficit)
	£'000	£'000	£'000
Social housing lettings	38,212	(28,797)	9,415
Other social housing activities			
First tranche shared ownership sales	2,861	(2,421)	440
Discounted rents (Twenty 11)	2,906	(2,167)	739
Leaseholder	398	(596)	(198)
	<u>44,377</u>	<u>(33,981)</u>	<u>10,396</u>
Non-social housing activities			
Lettings from investment properties	923	(339)	584
Non-capitalised development	-	(897)	(897)
Other	214	(644)	(430)
Other Group activity	-	(83)	(83)
	<u>1,137</u>	<u>(1,963)</u>	<u>(826)</u>
Gains on property sales	-	-	2,235
Total activities	<u>45,514</u>	<u>(35,944)</u>	<u>11,805</u>

3 Analysis of income and expenditure (continued)

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

Association	Turnover	2025	Operating Surplus / (Deficit) £'000
		Operating Costs £'000	
Social housing lettings	41,466	(30,796)	10,670
Other social housing activities			
First tranche low cost home ownership sales	571	(414)	157
Leaseholder	419	(754)	(335)
	42,456	(31,964)	10,492
Non-social housing activities			
Lettings from garages and shops	857	(475)	382
Non-capitalised development	-	(464)	(464)
Other	229	(759)	(530)
	1,086	(1,698)	(612)
Gain on property sales	-	-	1,210
Other income	245	-	245
Total activities	43,787	(33,662)	11,335

Association	Turnover	2024	Operating Surplus / (Deficit) £'000
		Operating Costs £'000	
Social housing lettings	38,212	(28,797)	9,415
Other social housing activities			
First tranche low cost home ownership sales	2,861	(2,421)	440
Leaseholder	398	(596)	(198)
	41,471	(31,814)	9,657
Non-social housing activities			
Lettings from garages and shops	828	(297)	531
Non-capitalised development	-	(817)	(817)
Other	230	(644)	(414)
	1,058	(1,758)	(700)
Gain on property sales	-	-	668
Other income	1,718	-	1,718
Total activities	44,247	(33,572)	11,343

3. Analysis of income and expenditure (continued)

Particulars of income and expenditure from social housing lettings - Group & Association

	General needs £'000	Sheltered £'000	Shared Ownership £'000	2025 Total £'000	2024 Total £'000
INCOME					
Rent receivable net of identifiable service charges	25,966	11,384	377	37,727	34,779
Service charges	747	2,888	44	3,679	3,398
Amortised Government Grant	55	-	5	60	35
Turnover from social housing lettings	<u>26,768</u>	<u>14,272</u>	<u>426</u>	<u>41,466</u>	<u>38,212</u>
EXPENDITURE					
Management costs	(6,195)	(2,791)	(73)	(9,059)	(8,193)
Service charge costs	(1,409)	(995)	(37)	(2,441)	(2,413)
Routine maintenance	(2,840)	(1,873)	-	(4,713)	(4,670)
Planned maintenance	(1,772)	(816)	-	(2,588)	(2,441)
Major repairs & improvements	(7,856)	(2,233)	-	(10,089)	(9,338)
Bad debts	(63)	(124)	-	(187)	(380)
Depreciation of housing properties	(2,618)	(1,070)	(81)	(3,769)	(3,645)
Amortisation of negative goodwill	1,375	675	-	2,050	2,283
Operating costs on social housing lettings	<u>(21,378)</u>	<u>(9,227)</u>	<u>(191)</u>	<u>(30,796)</u>	<u>(28,797)</u>
Operating surplus on social housing lettings	<u>5,390</u>	<u>5,045</u>	<u>235</u>	<u>10,670</u>	<u>9,415</u>
Void losses	<u>167</u>	<u>137</u>	<u>-</u>	<u>304</u>	<u>255</u>

4. Surplus on the sale of housing properties

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Sale proceeds	3,849	6,732	3,849	4,547
Cost of disposals	(988)	(3,818)	(988)	(3,200)
Payment to Buckinghamshire Council	(1,739)	(1,452)	(1,739)	(1,452)
Negative goodwill released on disposal	88	773	88	773
	<u>1,210</u>	<u>2,235</u>	<u>1,210</u>	<u>668</u>

5. Accommodation in management

At the end of the year accommodation in management for each class of accommodation was as follows:

Group	Tenure					2025
	2024	Additions	Disposals	Demolitions	Changes	
General needs housing						
- social	3,577	21	(11)	-	(49)	3,538
- affordable	106	15	-	-	-	121
Low cost home ownership	56	4	-	-	-	60
Sheltered housing and housing for older people	1,695	-	-	-	(2)	1,693
Total social housing owned and managed	5,434	40	(11)	-	(51)	5,412
Leasehold properties	667	-	-	-	2	669
Discounted Rents -	326	-	-	-	49	375
Market rent	7	-	-	-	-	7
Commercial properties	13	-	-	(2)	-	11
Shared equity properties	5	-	-	-	-	5
Total social housing owned and managed	<u>6,452</u>	<u>40</u>	<u>(11)</u>	<u>(2)</u>	<u>-</u>	<u>6,479</u>

There were 113 properties in development at the year-end (2024: 68).

Accommodation in management (continued)

Association

	2024	Additions	Disposals / Demolitions	Tenure Changes	Intra Group Disposal	2025
General needs housing						
- social	3,577	21	(11)	-	(49)	3,538
- affordable	106	15	-	-	-	121
Low cost home ownership	56	4	-	-	-	60
Sheltered housing and housing for older people	1,695	-	-	(2)	-	1,693
Total social housing owned and managed	5,434	40	(11)	(2)	(49)	5,412
Leasehold properties	667	-	-	2	-	669
Commercial properties	13	-	(2)	-	-	11
Shared equity properties	5	-	-	-	-	5
Total social housing owned and managed	6,119	40	(13)	-	(49)	6,097

There were 113 properties in development at the year-end (2024: 68).

6. Operating surplus

The operating surplus is arrived at after charging:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Depreciation – housing properties	4,052	3,861	3,769	3,645
Depreciation – other tangible fixed assets	262	(19)	238	(39)
Amortisation of negative goodwill	2,195	2,406	2,050	2,283
Operating lease rentals				
Building	-	372	-	372
Equipment	10	8	10	8
Auditor's remuneration (excluding VAT)				
Fees payable by the Association for the audit of the financial statements	46	45	46	45
Fees payable for other services: Audit of the subsidiaries' accounts	21	20	-	-
Total audit services	67	65	46	45
Non-Audit Services	4	3	4	3

7. Interest receivable and other income

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Interest receivable and similar income	149	103	119	149
	149	103	119	149

8. Interest payable and similar charges

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Loans and bank overdrafts	4,082	3,559	4,082	3,559
Capitalised Interest	(192)	(402)	(192)	(402)
Defined benefit pension charge	(3)	(3)	(3)	(3)
	<u>3,887</u>	<u>3,154</u>	<u>3,887</u>	<u>3,154</u>

9. Negative goodwill

The stock transfer in December 2011 has been treated as an acquisition of an equity business in accordance with SORP 2018 and FRS 102. All assets and liabilities were stated at their fair value on acquisition which resulted in a material level of negative goodwill. This is to be amortised over a period of thirty years, in line with the Business Plan.

	Group	Association
	£'000	£'000
Costs		
At 1 April 2024	(65,879)	(62,110)
Released on disposal	155	155
Released on intra Group disposals	-	585
At 31 March 2025	<u>(65,724)</u>	<u>(61,370)</u>

Amortisation

At 1 April 2024	27,198	25,635
Released on disposal	(67)	(67)
Released on intra Group disposals	-	(254)
Annual charge	2,195	2,050
At 31 March 2025	<u>29,326</u>	<u>27,364</u>

Net book value after amortisation

At 31 March 2025	<u>(36,398)</u>	<u>(34,006)</u>
At 31 March 2024	<u>(38,681)</u>	<u>(36,475)</u>

10. Employees

Average monthly number of employees (expressed as full-time equivalents calculated based on a standard working week of 37 hours):

	Group and Association	
	2025	2024
	No.	No.
Housing management	82	78
Property management	23	21
Central administration	61	55
	<u>166</u>	<u>154</u>

Employees (continued)

Employee costs:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Wages and salaries	8,698	7,134	8,698	7,134
Social security costs	915	759	915	759
Other pension costs	829	715	829	715
	10,442	8,608	10,442	8,608

Employees with remuneration in excess of £60,000 during the year.

	Group and Association	
	2025	2024
	No.	No.
£60,000 to £69,999	9	6
£70,000 to £79,999	7	7
£80,000 to £89,999	7	4
£90,000 to £99,999	3	1
£100,000 to £109,999	-	2
£110,000 to £119,999	1	1
£120,000 to £129,999	1	1
£130,000 to £139,999	1	-
£140,000 to £149,999	-	1
£150,000 to £159,999	1	-
£160,000 to £169,999	1	1
£170,000 to £179,999	1	-
	32	24

The Group's employees are entitled to membership of either the Buckinghamshire Pension Fund (BPF) or the Red Kite Defined Contribution Scheme.

Red Kite Defined Contribution Pension

The Group operates a defined contribution scheme that is administrated by Aegon UK. For the whole financial year employees can choose their level of contribution as follows:

	Employee Contribution	Employer Contribution
Auto-enrolment	3%	8%
Lower threshold	3%	8%
Higher threshold	4%	10%

Total employer contributions for the defined contribution schemes for period ended 31 March 2025 were £637,000 (2024: £585,000)

Buckinghamshire Pension Fund (BPF)

The BPF is a multi-employer scheme, administered by Buckinghamshire Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2022 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2025 by a qualified independent actuary.

Employees (continued)

Buckinghamshire Pension Fund (BPF) (continued)

The employer's contributions to the BPF by the Group for the period ended 31 March 2025 were £139,000 (2024: £130,000) at a contribution rate of 21.9% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2025 has been set at 21.9% for the current service cost and no deficit payment.

Estimated employers' contributions to the BPF during the accounting period commencing 1 April 2025 are £143,000: The scheme has 14 active members and is closed to new members.

Financial assumptions:

	As at 31 March 2025 %	As at 31 March 2024 %
Discount rate	5.75	4.90
Future salary increases	3.90	3.95
Future pension increases	2.90	2.95
Inflation assumption (CPI)	2.90	2.95
Inflation assumption (RPI)	3.25	3.30

Mortality assumptions:

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2025 are based on the S3PA tables with a multiplier of 110% for males and 95% for females. These base tables are then projected using the CMI 2023 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0 and no initial addition to improvements p.a., a 2022 weighting of 15%. and a 2023 weighting of 15%. The assumed life expectations on retirement at age 65 are:

	2025 No. of years	2024 No. of years
Retiring today:		
Males	20.7	20.8
Females	24.4	24.3
Retiring in 20 years:		
Males	22.0	22.0
Female	25.8	25.7

Expected return on assets

For accounting years beginning on or after 1 January 2015, the expected rate of return and the interest cost has been replaced by a single net interest cost, which effectively sets the expected return equal to the discount rate.

Employees (continued)

Analysis of the amount charged to Statement of Comprehensive Income:

	2025 £'000	2024 £'000
Current service costs	126	119
Administration expenses	18	18
Amount charged to operating costs	<u>144</u>	<u>137</u>
Net Interest (income) cost	(3)	(3)
Amount charged to other finance costs	<u>(3)</u>	<u>(3)</u>

The losses on curtailments and settlements in 2025 were: Nil (2024: Nil)

	2025 £'000	2024 £'000
Re-measurement of net asset	<u>4,604</u>	<u>2,768</u>

Amounts recognised in the Statement of Financial Position:

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Present value of funded obligations	(14,525)	(16,045)
Fair value of scheme assets (bid value)	19,129	18,813
Net surplus	<u>4,604</u>	<u>2,768</u>
Net surplus / (liability) recognised in the statement of financial position	<u>-</u>	<u>-</u>

The reported surplus has not been recognised in line with the accounting policy due to the uncertainty of its recoverability.

Reconciliation of opening and closing balances of the present value of scheme liabilities:

	2025 £'000	2024 £'000
Opening defined benefits obligations	(16,045)	(16,053)
Current service cost	(126)	(119)
Interest cost	(775)	(756)
Change in financial assumptions	1,880	120
Change in demographic assumptions	35	198
Experience gain on defined benefit obligation	42	(47)
Estimated benefits paid in net of transfers in	517	660
Past service cost, including curtailments	-	-
Contributions by scheme participants	(53)	(48)
Unfunded pension payments	-	-
Closing defined benefit obligation	<u>(14,525)</u>	<u>(16,045)</u>

Employees (continued)

Reconciliation of opening and closing balances of the present value of scheme assets:

	2025	2024
	£'000	£'000
Opening fair value of scheme assets	18,813	17,495
Interest on assets	914	828
Return on assets less interest	(255)	990
Other actuarial gains	-	-
Administration expenses	(18)	(18)
Contributions by employer	139	130
Contributions by scheme participants	53	48
Estimated benefits paid net of transfers in and including unfunded	(517)	(660)
Settlement prices received	-	-
Closing fair value of scheme assets	<u>19,129</u>	<u>18,813</u>

Actual return on scheme assets

2025	2024
£'000	£'000
649	1,818

Major categories of plan assets as a percentage of total plan assets:

	2025	2024
	%	%
Equities	50	52
Gilts	8	9
Other bonds	12	12
Multi Assets	10	9
Properties	6	5
Cash	1	1
Infrastructure	9	8
Private debt	<u>4</u>	<u>3</u>

Due to rounding- the above for 2024 total is 99%

Employees (continued)

Sensitivity analysis:

	£'000	£'000	£'000
<u>Adjustment to discount rate</u>	+0.1%	0.0%	-0.1%
Present value of total obligation	14,340	14,525	14,714
Projected service cost	103	105	107
<u>Adjustment to life expectancy assumption</u>	+1 year	None	-1 year
Present value of total obligation	14,955	14,525	14,107
Projected service cost	109	105	101
<u>Adjustment to long term salary increase</u>	+0.1%	0.0%	-0.1%
Present value of total obligation	14,537	14,525	14,513
Projected service cost	105	105	105
<u>Adjustment to pension increases and deferred revaluation</u>	+0.1%	0.0%	-0.1%
Present value of total obligation	14,708	14,525	14,346
Projected service cost	107	105	102

11. Executive directors

Group and Association

Executive directors:

	£	£	£	£	2025 £	2024 £
	Basic salary	Social security	Other benefits	Pension costs	Total	Total
Total EMT	808,597	97,695	4,889	101,339	1,012,520	856,069

The emoluments of the highest paid director during the year excluding pension contributions and other costs were £180,485 (2024: £168,881). The Chief Executive is a member of the Local Government Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The Group does not make any further contribution to an individual pension arrangement for the Chief Executive.

12. Tangible fixed assets – Housing properties (provide social benefits) held for letting

Group	General needs completed £'000	General needs under construction £'000	Sheltered completed £'000	Twenty11 homes £'000	Shared ownership Completed £'000	Shared ownership under construction £'000	Total £'000
Cost							
At 1 April 2024	168,536	14,571	53,150	13,859	8,894	129	259,139
Additions							
- construction costs	-	8,233	-	-	-	626	8,859
- release grant to long term creditor	-	516	-	-	-	-	516
- replaced components	4,399	737	1,370	315	-	-	6,821
- movement on completion	15	-	-	-	79	-	94
Reclassification of properties	(1,671)	-	(66)	1,737	-	-	-
Completed schemes	8,674	(8,674)	-	-	619	(619)	-
Disposals							
- replaced components / sales	(1,028)	-	(270)	(43)	-	-	(1,341)
At 31 March 2025	178,925	15,383	54,184	15,868	9,592	136	274,088
Depreciation							
At 1 April 2024	16,544	-	6,377	1,405	216	-	24,542
Depreciation charge	2,618	-	1,070	283	81	-	4,052
Reclassification of properties	(149)	-	(7)	156	-	-	-
Eliminated on disposals							
- replaced components / sales	(453)	-	(243)	(45)	-	-	(741)
At 31 March 2025	18,560	-	7,197	1,799	297	-	27,853
Net book value at 31 March 2025	160,365	15,383	46,987	14,069	9,295	136	246,235
Net book value at 31 March 2024	151,992	14,571	46,773	12,454	8,678	129	234,597

RED KITE COMMUNITY HOUSING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDING 31st MARCH 2025

Association	General needs completed £'000	General needs under construction £'000	Sheltered completed £'000	Shared ownership Completed £'000	Shared ownership under construction £'000	Total £'000
Cost						
At 1 April 2024	168,629	14,947	53,150	8,894	203	245,823
Additions						
- construction costs	-	8,999	-	-	668	9,667
- replaced components	4,399	737	1,370	-	-	6,506
- release grant to long term creditors	-	516	-	-	-	516
- movement on completion	15			79		94
Completed schemes	9,240	(9,240)	-	661	(661)	-
Tenure Change	66	-	(66)	-	-	-
Disposals						
- intra Group disposals	(1,737)	-	-	-	-	(1,737)
- replaced components / sales	(1,028)	-	(270)	-	-	(1,298)
At 31 March 2025	179,584	15,959	54,184	9,634	210	259,571
Depreciation and impairment						
At 1 April 2024	16,544	-	6,377	216	-	23,137
Depreciation charge	2,618	-	1,070	81	-	3,769
Tenure change	7	-	(7)	-	-	-
Eliminated on disposals						
- intra Group disposals	(156)	-	-	-	-	(156)
- replaced components / sales	(453)	-	(243)	-	-	(696)
At 31 March 2025	18,560	-	7,197	297	-	26,054
Net book value at 31 March 2025	161,024	15,959	46,987	9,337	210	233,517
Net book value at 31 March 2024	152,085	14,947	46,773	8,678	203	222,686

Tangible fixed assets – housing (continued)

Expenditure on works to existing properties:

Group

	2025	2024
	£'000	£'000
Components capitalised	6,821	4,869
Amounts charged to Statement of Comprehensive Income	10,387	9,602
	<u>17,208</u>	<u>14,471</u>

Association

	2025	2024
	£'000	£'000
Components capitalised	6,506	4,696
Amounts charged to Statement of Comprehensive Income	10,089	9,338
	<u>16,595</u>	<u>14,034</u>

All properties are held freehold.

Interest Capitalised

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Interest Capitalised	192	402	192	402
Cumulative interest capitalised	1,435	1,243	1,435	1,243
Rate used for capitalisation	4.11%	3.91%	4.11%	3.91%

13. Investment properties

Non-social housing properties held for letting

Group	Completed	Under Construction	Total
	£'000	£'000	£'000
At 1 April 2024	6,921	399	7,320
Increase in value of the garages & homes-recurring use	747	-	747
Increase in the value of shops	2,483	-	2,483
Annual increase in fair value	3,230	-	3,230
Reclassification of a shop to land	(475)	-	(475)
Development costs in the year	-	22	22
Annual movement on the fair value	2,755	22	2,777
At 31 March 2025	<u>9,676</u>	<u>421</u>	<u>10,097</u>

Investment properties (continued)

Association	Completed	Under Construction	Total
	£'000	£'000	£'000
At 1 April 2024	4,478	399	4,877
Increase in value of the garages-recurring use	695	-	695
Increase in the value of the shops	2,483	-	2,483
Annual increase in fair value	3,178	-	3,178
Reclassification to land (shop)	(475)	-	(475)
Development costs in the year	-	22	22
Annual movement in the fair value	2,703	22	2,725
At 31 March 2025	7,181	421	7,602

Investment properties relate to shops and garages that are not let as part of a residency tenancy agreement, and to homes being let at market rent.

During the year, the shops were revalued based on an open market sales valuation by Commercial Property Consultants Duncan Bailey Kennedy LLP. The previous valuation approach was based on discounted cashflows.

The garages were valued as at 31 March 2025 by Jones Lang LaSalle Limited. These valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors as follows. In valuing investment properties, a discounted cash flow methodology was adopted with key assumptions:

	Garages
Discount	10%
Annual inflation rate	CPI
Level of long-term annual rent increase	CPI

Market rent homes are valued at open market sales value, updated for house price inflation.

14. Investment in subsidiaries

As required by statute, the financial statements consolidate the results of Red Kite Devco Ltd, Edenmead Ltd, Pennvale (Holdings) Ltd, and Twenty 11 (Homes) Ltd, which were wholly owned subsidiaries at the end of the year.

Red Kite Community Housing has the right to appoint members to the Boards of the four subsidiaries and therefore exercises control over them. Twenty 11 (Homes) is regulated by the Charity Commission with the other three subsidiaries not being regulated.

The registered office is the same for all the Group entities.

Investment in subsidiaries (continued)

Red Kite Community Housing Limited is the ultimate parent undertaking.

Association	£'000
At 1 April 2024	11,604
Additions (as detailed below)	1,250
At 31 March 2025	<u>12,854</u>
 Additions	 £'000
Homes transferred to Twenty 11	1,250
Total	<u>1,250</u>

During the year Red Kite Community Housing recharged the following amounts to the unregistered subsidiaries.

	Devco £'000	Twenty11 £'000	2025 Total £'000	2024 Total £'000	Allocation basis (Note1)
HR,IT, Finance & Office	221	368	589	688	FTE
Executive Leadership Team	98	43	141	141	TA
Community Pod	-	72	72	36	TA
Relationship Pod	-	67	67	49	TA
Property Pod	-	76	76	50	TA
Commercial Pod	-	-	-	39	TA
Communication & Branding	-	15	15	42	TA
Development activities	260	-	260	218	PC
Insight	-	44	44	37	
	579	685	1,264	1,300	

Note 1: FTE - Full time equivalent: TA - Time allocation: PC - Professional costs incurred.

15. Tangible fixed assets- other

Group	IT & Infra- structure £'000	Furniture £'000	Hampden Court Office (Note 1) £'000	Windsor Court Office (Note 2) £'000	Total £'000
Cost					
At 1 April 2024	2,128	307	-	660	3,095
Additions	744	-	3,435	-	4,179
Disposals	(119)	-	-	-	(119)
At 31 March 2025	<u>2,753</u>	<u>307</u>	<u>3,435</u>	<u>660</u>	<u>7,155</u>
Depreciation					
At 1 April 2024	1,515	301	-	660	2,476
Charged in year	259	3	-	-	262
Released on disposal	(119)	-	-	-	(119)
At 31 March 2025	<u>1,655</u>	<u>304</u>	<u>-</u>	<u>660</u>	<u>2,619</u>
Net book value					
31 March 2025	<u>1,098</u>	<u>3</u>	<u>3,435</u>	<u>-</u>	<u>4,536</u>
31 March 2024	<u>613</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>619</u>
None of the above are under finance leases (2024: Nil)					

Association	IT & Infra- structure £'000	Furniture £'000	Hampden Court Office (Note 1) £'000	Windsor Court Office (Note 2) £'000	Total £'000
Cost					
At 1 April 2024	1,991	307	-	660	2,958
Additions	705	-	3,435	-	4,140
Disposals	(119)	-	-	-	(119)
At 31 March 2025	<u>2,577</u>	<u>307</u>	<u>3,435</u>	<u>660</u>	<u>6,979</u>
Depreciation					
At 1 April 2024	1,407	301	-	660	2,368
Charged in year	235	3	-	-	238
Released on disposal	(119)	-	-	-	(119)
At 31 March 2025	<u>1,523</u>	<u>304</u>	<u>-</u>	<u>660</u>	<u>2,487</u>
Net book value					
31 March 2025	<u>1,054</u>	<u>3</u>	<u>3,435</u>	<u>-</u>	<u>4,492</u>
31 March 2024	<u>584</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>590</u>

None of the above are under finance leases (2024: Nil)

Note 1: these costs relate to the purchase of the new office, and the premises was not in use at 31 March 2025.

Note 2: these costs reflect the leaseholder improvements of Windsor Court

16. Debtors

Debtors due within one year

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Rent and service charges receivable	2,897	3,231	2,748	3,036
Less: Provision for bad and doubtful debts	(1,464)	(1,347)	(1,349)	(1,239)
	<u>1,433</u>	<u>1,884</u>	<u>1,399</u>	<u>1,797</u>
VAT recoverable	433	270	412	222
Amounts owed by Group undertaking	-	-	742	1,929
Development Agreement	4,173	5,168	4,173	5,168
Prepayments and accrued income	1,582	1,353	1,520	1,349
Stock Purchase debtor	1,924	-	1,924	-
Other debtors	867	868	865	868
	<u>10,412</u>	<u>9,543</u>	<u>11,035</u>	<u>11,333</u>

Debtors due within one year

The Development Agreement debtor due within 12 months is the forecasted expenditure within this period that will be recovered under the terms of it. It has a matching liability with the creditors due within the same period.

Debtors due after one year

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Development Agreement	120,958	122,715	120,958	122,715
	<u>120,958</u>	<u>122,715</u>	<u>120,958</u>	<u>122,715</u>

The Development Agreement debtor due after 12 months is the forecasted expenditure from 1 April 2025 that will be recovered under the terms of it. It has a matching provision in note 21.

17. Properties held for sale

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Shared Ownership - 1 st tranche				
Works in Progress	832	730	832	757
Total	<u>832</u>	<u>730</u>	<u>832</u>	<u>757</u>

18. Investments in shares

Group and Association

	2025	2024
	£'000	£'000
At 1 April	30	30
Additions	-	-
At 31 March	<u>30</u>	<u>30</u>

19. Creditors: amounts falling due within one year

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade creditors	3,741	4,242	3,534	3,972
Rent and service charges received in advance	1,155	1,058	1,121	1,022
Amounts owed to Group undertaking	-	-	345	203
Payments due under the transfer agreement	1,739	1,452	1,739	1,452
Development Agreement	4,173	5,168	4,173	5,168
Grant to be amortised	89	69	86	69
Accruals and deferred income	3,039	3,720	2,951	3,248
Other taxation and social security	253	205	247	203
Other creditors	658	758	658	758
	<u>14,847</u>	<u>16,672</u>	<u>14,854</u>	<u>16,095</u>

Payments due under the transfer agreement between the Group and Buckinghamshire Council relate to monies due in relation to the sharing of Right to Buy sales receipts.

Development Agreement - This presents the expected expenditure in the next twelve months under the agreement. There is a corresponding asset.

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

Group and Association

	2025	2024
	£'000	£'000
Debt (note 22)	96,888	90,620
Deferred Capital Grant (Note 24)	8,217	6,834
	<u>105,105</u>	<u>97,454</u>

Payments due under the transfer agreement between the Group and Buckinghamshire Council relate to monies due in relation to the VAT Shelter agreement and the profit share agreement on disposals.

21. Provisions

Group and Association

	2025	2024
	£'000	£'000
Development Agreement	120,958	122,715
Leave pay	67	73
	<u>121,025</u>	<u>122,788</u>

Provisions (Continued)

The Development Agreement provision represents the financial obligations under it. This obligation is matched by a debtor in note 16. Note 29 provides additional information in relation to the term of the provision.

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which the employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence that will be taken in the next twelve months.

22. Debt analysis

Group and Association

	2025	2024
	£'000	£'000
Bank loans	97,500	91,000
Less Loan issue cost	(612)	(380)
	<u><u>96,888</u></u>	<u><u>90,620</u></u>

All debt is repayable in five years or more.

Net Debt

Group	At 31 March 2024 £'000	Cash flows £'000	Other Changes £'000	At 31 March 2025 £'000
Cash at bank and in hand	11,035	(4,151)	-	6,884
Debt due within one year	-	-	-	-
Debt due after more than one year	(91,000)	(6,500)	-	(97,500)
Current asset investments	-	-	-	-
	<u>(79,965)</u>	<u>(10,651)</u>	-	<u>(90,616)</u>

Association	At 31 March 2024 £'000	Cash flows £'000	Other Changes £'000	At 31 March 2025 £'000
Cash at bank and in hand	8,035	(3,805)	-	4,230
Debt due within one year	-	-	-	-
Debt due after more than one year	(91,000)	(6,500)	-	(97,500)
Current asset investments	-	-	-	-
	<u>(82,965)</u>	<u>(10,305)</u>	-	<u>(93,270)</u>

23. Terms of repayment and interest rates

The funding is repayable in accordance with the individual agreements with NatWest, Barclays, and the Pension Insurance Corporation (PIC).

Group and Association	2025 £'000	2024 £'000
Within one year or on demand	-	-
One year or more but less than two years	-	-
Two years or more but less than five years	37,500	31,000
Five years or more	60,000	60,000
	97,500	91,000

The repayments as detailed below range from July 2027 to July 2040.

		Facility £'000	Drawn £'000	Repayment Dates
NatWest	Fixed	20,000	20,000	July 2027
PIC	Fixed	60,000	60,000	July 2030 to July 2040
		80,000	80,000	
Revolving Credit Facility				
NatWest	Variable	40,000	17,500	March 2028
Barclays	Variable	80,000	-	December 2027 to December 2029
		120,000	17,500	

At 31 March 2025, the Group had undrawn committed loan facilities of £102.5 million (2024: £29 million). The facilities are secured by a fixed charge over 3,134 of the Group's properties. Interest rate exposure on borrowings is managed using a mix of fixed and floating rate arrangements available within the loan facilities as follows:

	2025 £'000	2024 £'000
Fixed rate	80,000	80,000
Variable rate	17,500	11,000
	97,500	91,000

The Group has not entered into any derivatives or financial instruments outside of the committed loan facilities. The fixed rate financial liabilities have a weighted average interest rate of 3.49% (2024: 3.49%) and the weighted average period for which they are fixed is 8 years (2024: 9 years). During the year Red Kite utilised its revolving credit facility with NatWest. The average floating debt for the year was £12.5 million (2024: £6.8 million).

24. Deferred Capital Grant

	Group		Association	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
At 1 April	6,834	2,115	6,834	2,115
Grants received during the year	1,466	4,802	1,466	4,802
Grant transferred to current creditor	(83)	(83)	(83)	(83)
At 31 March	8,217	6,834	8,217	6,834

25. Share Capital

Membership comprises tenants and resident leaseholders plus Buckinghamshire Council. Each member holds one share with a value of £1. The shares provide members with the right to vote at general meetings, but do not provide any right to dividends or distribution on the winding up of Red Kite Community Housing.

	2025	2024
	No.	No.
Members at beginning of period	668	722
Annual movement in the number of members	(7)	(34)
Number of members at end of period	<u>661</u>	<u>688</u>

26. Cash flow from operating activities

	2025	2024
	£'000	£'000
Surplus on ordinary activities	11,615	9,003
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	4,359	3,854
Amortisation of negative goodwill	(2,195)	(2,409)
Defined benefit pension costs	141	134
Amortisation of grant income	(60)	(35)
Capitalised development costs written off	-	(75)
(Increase)/decrease in debtors	(1,954)	191
(Decrease)/increase in creditors	(1,343)	507
Development of homes for sale	(102)	-
Carrying amounts of tangible fixed asset disposals	516	2,355
Carrying amounts of current asset disposals	414	2,421
(Decrease) / increase in provision	(6)	(63)
Fair value adjustments	(3,230)	(251)
	<u>8,155</u>	<u>15,636</u>
Adjustments for investing or financial activities		
Interest payable	3,887	3,154
Other finance costs	(460)	-
Interest receivable	(149)	(103)
Net cash inflow from operating activities	<u>11,433</u>	<u>18,687</u>

27 Capital commitments

	2025	2024
	£'000	£'000
Expenditure contracted but not provided for in the accounts	39,583	5,802
Expenditure authorised by the Board but not contracted	36,864	16,143
	<u>76,447</u>	<u>21,945</u>

The above commitments will be financed through utilising the committed loan facilities, which are available for draw-down under existing loan arrangements.

28. Tax on surplus on ordinary activities

The ultimate parent company Red Kite Community Housing and its subsidiary Twenty11 (Homes) Ltd have charitable status with HMRC and are not liable for Corporation Tax on their ordinary activities. No taxable activities have occurred during the period.

The subsidiary Edenmead Ltd for the year ended 31 March 2025 has, as detailed in its Financial Statements a corporation tax liability of £4,000.

29. Development Agreement

The Group entered into a Development Agreement with Buckinghamshire Council on 13 December 2011 under which the Group is committed to carry out improvements to the properties acquired from the Council over the following 30 years. The total value of the commitment over the 30 years is £227,336,000. An invoice for the same sum was issued by the Group to Buckinghamshire Council. The debtor and the provision are shown as separate items in the accounts.

As at 31 March 2025, improvements to a value of £103 million (2024: £101 million) had been completed under the Development Agreement. The remaining liability at 31 March 2025 is £124 million (2024: £126 million).

30. Contingent assets / liabilities

There are no contingent assets and liabilities to disclose.

31. Leasing commitments

The future minimum lease payments are set out as below. The leases relate to the office at Windsor Court and to office equipment.

	Land and Buildings £'000	2025 Office equipment and computers £'000	Land and Buildings £'000	2024 Office equipment and computers £'000
Cost				
In one year or less	-	10	-	10
Between one and five years	-	4	-	14
In five years or more	-	-	-	-
	<u>-</u>	<u>14</u>	<u>-</u>	<u>24</u>

During the year, as part of the commercial agreement to purchase Hampden Court from the freeholder a new lease for the office at Windsor Court commenced in September 2025 for twelve months. This is rent free.

32. Related parties

During the year there were two tenants who were members of the Board, Simon Archer, and Alistair Newman. Their tenancies were on normal commercial terms and they were not able to use the position to their advantage. The total value of related party transactions during the year was £13,386 (2024: £12,501).

Related parties (Continued)

Three members of the Board during the period, Steven Broadbent, Dave Carroll, and Paul Turner represented Buckinghamshire Council through their positions as councillors. All transactions with the Council are on normal commercial terms and the Board members nominated by the Council are not able to use their position to their advantage.

As detailed in note 14 Red Kite Community Housing has provided £1,264,000 (2024: £1,300,000) of services that have been recharged to its non-regulated subsidiaries. In addition, the intra Group lending arrangements has resulted in £8,000 (2024: £46,000) of interest being charged to the subsidiaries during the period.

During the year Red Kite transferred 49 (2024: 47) homes with a carrying value of £1,250,000 (2024: £1,433,000) to Twenty11.

These homes will be let at rents that are based on the household income.

Note 16 details for the Association the amounts owed by Group undertakings. Note 19 details for the Association the amounts owed to Group undertaking. Both of these amounts are to non-Registered Providers and the following provides additional detail:

	Red Kite Creditor £'000	Red Kite Debtor £'000
Edenmead	-	2
Pennvale	-	1
Red Kite Devco	581	672
Twenty11 Homes	-	742
Total	581	1,417

Red Kite Devco during the year provided to its parent design and build services in relation to its investment in new homes.

33. Other Income

In the year the Association received Gift Aid income from Red Kite Devco Ltd of £245,000. The previous year the Association received Gift Aid from Red Kite Devco and Edenmead Ltd of £1,718,000.

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Gift Aid	-	-	245	1,718
	-	-	245	1,718

34. Non Adjusting Post Balance Sheet Event

On 7 April 2025 the Association completed the purchase of 319 social and affordable rented homes from the Riverside Group for the consideration of £35.5M.