

REPORT AND FINANCIAL STATEMENTS

For year ended
31 March 2025

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NON-EXECUTIVE DIRECTORS, EXECUTIVES AND ADVISORS

Board of Directors

Amanda Harris (Board Chair)

Ronnie Clawson (Chair of Audit and Risk Committee)

Hilda Kaponda (Chair of People and Governance Committee) – retired 22 January 2025

Emma Richman (Chair of Investment and Development Committee) - until 22 January 2025, then appointed Chair of Customer and Communities Committee)

Jean Mira (Chair of People and Governance Committee – appointed 22 January 2025 and Board member responsible for complaints)

Ron Smith – retired 11 September 2024

Charles Dunn (Chair of Investment and Development Committee – appointed 22 January 2025)

Kal Akhtar

Simon Morris

Oliver Goldring

Margaret Goddard (Co-optee to Investment and Development Committee)

Sabihah Khalil (Trainee NED) – retired 22 January 2025



Executive Officers

Chief Executive Officer

Anne McLoughlin – Interim CEO until 8 December 2024

Mark Gifford OBE appointed 9 December 2024

Executive Director of Corporate Services

Andy Ewart

Executive Director of Homes

Steve Agger, Interim until 22 April 2024, permanent appointment from 6 January 2025

Executive Director – Customer Experience

Kelly Webb –resigned 18 August 2024

Paul Knight, Interim Customer Experience Consultant – Appointed 19 August 2024, resigned 7 March 2025

Jayne Lawson, appointed 10 March 2025

Group Company Secretary

Juliet Craven, retired 9 May 2025

Catherine Farrington, appointed 10 May 2025



Registered Office

First Place
22 Union Street
Oldham
OL1 1BE



Registered Number

Registered Co-operative and Community Benefit Society number 31138R

Registered by the Homes and Communities Agency number 4582

Bankers

Barclays Bank Limited
Merseyside and North Cheshire Team
11th Floor
20 Chapel Street
Liverpool
L3 9AG

Solicitors

Trowers and Hamlin
Heron House
Albert Square
Manchester
M2 5HD

Internal Auditors

BDO LLP
6th Floor
3 Hardman Street
Manchester
M3 3AT

External Auditor

Crowe U.K. LLP
St Georges House
56 Peter St
Manchester
M2 3NQ



A WELCOME FROM OUR CHIEF EXECUTIVE



This is my first report and financial statements since I joined as chief executive and I remain honoured to lead First Choice Homes Oldham and to work with its committed and caring staff to deliver our vision to provide quality homes, foster pride, and enhance lives in our communities.

It is our priority to offer safe and secure homes to around 24,500 people in Oldham and the surrounding area. We take our role as a major landlord and employer very seriously and will continue to do our best despite economic uncertainty.

To support this, we are making FCHO an Oldham anchor organisation by working in partnership with local organisations and civic leaders. Our role is to help further develop the important bonds we need to strengthen our communities - some of them the most deprived in Greater Manchester. Changes to public services and how they are funded mean we are often the frontline service in our districts, and we stand ready to help when we can and when it is appropriate to do so.

We must also make sure we are listening to our customers and understand their needs and expectations. Our new Customer and Communities Committee will help us greatly in this area and we recognise Oldham is changing demographically and FCHO must respond effectively.

The role of the Regulator of Social Housing and new legislation to improve the quality of homes nationally are now in place and a substantial change and challenge for the sector. We are proud of our building safety compliance, repairs and tenant satisfaction measures have allowed us to retain the highest gradings

from the regulator. One of our priorities is to continue to improve on these and other measures by using new technology to reach our customers better and meet their needs such as ensuring repairs are carried out quickly, rent can be paid more easily or to report anti-social behaviour.

The need to address the borough's housing crisis is a priority. We are committed to building much-needed family homes across the Oldham area. There has been substantial progress. The £18.5m development at West Vale is finished and more family homes were added to our stock at sites across Oldham and Rochdale. The ambition is to continue this good work in partnership with local authorities, government, developers and the housing sector.

A robust focus on tackling anti-social behaviour is also now in place. We have aligned our ASB teams to mirror how Greater Manchester Police and Oldham Council work to improve how we deal with incidents.

All this shows FCHO is more than just a landlord. For example, we offer help to gain employment, we finance community green spaces, encourage wildlife and support individuals and communities.

At the same time, we are listening to our customers, we are improving on our regulatory targets, and we are working with others to ensure our communities, and our customers thrive in safe and secure homes.

This annual report has more detail on these priorities and the good work my colleagues are undertaking every day to ensure FCHO remains Oldham's first choice of landlord.

Mark Gifford OBE
Chief Executive
First Choice Homes Oldham



A WELCOME FROM OUR CHAIR OF THE BOARD



This year our report and financial statements reflects FCHO's progress as it undertakes important organisational developments and focuses on increased legislative and regulatory scrutiny.

We welcomed Mark Gifford OBE as our new chief executive late last year. Already his values-driven, passionate and inspiring leadership has made its mark as he takes us forward to deliver our vision and mission.

At board level there have been changes too. We said farewell to two Board members after their terms of office ended. However, three new non-executive directors have joined our board to bring focus on key areas of the business and ensure we remain in a strong position to deliver our ambitious Big Plan 2.0 and beyond.

We have also recruited our new Customer and Communities Committee - a new addition to our governance structure - and one providing a crucial link between residents who live in FCHO homes, their neighbourhoods and our Board. It is important our customer voice is heard and is able influence our work.

A set of priorities for our new corporate plan will be in place for April 2026. Our focus will be on leveraging our role as a local anchor organisation to benefit our customers and communities, delivering the homes that local people need, and embedding a customer first approach in everything we do.

The Regulator of Social Housing recently gave FCHO the highest possible rating in our annual stability check. This reinforces our strong position in providing safe, quality homes for Oldham. The vote of confidence allows us to continue our work to build communities, be an anchor organisation and respond positively to the challenges facing the housing sector, not least the need for family homes in the right locations.

Myself and the board know we cannot stand still, and progress must continue as we support Mark and his colleagues in their excellent work.

Our strategy remains one of the constant improvements in all we do for our customers, for our communities and for the borough of Oldham.

Amanda Harris
Chair of the Board
First Choice Homes Oldham

FCHO STRATEGIC REPORT (INCLUDING VALUE FOR MONEY STATEMENT)

STRATEGIC REPORT

First Choice Homes Oldham's (FCHO's) Group Structure

The objective of FCHO's governance structure is to remain simple and provide a clear line of sight from the Board to FCHO's active subsidiary, New Living Homes Limited (NLH). The Subsidiary Board members are drawn from group Board. This approach provides the best overview of risks and ensures that the activities carried out by the subsidiary supports FCHO's corporate objectives.

The group is known as FCHO and consists of:

- **First Choice Homes Oldham Limited** – the asset holding Housing Association and is the group parent. It is a registered co-operative and Community Benefit Society and Registered Provider of Social Housing with the Regulator of Social Housing (RSH).
- **New Living Homes Limited** – A wholly owned company limited by shares. NLH became active October 2016, and provides development services, delivering development contracts to FCHO.

FIRST CHOICE HOMES OLDHAM GROUP

FIRST CHOICE HOMES OLDHAM LIMITED

NEW LIVING HOMES LIMITED



FCHO provides homes for general needs social rent, affordable rent and low-cost home ownership throughout Oldham and the surrounding areas. FCHO also provides an in-house repairs and maintenance service to customers, alongside a comprehensive investment programme with the use of specialist contractors. The income received from rents supports this investment in existing properties as well as supporting the interest payments on loans which are financing the delivery of new homes within Oldham and surrounding areas.

REGULATION

FCHO is regulated by the RSH and maintains the highest grades available for financial viability (VI) and governance (G1).



BOARD AND COMMITTEE STRUCTURE

FCHO Board and sub-committees are crucial to setting the strategic direction of the organisation and monitoring performance. Board and Committee membership is based on skills and knowledge. In line with adopted National Housing Federation Model Rules, Board reviews annually its effectiveness and skills as a group. The Standing Orders include the Terms of Reference for Board and committees that outline the roles and responsibilities of each.

CUSTOMER VOICE

The customer voice is heard at Board and Committees, with the newly established Customer and Communities Committee to monitor FCHO's operational performance. Customer Communities Committee (C&CC) members will be recruited to the Committee to provide first hand personal experience of FCHO homes and services. FCHO also has a Customer Voice Panel (CVP) with regular attendance of over 180 members of a diverse representation providing further first-hand feedback and views to be considered in decision making. In addition to active listening and engagement we use data to monitor customer behaviour and trends to influence our thinking.



FCHO AT A GLANCE

We are committed to our mission of providing safe, quality homes we are proud of in our Oldham heartland and beyond.

FCHO IS BUILDING FOUNDATIONS.

As a community anchor organisation we make a positive difference to the local economy and people's lives.

- We are proud to have retained our G1/V1 rating from the Regulator of Social Housing in our recent stability check. This is the highest grading achievable and confirms we continue to be well run and financially strong and stable. This validation and confidence from the Regulator are very important for us as we continue our work to provide homes we are proud of and improve customers' lives.
- We are a significant employer in our local area with more than 400 colleagues. We ensure our colleagues enjoy working at FCHO, are developed and can build careers. To future-proof our operations and make a difference locally, we pledge to double the number of apprentices working at First Choice Homes Oldham (FCHO) by 2027. Doing so means we build a strong talent pipeline, encourage personal and professional growth, and equip local people with real work skills they need for successful futures.
- We take seriously FCHO's role locally. We are ambitious for our communities and wish to further our business, its reach and its resources to foster economic stability, community development, and social wellbeing.



FCHO IS FIT FOR THE FUTURE.

We provide good quality, safe, affordable homes, services and thriving communities for our customers.

- We regularly inspect our 11,500 homes housing 24,500 people to ensure they all meet the Government's Decent Homes Standard and comply with fire, gas, electrical, asbestos, water hygiene and lift safety requirements. We are already implementing new rules to meet the Social Housing Regulation Act and respond to Tenant Satisfaction Measures.
- We know safe, decent housing options with security of tenure make a huge difference to people's lives.
- We are customer focused and pride ourselves on offering excellent services to meet customers' needs. 78.5% of rented customers are satisfied with our overall services, higher than the sector average (72.5%)* and other housing associations in Greater Manchester (74.3%)**. Our customers choose to stay with us for around 13 years.
- We are more than just a landlord. Last year our wraparound support services helped 1652 people towards employment – increasing average disposable income for them by £165 per month. Around £301.5k in external funding was used to support projects such as community gardens that contribute to building successful communities.



* Source is Housemark (based on 2.6m units / 62% of English social homes)

** Source is GMHP

FCHO IS FORGING AHEAD.

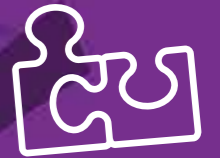
We build homes and neighbourhoods so our customers and communities benefit now and in the future.

- We are addressing the housing crisis. Last year we invested £20.5m in 156 new, affordable homes to meet local housing need.
- Improving existing customers' homes is important. In 2024/2025 we spent £30.7m on new bathrooms, kitchens, roofs, general repairs and maintenance; and property safety work. We want our homes to meet the needs and aspirations of our customers.
- Since 2021 around 470 homes now have an improved Energy Performance Certificate rating and meet EPC C through a £5.4m spend. To reach sustainability targets. Another 3500 homes will be brought up to the same standard by 2030 at a cost

- of £31.5m. We need to make our existing properties more energy efficient to cut their carbon emissions and help to reduce energy bills.
- Our green spaces are now more biodiverse. We are planting wildflower plots, natural meadows and native flower zones totaling more than 17,000m² or 13 Olympic swimming pools.



OUR BIG PLAN 2.0 2022-2026



Our Big Plan 2.0 is our corporate plan for delivering homes we are proud of and improving lives.

Our strategy on the page (below) shows the impact we wish to make and our offer to our customers.



OUR STRATEGIC PRIORITIES



GREAT SERVICES

Through understanding and collaborating with our customers, we aim to deliver services that respond to their needs.

By 2026 we will...

- Develop a stronger understanding of current and future customer and community needs by retaining customer involvement at the core of our operations. We will strengthen the connection between customer influence and decision making.
- Support customers to optimise their financial standing, with income maximisation and opportunities for employment, while promoting and supporting independent living.
- Allocate resources using customer insight and utilise customer mapping to influence through targeted communications.
- Drive digital accessibility and user-friendly experiences by providing a wide range of self-service options for customers, advancing digital transformation, and ensuring systems are designed with user experience and efficiency in mind.
- Take action to ensure fair access to services and equitable outcomes for customers, providing staff with comprehensive training to recognise and respond to the diverse needs of customers in line with the Equality Act 2010.



GREAT HOMES

We will provide high quality, safe, sustainable homes that meet housing need today and are fit for the future.

By 2026 we will...

- Deliver our Development Strategy and develop high quality, affordable homes that meet local need.
- Deliver our plans to improve the energy efficiency of our existing homes to achieve a minimum of EPC level C and to progress our Net Zero aspirations.
- Continue to ensure that our homes meet all the statutory, legal, and regulatory property safety requirements.
- Continually assess our homes to ensure that they meet the FCHO Standard and are sustainable in the long-term.
- Maximise the performance of our assets to support investment in new and existing homes.

GREAT NEIGHBOURHOODS

We are ambitious about making our neighbourhoods and public realm great places to live.

By 2026 we will...

- Collaborate with partners to reduce anti-social behaviour in our neighbourhoods to enhance customer safety and well-being, considering the diverse needs of customers to eliminate barriers to reporting.
- Foster thriving and resilient communities through partnership working to deliver impactful outcomes that bring about positive changes for our customers.
- Enhance the environmental quality of our communities by collaborating with customers and relevant organisations to jointly contribute to the maintenance and safety of our neighbourhoods and shared spaces.

GREAT COMPANY

Our ambition is to be an employer of choice where colleagues thrive and deliver the best services. Also, that the company is run well in an open and transparent way that values innovation whilst maintaining strong corporate governance.

By 2026 we will...

- Embed our Values and Behaviours through our People Strategy, our Behavioural Framework will be a key consideration in all our decision making.
- Be an employer of choice, creating an environment that attracts and retains talent.
- Develop and embed a Stakeholder engagement strategy as we seek to develop mutually beneficial relationships with key partners.
- Maintain the highest levels of Governance, maintaining our G1 Rating with the Regulator of Social Housing.
- Be Financially Strong and stable, maintaining our V1 Rating, operating within our Board Approved Financial Golden Rules supported by a robust risk management framework that promotes a strong risk management culture throughout the organisation.
- Communicate organisational priorities to customers and stakeholders, developing and maintaining a positive reputation in the areas where we operate.
- Set clear expectations and standards in relation to knowledge and information management and develop a culture where staff have clarity about their roles and responsibilities (both individual and collective) and the expectations of the organisation.
- Develop organisational key data recording standard requirements that will ensure good records that support the business and demonstrate compliance with national standards.
- Review existing systems/databases for capability and capacity to record key data requirements. Ensuring data can be easily extracted and used for insight purposes.
- Foster a culture that embraces diversity and inclusion, strengthening EDI engagement across the workforce through training, recognition, and communication.



OUR PERFORMANCE 2024/2025



We are proud to report continued strong performance in line with Our Big Plan 2.0 over the last 12 months. We launched the plan in July 2020 to build on the progress previously made and to respond effectively to economic and regulatory changes. It was also an opportunity to invigorate our customer focus.

This review is based around the strategic priorities of the Big Plan 2.0: great services, great homes, great neighbourhoods and great company.



SUCCESS



GREAT SERVICES

We provide services that respond to customers' needs now and in the future by understanding and collaborating with them. This year we have focused on strengthening service delivery in key areas to increase customer satisfaction.

Customer satisfaction

Our second set of Tenant Satisfaction Measure (TSM) scores were received in this financial year. They found that 78.5% of customers said they were satisfied with the overall service from FCHO.

This score is higher than the sector average 72.5%* and our peers in the Greater Manchester city region 74.3%** and we are proud of this achievement. It reflects some of the changes to

service delivery we have implemented and puts us in a good position to meet the requirements of the Consumer Standards from the Regulator of Social Housing (RSH). However, there is room for improvement, and we will use TSM insights and customer engagement to further develop our customer service.



Repairs performance

Customers need to have confidence in us when it comes to repairs, and it has been a challenging but successful 12 months for our Property Care team. Customers told us that we need to do better in this area, and we responded by increasing our budget for repairs by more than £1m to respond to increased demand for repairs and accelerate our progress. We also adapted our repairs delivery model and introduced a new major repairs team, freeing up our responsive repairs service to focus on high volume, low complexity jobs. We plan to implement further changes to centralise data from our repair's functions, simplify processes, and improve communication with our customers. This will enable us to focus on what matters most – delivering great services to those who live in FCHO homes.

Data

Good customer data is vital for us in delivering great services. We know

our homes, know Oldham and know at high level our customers. Next year we will be getting to know the people behind the front doors and looking at ways to increase usage of our digital portal, MyAccount, to improve customer engagement and satisfaction.

Great services highlights

- We are delivering more repairs on time following a reorganisation of our team in February.
- We recruited to our new Customer and Communities Committee. Made up of Board members and customers, this group is an important part of a new governance structure to help us respond to regulatory changes linked to the consumer standards and will make sure all the decisions made by our Board have customers at their heart.
- A new telephony service is now in operation to enable us to personalise our services to customers.

LOOKING AHEAD

By 2026...

- We will implement further changes to our property care services to boost the number repairs completed first time and reduce the number of repairs carried out over multiple visits to support customer satisfaction. Focuses will be on supporting a more multi-trade approach; optimising van stock; and enhancing our scheduling and resourcing systems.
- Using feedback from customer consultation, we will launch our three-year strategy to improve neighbourhoods and enhance how customers experience our services.

*Sector average - source is Housemark - (based on 2.6m units/ 62% of English social homes).

**Source is GMHP



GREAT HOMES

We are committed to providing high-quality, safe, sustainable homes that meet today's housing needs and are fit for the future. This means investment in existing homes while delivering new ones.

Building new homes

To address the housing crisis, we invested £20.5m to build 156 new homes this year – as part of our biggest new build development programme. It was a mix of family homes and apartments with affordable rent and shared ownership.

Completions include West Vale – a showcase of our capability in building high quality, affordable homes while creating stronger communities and meeting our

ambitions to be a community anchor in Oldham.

However, we do recognise our growth plans have been challenging to achieve. A key obstacle has been Homes England's approach to social rent. To mitigate we have revisited the scale and pace of our development programme. This will be addressed in our new Homes strategy due to be finalised in spring 2025.

Investment in existing homes

Continued high levels of investment in our existing stock saw us spend £30.7m on repairs, maintenance and compliance in customers' homes.

Green upgrades in 470 homes helped us achieve our goal to bring a third of our housing stock up to Energy Performance Certificate (EPC) 'C' standard by 2030.

Safety compliance

Ensuring FCHO homes are safe remains paramount. We have an excellent record in this area and regularly inspect our 11,500 homes to ensure they meet the Government's Decent Homes Standard and comply with fire, gas, electrical, asbestos, water hygiene and lift safety requirements.

Repairs performance

We have focused on embedding our new repairs delivery model with a new major repairs team to support customer satisfaction. Customer feedback has

allowed us to identify areas to further boost customer satisfaction.

Key achievements

- West Vale has been completed. This flagship 88-home mixed-tenure scheme located at the gateway to Oldham is FCHO's biggest project to date. It is a vibrant new community of sustainable new properties setting the standard for what we can achieve in developing high-quality, affordable green homes to meet local housing need.
- We secured £1.8m funding from the Social Housing Decarbonisation Fund Wave Two to enhance homes, making them warmer and greener.
- We invested £4.4m to make customers' homes more energy efficient with measures including loft insulation, triple-glazed windows and insulated doors, low energy lighting, cavity wall insulation and smart heating controls to help customers save energy and money.

LOOKING AHEAD

By 2026...

- We will launch our Homes Strategy 2025-2028 which will cover homes, sustainability and environmental, and growth to enhance customer satisfaction, support our neighbourhoods to thrive and reflect the high standards that our customers deserve.
- We will implement recommendations from our comprehensive cross-team action plan to address all customer feedback themes and drive improvements in overall customer satisfaction with our homes and services.
- We have rolled out a damp and mould improvement programme aligned with Awaab's Law, and we will monitor data and listen to customers, so we are compliant with legislation and our customers feel safe in their homes.
- We will deliver 161 new affordable, sustainable homes to support local authority partners to address the housing crisis.
- We will begin energy efficiency upgrade works to make around 650 more homes reach Energy Performance Certificate (EPC) C.



GREAT NEIGHBOURHOODS

We are ambitious about making our neighbourhoods and public realm great places to live. This year has seen our teams focus on strengthening relationships with customers and partners to increase our impact.

Partnership with National Trust

In line with our plans to improve the environmental quality of our communities, we collaborated with the National Trust to review how we can make green spaces in neighbourhoods more biodiverse. This wide-ranging work included supporting customers who live in our Barker Street and Eldon Street neighbourhoods to take part in the National Trust's pilot Sky Garden Challenge to promote balcony gardening. As the only social housing provider to take part in the project, we are very proud of our customers' efforts and to see them enjoy the benefits of nature outside their homes.



Antisocial behaviour

Tackling antisocial behaviour continues to be a priority and we know issues including noise nuisance, vandalism, and abuse can have a huge impact on customers and communities.

These are often not just FCHO challenges but more complex issues that require a multi-agency response and we have responded to this by developing our partnership approach. Thanks to successful collaboration with Greater Manchester Police and Oldham Council we have taken positive action on 562 ASB cases. This includes securing closure orders at three properties, a court injunction on an individual to stop rough sleeping and criminality and carrying out tenancy action so residents can live peacefully in their homes.

Key achievements

- We partnered with the National Trust to explore greener ways of working when we are taking care of open spaces – including enhanced wildflower planting, natural meadows and tree planting.

- Two community gardens on unused FCHO land have been opened. We have supported volunteers at the Day Drive Project in Failsworth and at the Eden Street Project in Barker Street. Both were transformed into thriving hubs for local people to enjoy.
- We planted 76 trees.
- We removed 800 tonnes of fly tipping from neighbourhoods - including 712 mattresses, 283 fridges and freezers and 360 TVs in more than 1800 journeys to our local recycling centres.
- We maintained 17,000m² of wildflower zones, natural meadows and bulb mix areas.
- One neighbourhood saw a 50% reduction in ASB incidents thanks to a pilot project with Greater Manchester Police and Oldham Council. We have aligned our ASB teams to replicate this approach in other districts to further drive down ASB incidents with local partners.

LOOKING AHEAD

By 2026...

- We will carry out a full review of our ASB processes and follow this with a service improvement plan to enhance customer experience and satisfaction.
- We will pilot new approaches to tackling ASB that bring our team together with the police and civic society, all aligned on resolving complex issues.
- We will implement a new direct route for customers to report fly-tipping to us, so we can respond and attend to it faster.
- We will strengthen relationships and visibility in the community by rolling out a schedule of neighbourhood walkabouts across all our patches, promoted to customers and open to local councillors and residents.
- We will develop clear communal service standards to outline what customers can expect from us and how we look after shared areas in neighbourhoods.
- We will update our Neighbourhood Care Policy and produce a customer-friendly version to share with customers our approach to looking after open spaces and shared communal areas in our neighbourhoods.



GREAT COMPANY

We aim to be a great company where colleagues thrive and strive to deliver the best services in a company that is well run, open and transparent. We value innovation while maintaining strong corporate governance too. This year we have taken steps to ensure the long-term financial sustainability of our business and promote the importance of colleague voices in achieving our goals.

G1/V1 rating from the Regulator of Social Housing

In December we retained the highest rating possible from the Regulator of Social Housing, confirming we are well run and financially strong and stable.

This validation puts us in a strong position to continue investing in existing homes and build much needed new ones, enhance the communities in which we work, and respond positively to challenges facing the housing sector.



Pension Changes

During the year we commenced consultation with c125 colleagues to cease FCHO's participation in the Local Government Pension Scheme (LGPS). The primary driver of this activity was to:

- Provide a fair and equitable pension offer to all colleagues
- Achieve long term financial sustainability
- Adequately manage pension risk

Whilst the key driver of the consultation was to provide a fair and equitable pension benefits to all our colleagues, we also recognised that defined benefit schemes such as LGPS expose FCHO to material risks and can be detrimental to our long-term financial sustainability. With LGPS there is inherent volatility in employer contributions, lack of control of the pension scheme/ investment strategy and potentially a significant future cessation deficit.

Following a full and meaningful consultation exercise with colleagues, with no meaningful counter proposals put forward, the decision was taken for FCHO to cease membership of the LGPS, exiting the scheme, 30th June 2025.

Financial performance

Our overall financial performance has remained strong and as a V1 rated organisation we have been able to withstand adverse financial pressures affecting the organisation.

Our operating margin ended the year at 16%, below the 20% target, a result which reflects a number of strategic and intentional decisions aligned with our Big Plan 2.0 to strengthen our long-term financial position.

As a result operating costs increased following a series of proactive actions taken during the year including:

- £1.5m spend on repairs to the communal heating system and additional disrepair contractor costs.
- £1.23m related to FCHO's consultation to cease membership of the Greater Manchester Pension Fund. This move will allow FCHO to effectively manage pension risk as well as provide fair and equitable benefits to all colleagues.
- £1.1m arising from additional demand for repairs.

By making prudent decisions to ensure our organisation is financially sustainable for the long term, we can keep on investing in our homes, services, neighbourhoods and jobs, and delivering on our ambitious Big Plan 2.0 goals.

People and culture

Since the launch of our Big Plan 2.0 we have introduced quarterly pulse surveys to help us improve communication with colleagues and promote a positive organisational culture. We have achieved record engagement with colleagues and are now using the survey results to shape our future approach.



Key achievements

- We recruited three new non-executive directors to our Board to strengthen our knowledge, expertise and insight which will be invaluable as we continue to deliver on our Big Plan 2.0 priorities and enhance our services for customers.
- In February we announced plans to double the number of apprentices on our books by 2027 - reinforcing our ongoing commitment to providing valuable training and employment opportunities in the local community.
- We launched bespoke training for Our Voice colleague representatives to support them in maximising their impact and influence in the organisation.
- We finalised our Equality Diversity and Inclusion (EDI) Strategy 2024-2027. This embeds all the positive aspects of a culture embracing diversity and inclusion while delivering equity across our business.



LOOKING AHEAD

By 2026...

- We will retain close financial oversight to ensure we deliver against budget while investing in priority areas. These include business transformation to improve services to customers, building much needed new homes, creating apprenticeship opportunities, investment in existing homes and energy efficiency improvement works.
- We will continue close collaboration with Our Voice colleague representatives to understand feedback and act on colleagues' views.
- We will focus on maintaining momentum and driving even stronger participation in our colleague engagement surveys.
- We will use insight to shape practical, team-level improvements which strengthen trust and culture.
- We will continue to develop our systems to attract and onboard high-quality talent to our organisation so we can deliver the best for our customers and communities.
- Develop a new internal communications platform that enables clear, consistent communications to underpin engagement, performance, and culture.



KEY RESULTS

Turnover



£69.8M

Customer Satisfaction



78.5%

New Units Developed



156

Void Loss %



0.75%

Units Owned and Managed



11,600

Gearing



23.6%

Income Collection



99.0%

Reinvestment %



10.1%

Gender Pay Gap Act 2010

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 require relevant UK employers with 250 or

more employees to publish information on their gender pay gap.

The FCHO Gender Pay Gap report confirms a positive median Gender Pay Gap of 0.6% and a positive mean Gender Pay Gap of

6.0% both of which reflect that females are slightly better rewarded than male counterparts in the organisation.

www.fcho.co.uk/about-us/company-information



VALUE FOR MONEY (VFM)

FCHO's 30 Year Business Plan and objectives are reviewed annually. VFM is integral to achieving these objectives and FCHO regularly reviews its approach to VFM, ensuring that it is aligned to the FCHO VFM Strategy introduced in 2022. A proactive approach to identifying efficiencies and driving them through all parts of the organisation also forms a key part of the focus for the 2024-26 Corporate Plan. FCHO Board reviews and challenges VFM performance against the RSH VFM metrics for all providers along with a selected peer group. Peer group comparison occurs at the time of setting annual budgets and annual 30 Year Business Plan. Our Board also receives in year VFM information via Management Accounts at half year and full year to assess current performance against the selected peer group.

FCHO monitors its own trends in VFM performance as well as using RSH and Housing Quality Network financial benchmarking data to assess whether the financial performance can be considered to be above or below median of all providers and similar 'peer group' housing associations.

FCHO's performance against the RSH VFM metrics compares its prior year, original 2024/25 budget, current financial performance for 2024/25 and the future targets. FCHO's metrics are provided in the table below which compares its financial performance with the RSH 2023/24 Global Accounts for all housing providers and also housing providers within the North-West with total units greater than 10,000 but less than 15,000.



OUR COMPARATOR ORGANISATIONS FROM RSH 2023/24 GLOBAL ACCOUNTS ARE:

Livv Housing Group

One Manchester

Plus Dane Housing Limited

Regenda Limited

Wythenshawe Community Housing Group.

Magenta Living

One Vision Housing Limited

Progress Housing Group Limited

Rochdale Boroughwide Housing Limited

VFM Metric		FCHO Data						FCHO 2023/24 Performance (Median for Peers)	FCHO 2023/24 Performance (Median for Peers)
		2023/24 Actual	2024/25 Budget	2024/25 Actual	2025/26 Budget	2026/27 Target	2027/28 Target		
1	Reinvestments %	20.9%	13.3%	10.1%	12.0%	16.6%	10.8%	Lower 11.3%	Higher 7.7%
2A	New supply delivered % (Social Housing Units)	1.0%	1.6%	1.3%	0.82%	0.54%	0.91%	Higher 1.1%	Lower 1.4%
2B	New supply delivered % (non-Social Housing Units)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Gearing %*	25.3%	26.4%	23.6%	25.1%	25.3%	29.0%	Lower 42.0%	Lower 45.6%
4	EBITDA MRI %	242.7%	205.0%	208.2%	228.7%	241.4%	226.0%	Higher 132.0%	Higher 122.0%
5	Headline social housing cost per unit (£)	£4,346	£4,492	£4,710	£4,655	£4,812	£4,908	Lower £4,935	Lower £5,136
6A	Operating margin social housing lettings %	17.3%	23.3%	16.0%	20.2%	20.2%	21.6%	Lower 16.9%	Lower 20.4%
6B	Operating margin overall %	18.0%	20.6%	16.0%	20.4%	22.0%	23.4%	Higher 14.7%	Lower 18.5%
7	Return on capital employed %	4.3%	5.2%	4.4%	5.0%	4.6%	4.6%	Higher 3.1%	Higher 2.8%

Please note, the only sector wide comparison available is from the RSH 2023/24 VFM dataset and therefore do not include an additional year of inflationary cost increases when comparing to 2024/25 actual results.



Reinvestment considers investment in properties (existing stock as well as new supply) as a % of total properties held:

- Historic rates of reinvestment suggest high levels of re-investment in stock, the higher percentages are impacted to an extent by the historic low cost of properties held, particularly in comparison to the whole sector.
- The outturn for this metric has been lower than originally budgeted for 2024/25, largely as a result of a number of development projects being paused, reducing expenditure in-year whilst awaiting more detail of the next five-year Affordable Homes Programme.
- The actual performance for 2024/25 is higher than all providers comparison but lower than FCHO peer group at 10.1%, with a total spend of £28.5m (2023/24 £54.8m). Capitalised Investment works of £11.1m remains similar to 2023/24 (£11.1m). Development spend has significantly reduced in 2024/25 to £17.3m, compared to £43.7m in 2023/24, this is as a result of a number of development projects being paused.

- The outlook for 2025/26 onwards, shows lower levels of reinvestment which is largely driven from a lower anticipated future spend within the Development Programme based upon current projected pipeline of activity. The Programme is currently forecast to deliver c493 new affordable and shared ownership homes over the next 4 years. For Investment, work continues across a number of programmes, with investment expenditure remaining at similar levels from 2025/26 until 2027/8. The combined budgeted expenditure for the development and investment programmes is c£38.2m for 2025/26. This figure includes £6.6m of initiatives part funded through the Social Housing Decarbonisation Fund (SHDF). The business plan is continually updated and revised following the receipt of updated stock condition survey data, 96% of homes have been surveyed in past 3 years.

New Supply considers the units acquired or developed in a year as a % existing stock:

- Historic new Supply figures have in recent years been increasing year on year as the Development Programme has gained momentum. New Supply Delivered increased in 2024/25 (156 units) in comparison to 2021/22 (93 units).
- For 2024/25 156 units were delivered against an original target of 224 units, resulting in an adverse outturn in comparison to the original 2024/25 budget. The units delivered are a combination of affordable rent and shared ownership. The 2024/25 outturn is as a result of a number of development projects being paused in-year whilst awaiting more detail of the next five-year Affordable Homes Programme.
- The actual performance for 2024/25 is lower than all providers comparison but higher than FCHO peer group at 1.3%. New Supply Delivered was higher in 2024/25 (156 units) in comparison to 2023/24 (124 units). This metric is forecast to reduce in 2025/26, future forecasts show a further reduction in 2026/27 (52 units), increasing again in 2027/28 (109 units), however these targets are under active and ongoing review and are highly likely to be increased with a shift to social rent taking a greater share of future new development.

Gearing measures the proportion of borrowing in relation to the size of the asset base.

- In common with other stock transfer organisations, the focus in the earlier years post transfer has been on delivery of investment promises made at the point of transfer. As a result, there has been lower focus in prior years on development activity for which a loan facility would be required for FCHO. In addition, the development programme embarked upon in 2018 has not seen the scale that had originally been anticipated and therefore levels of borrowings have historically been lower than comparators.
- Gearing has decreased during 2024/25 (23.6%), against the original budget for this metric, the level of borrowing budgeted in year was lower by £7.5m to £1.5m (against a budget of £9m), resulting in a lower gearing level compared to the original budget. This was following the pausing of a number of development projects in-year whilst awaiting more detail of the next five-year Affordable Homes Programme. Total borrowing is now £71.5m.
- Gearing will increase in 2025/26 as further loans are expected to be drawn down to support the Development Programme and Investment into existing homes. Gearing is still targeted to remain in a healthy position going forward, anticipated at 29% by 2027/28, which will be lower than both the median for all providers and FCHO's peer group. Peak debt is not anticipated to occur until 2027/2028, and the group has sufficient charged and unencumbered properties available for further borrowing capacity to continue to support the delivery of the development and asset management programmes in future years, demonstrating a strong financial base.

EBITDA MRI measures financial performance before considering financing cost, depreciation, or accounting policies on major repairs. (It is an approximation of cash generated to cover interest payments and is a key indicator for liquidity and investment capacity).

- Historical EBITDA MRI performance has been within the upper quartiles as a result of higher operating surpluses against low borrowings/interest costs.
- The outturn for this metric in 2024/25 has been lower than originally budgeted, largely as a result of the impact of higher operating costs as a result of additional repairs and maintenance costs, increased investment works (largely revenue works), and additional management costs (not factored into the original budget) associated with FCHO's decision to cease membership of the Greater Manchester Pension Fund (GMPF). This reduced surpluses when compared to the original budget thus impacting EBITDA MRI.
- Despite this lower outturn compared to the original budget, FCHO still compares well against the median for all providers and FCHO comparator group. For the future, work has continued during 2024/25 to ensure that EBITDA-MRI performance and projections are maintained and robust for future years. The efficiency programme implemented in 2023/24 which targeted to deliver £1.7m savings across the organisation was embedded for a further year into the 2024/25

budgets and Business Plan, improving operating surpluses and ensuring VFM within all investment works and other key areas of expenditure. During 2024/25 refinancing activity also commenced with a VFM target to reduce margins across our loan portfolio. It is anticipated that loan margin savings will start to be delivered during Q2 2025/26.

- EBITDA MRI is expected to remain stable, increasing in 2025/26 (228.7%) and then marginally increasing further in 2026/27 (241.4%) with a minor reduction in 2027/28 (226.0%). Although borrowing is projected to increase, this is countered by stable or improving surpluses. It should be noted though, that work is commencing throughout 2025/26 to update and extend FCHO's Corporate Plan, some of which may impact our borrowing requirements compared to the current Business 2025 Plan.
- Although no funder covenants are linked to EBITDA-MRI, In May 2023, FCHO Board agreed the introduction of a Golden Rule for this metric to ensure that EBITDA-MRI remained in future focus.

Headline Social Housing Cost (HSHC) for 2024/25 has increased at £4,710 in comparison to 2023/24 (£4,346), this is predominantly due to increased expenditure on properties in relation to management, repairs, and compliance works.

	FCHO Data – Cost per unit (CPU)					
	2021/22 Actual	2022/23 Actual	2023/24 Actual	2024/25 Budget	2024/25 Actual	2025/26 Budget
Headline social housing cost per unit	£4,014	£4,242	£4,346	£4,492	£4,710	£4,655
Management costs	£1,096	£1,201	£1,164	£1,424	£1,428	£1,346
Service charge costs	£277	£317	£392	£411	£418	£427
Routine maintenance costs	£711	£788	£884	£865	£1,011	£860
Planned maintenance costs	£348	£328	£355	£366	£380	£462
Capitalised major repairs expenditure for the period	£1,543	£1,555	£1,498	£1,346	£1,409	£1,512
Development costs	£9	£15	£15	£20	£17	£14
Other social housing activities	£29	£38	£37	£59	£46	£32

- HSHC have historically been lower as a result of lower management costs and lower capitalised major repairs which have both increased in recent years as a result of inflationary pressures alongside higher investment expenditure following improved stock condition data. The additional year of inflation should also be considered when comparing the benchmarking data from 2023/24 against actual 2024/25 results.
- The impact of higher operating costs from repairs and maintenance (including damp and mould), an increase in revenue investment works in relation to additional heating system repairs and management costs associated with FCHO opting to leave the GMPF has led to an increase in costs per unit when compared to the original budget.
- HSHC is anticipated to be moderately lower for 2025/26 in comparison to 2024/25, at £4,655. This is due to 2024/25 being impacted by additional management costs associated with FCHO opting to leave the GMPF. The 2025/26 Investment programme continues to ensure FCHO meets its regulatory and strategic objectives, continuing to provide high quality, safe, sustainable homes for customers.
- Looking to future projections, the overall headline cost per unit is expected to increase year on year but is still anticipated to be within acceptable tolerance when compared to both the median for all providers and median of FCHO comparator group.

Operating Margin measures the profitability of operating assets before any interest and exceptional expenses are taken into account. (It is a key indicator for the efficiency of an organisation).

- Historic operating margins have ranged from an overall figure of 14% (2021/22) to 18% (2023/24), however 2021/22 it was impacted by two separate and significant events, a significant provision to account for a further £2.1m in unplanned investment in compliance works (Fire Risk Assessment Works), along with a significantly higher FRS102 Pension adjustment compared to 2020/21 where the initial impact of Covid-19 had curtailed expenditure improving surpluses and Operating margins for that period.
- Operating margins have been lower in 2024/25 when compared to original budget, largely as a result of higher operating costs as a result of an increase in repair demand (including damp and mould), increase in revenue investment works associated with heating system repairs, as well as higher management costs predominately in relation to costs associated with FCHO opting to cease membership of the GMPF which was not factored into the original budget.
- Operating margins overall were 16% in 2024/25, for future years there is projected to be an improvement to 20.4% in 2025/26 and c22% in 2026/27, which has predominately been assisted by the impact of the rental increase assumptions being applied from 2025/26 to 2030/31 of CPI+1%. Future years of the Business Plan assumes CPI only.

Return on Capital Employed

compares the operating surplus to total assets less current liabilities. (It is a common measure in the commercial sector to assess the efficient investment of capital resources).

- FCHO has an existing VAT shelter which impacts this metric. FRS102 requires Registered Providers to state both a current debtor and long-term creditor for the full improvement works under the VAT shelter amount, regardless of the sharing agreement. This indicator includes the debtor but not the long-term creditor therefore, this needs to be considered when reviewing results.
- The result for 2024/25 is lower at 4.4% than original budget expectations of 5.2%, This is due to a fall in financial performance with lower operating margin as well as a marginal increase in FCHO’s assets. Although the value of FCHO’s assets has grown in-year this has been offset by a reduction in the debtor provision reflecting the remaining stock improvements works required under the VAT shelter. The outlook is for this to remain constant within a future range of between c4.6-5% and significantly above the median of all providers and peer group sample.

VFM FUTURE PLANS

FCHO's future areas of VFM aligned to the VFM Strategy:

- Annual Budget and Business Planning will identify any future cost savings and will include VFM efficiency targets, further work is planned in future to identify further savings through a mixture of:
 - Commencement of Customer and Communities Strategy review and implementation with a focus on improving Customer outcomes, improved decision making and resource allocation.
 - Further investment is planned during 2025/26 within the procurement team, rolling out and embedding a Procurement Strategy to achieve VFM in all procurement.
 - Annual update and assessment of VFM strategy and benefits realisation.
 - The Savills Social Housing Asset Performance Evaluation (SHAPE) tool has been implemented and will focus throughout 2025/26 on driving the best value out of resources available via options appraisals.
 - Following consultation, ceasing membership of the Greater Manchester Pension Fund (defined benefit pension scheme), anticipated to deliver lower ongoing pension costs and risk reduction.
 - Achieving Social Value on all contracts to drive additional value out of FCHO activities.
 - Focus on 'self-service'/ digital transformation offering customers choice in interactions.
 - VFM tracker to monitor benefits, for both financial and non-financial benefits.
 - Review of organisational recruitment, bringing more recruitment 'inhouse', to target and embed current savings of over c£100k per annum. This will further be embedded during 2025/26.
 - Undertake further service reviews in relation to FCHO's Investment Programme and delivery model to ensure ongoing VFM is monitored and being delivered.
 - Embedding transformation expenditure to improve the efficiency of the Income Collection team, utilising automation to assist in checking and verifying Universal Credit status.
 - During 2025/26 we will embed a new repairs scheduling and optimisation service, driving better VFM outcomes for both FCHO and our Customers.
 - Continue to explore further collaborations with key stakeholders such as Greater Manchester Combined Authority (GMCA) to deliver good quality Homes.

RISK AND ASSURANCE

The state of the economy and external environment, rising energy costs, costs of living, damp, mould and disrepair, and a declining housing market continue to be among the risks faced by FCHO. The Board and Executive Team continue to monitor the ongoing effects of all of them.

Steps are being taken on an ongoing basis, to minimise the impact on FCHO activities and the effect this may have on the organisation's residents and stakeholders.

Each risk within the Strategic Risk Register is regularly analysed and prioritised in terms of likelihood and severity and inherent risk. The Register identifies the existing controls and mitigations and further ones in development for each risk. Once mitigations are factored in, the score is re-calculated, and a residual risk score provided. The strategic risks are also linked with the performance framework through triggers that help give an early warning system of where remedial action may need to be taken. The Board, at their Away Day, 27 October 2024,

reviewed their Risk Appetite Statement, in the light of the external environment and the most recent Sector Risk Profile report. The Strategic Risk Register has also been reviewed to reflect the changed Appetites as part of the regular review process, to ensure the Strategic Risks are still relevant for the organisation.

All risk and risk movements are reported quarterly to the Audit and Risk Committee for assessment and progress monitoring, and this is then presented to the Board for further challenge.

The Assurance Matrix, based on a three lines of defence model, is linked to internal audits and external scrutiny and is also updated quarterly. The Risk Management Policy was last reviewed and approved by the Board on 21 May 2025.

Operational Risk Registers are part of the overall Risk Management Framework and underpin the Key Strategic Risks for all key parts of the business Board. The Audit and Risk Committee also has sight of these at each of their meetings.



The key risks are detailed below along with lead Board or Committee and key mitigation and controls.

Risk	Mitigation and Controls
<p>1. Customer Services Failure to deliver quality customer services that we are proud of, shaped by our diverse customer base and meet our Corporate Plan ambitions. Board</p>	<ul style="list-style-type: none"> • RSH Consumer Standards Self Assessments • Tenant Satisfaction Measures • Compliance with the Housing Ombudsman's Complaint Handling Code 2024 Self-Assessment • Customer Voice Panel • Customer & Communities Committee
<p>2. Strategic Asset Management Failure to implement an Active Asset Management approach resulting in low value for money, un-tapped social value and unsustainable / non-compliant assets. Investment and Development Committee</p>	<ul style="list-style-type: none"> • Asset Management Strategy • Value for Money Strategy • 30 Year Business Plan • NROSH submissions • FCHO Standard • SHAPE model
<p>3. Reputation Failure to actively manage our reputation leading to serious adverse publicity that leads to a breakdown in strategic relationships and/or regulatory sanction. Board</p>	<ul style="list-style-type: none"> • Partnership matrix • Common Allocation Framework • Councillor and MP meetings • Corporate Plan • Nurturing stakeholder relations (RSH, OMBC, MPs) • GMHP membership, participation, and representation • Effective Communications Team managing media relations. • Media Board to oversee response to adverse publicity
<p>4. Development Failure to achieve sustainable Development Strategy growth ambitions that are on time and in budget. Investment and Development Committee</p>	<ul style="list-style-type: none"> • Development Strategy • Homes England meetings • Annual review of Financial Assumptions • Procurement frameworks • Quarterly watchlist and pipeline reported to IDC • Acquisitions and Disposals Strategy • Corporate Plan • Development Strategy • 30 Year Business
<p>5. Legal, Financial and Statutory Compliance Ineffective internal control framework leading to significant legal, financial or statutory consequences. Board</p>	<ul style="list-style-type: none"> • Financial Regulations • Financial regulatory returns • Stability Checks • Annual External Audit • Internal Audits • GDPR Reporting
<p>6. Regulatory Compliance Ineffective framework leading to significant regulatory consequences that result in regulatory investigation or threatens FCHO's G1/V1 or C status. Board</p>	<ul style="list-style-type: none"> • Regulatory Returns • RSH Economic and Consumer Standards and Code of Governance Self Assessments • Annual Effectiveness Review and Skills Assessment • Self-assessment with compliance of the Housing Ombudsman's Complaint Handling Code 2024 • Complaints Annual Report • Complaints quarterly reporting to Board

The key risks are detailed below along with lead Board or Committee and key mitigation and controls.

Risk	Mitigation and Controls
<p>7. Health and Safety Compliance (asset / landlord / colleague) Failure to meet compliance responsibilities as a landlord or an employer that results in harm to people. Board</p>	<ul style="list-style-type: none"> • Internal and External Inspections and Quality Assurance checks • Annual NICEIC, Gas Safety and Fire Safety inspections • Health and Safety Policy • Mandatory Health and Safety training • 100% CO Alarms compliant • Actions arising from the Building Safety Act completed, 3 building safety cases submitted to RSH
<p>8. Colleague Engagement Failure to implement an appropriate framework to maximise retention of desired talent and skills together with the associated costs of attrition and impact on service delivery. People and Governance Committee</p>	<ul style="list-style-type: none"> • Annual Colleague Conference • Leadership Development Programme • Behavioural Framework • People Strategy • Best Companies Survey • EDI Strategy and Action Plan finalised • Quarterly Colleague Engagement Survey
<p>9. Cyber Security Ineffective cyber resilience, impacting FCHO's ability to protect, detect, respond and recover from cyber incidents, resulting in legal, regulatory or service delivery detriment. A&R</p>	<ul style="list-style-type: none"> • 24/7/365 management and monitoring • DR resilience • Mandatory Board and staff security training • Supplier Security training • Regular Penetration Testing • Phishing test exercises • Cyber Essentials Plus in place • Data loss prevention software • Regular desktop testing of cyber incident response plan
<p>10. Data Insight Failure to maximise the power of insight through data to advance FCHO's corporate ambitions. Board</p>	<ul style="list-style-type: none"> • Warning system Data Warehouse Power BI • Data reconciliations within Data Warehouse • Data testing and checks. • New suite of KPIs for 2025/26 agreed by Board 26 March 2025
<p>11. Financial Resilience (income / budgets / loan covenant headroom/ liquidity) Damage FCHO's potential to maximise income, drive efficiencies and create sufficient financial resilience. Board</p>	<ul style="list-style-type: none"> • Annual stress testing, scenario planning and mitigations • Financial Regulations and Delegations Framework • Treasury Strategy and Policy • Annual unqualified external audit • 30 Year Business Plan • Annual Insurance
<p>12. Environmental Sustainability Insufficiently prepared to fund legal and strategic requirements relating to the environmental sustainability of our stock and services that protects long term viability. Investment and Development Committee</p>	<ul style="list-style-type: none"> • Sustainability Working Group • Sustainability, Development and Asset Management Strategies • SHIFT Silver Accreditation • 30 Year Business Plan

FINANCIAL PERFORMANCE OF THE YEAR ENDED MARCH 2025

The financial performance for the past two financial years is presented below, the turnover for 2024/25 was £69.8m with an operating surplus of £13.0m. FCHO made a surplus for the year of £11.0m after taxation and interest costs. This included a surplus from the sale of housing properties in 2025 of £1.8m (2023: £1.8m).

Total group operating costs were £58.6m (2024: £49.8m). There has been an increase in operating expenditure during the year within most areas of spend. The largest increase was in the areas of first tranche shared ownership disposal costs £3.8m, management costs at £3.2m and revenue repairs at £1.5m. More detail is included within the Value for Money section on page 15.

The total expenditure on repairs and maintenance was £32.5m (2024: £31.5m).

Of this amount, there was £11.2m (2024: £11m) relating to improvements which has been added to housing fixed assets with the remaining work expensed through the Income Statement.

Net turnover from lettings increased by £9.1m to £69.8m (2024: £60.7m). This is as a result of first tranche shared ownership sales increasing by £2.5m and an increase in rental income and service charges of £5.2m from the annual increase. During the year income collection results have remained strong, with collection rates at 99% versus a budget of 99.3%.

The table below also summarises FCHO's assets and liabilities. Development and investment within existing and new housing stock continues to increase the asset base of the organisation, providing further room for growth in future.



The accounting policies applied are shown on pages 68 to 78.

Consolidation

	2025 £'000	2024 £'000
Income & expenditure account		
Turnover	69,758	60,701
Operating costs	(58,613)	(49,798)
Surplus on disposal of fixed assets	1,869	1,876
Operating surplus	13,015	12,779
Surplus for the year after taxation	11,071	11,209
Total comprehensive (loss)/income for year	9,984	10,622
Balance Sheet		
Housing properties net of depreciation	282,158	262,686
Other tangible assets	9,446	9,260
Net current assets	4,326	23,204
	295,930	295,150
Creditors due after one year	114,825	110,598
Provisions - Pension Liability & VAT Shelter	6,869	20,300
Revenue Reserve	174,236	164,252
	295,930	295,150
Operational indicators		
Total housing stock	11,600	11,505
Arrears of rent and service charges as a % of Rent Debit	2.23%	2.41%
Total loans due in 5 years or more	71,500	70,000
Operating Margin	19%	21%

Pension Costs

FCHO has “admitted body” status to the Local Government Pension Scheme (LGPS) and contributes via the Greater Manchester Pension Scheme. The Scheme is a final salary pension scheme, FCHO contributes 23.9% of pensionable pay.

In October 2015 FCHO closed the LGPS scheme to new employees and all new employees are offered the option to remain in a defined contribution scheme following their auto enrolment.

Corporation Tax

FCHO has charitable status and therefore there is no estimated tax liability for the current year.

New Living Homes Limited’s operating profit consists of inter-group recharges at third party rates. Any profits will be gifted aided to First Choice Homes Oldham Limited within 9 months of the year end and group relief will be obtained from First Choice Homes Oldham Limited undertaking.

Capital Structure and Treasury Policy

To support the delivery of FCHO’s Treasury Management Policy and Strategy, a Treasury Management Policy and Strategy is reviewed annually, and this was approved by Board, 21 May 2025. FCHO’s Policy is to retain minimum cash whilst ensuring sufficient funds for the investment and development programmes are available. A process is in place to enable cash-flow forecasting and is used to continually monitor future borrowing requirements.

The borrowing strategy, which is approved annually by the Board, aims for between 60-80% of drawn funds to be fixed rate. This will reduce exposure to any future interest rate increases and create a degree of guarantee over future interest payments.

Loan Facilities

FCHO completed a restructuring exercise in May 2022 that allowed FCHO to refinance its expiring tranches and increase its overall loan facility to £95m. FCHO is currently solely funded by Abbey National Treasury Services plc (“Santander”) (a wholly owned subsidiary of Santander UK plc) with its original loan facility having been put in place at the time of the stock transfer from Oldham Council in 2011.

Cash Flow and Liquidity

The net cash inflow from operating activities before interest costs was £13.0m. Bank balances and short-term investments were £4.5m at the year end.

Covenant Compliance

Under the terms of the loan agreement the company must comply with three financial covenants, these being:

- Ratio of net cash flow to total interest.
- Gearing
- Asset cover i.e. the value of the stock compared to the outstanding loan.

Performance to 31 March 2025 showed that the company was compliant with all covenants

Going Concern

FCHO’s business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report. The assessment of the significant risks faced by FCHO, including significant risk exposures are considered in the preceding segments of this report. FCHO has demonstrated significant headroom within loan covenants, strong income collection rates, which has led to the Board’s judgement that FCHO has a financially strong Business Plan, including mitigations which display resilience to respond to stress scenarios. All Value for Money metrics when compared against all providers and FCHO peer group show a stable and robust performance includes the outer years of the Plan. These results demonstrate FCHO remains financially viable.

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

In concluding this view, the Board fully appraised the changing business environment facing FCHO, has considered the financial projections within the Business Plan, the results of stress testing of the Business Plan and assessed the strategic risks faced by FCHO and the means available to mitigate these risks.

Approval

This strategic report was approved by the Board of Directors on 17 September 2025.



Amanda Harris
Chair of the Board

THE REPORT OF THE BOARD OF DIRECTORS

The Board of Directors present their report and audited financial statements for the year ended 31 March 2025.

First Choice Homes Oldham Limited (FCHO)

FCHO ('the Organisation') is formed for the benefit of the community and is a not-for-profit housing association.

FCHO began trading as a Registered Provider on 7 February 2011 with 11,867 properties transferring from Oldham Metropolitan Borough Council (OMBC) on that date.

On 1 August 2014 the Co-operative and Community Benefit Societies Consolidation Bill was approved by Parliament and from this date FCHO is no longer governed by the Industrial and Provident Societies Act 1965 and is now registered as a Community Benefit Society (registration number 31138R) with charitable objectives under the Co-operative and Benefit Societies Act 2014. FCHO is regulated by the RSH. Registration number is 4582.

New Living Homes Limited (NLH)

On 20 October 2016, FCHO established a subsidiary organisation, New Living Homes Limited (NLH), NLH is a Limited Company, registered with Companies House. Company number 10438384.

NLH is responsible for the future development and build of FCHO's new home development programme. However, for VAT purposes the company stands outside of the VAT Group. NLH does not employ any staff or own any assets.

The Board of NLH is appointed by the FCHO Board and is made up of between three and five Directors excluding Co-optees and are made up of one Chairperson, three FCHO non-executive directors and two FCHO officers. NLH's Directors are registered as Company Directors with Companies House. NLH met to consider official duties on two occasions in 2023/24.

First Choice Homes Limited

On 21 November 2019, FCHO established a subsidiary organisation, First Choice Homes Limited. First Choice Homes is a limited Company, registered with Companies House. Company number 12326286. First Choice Homes Limited is a dormant company, with two Directors (FCHO Officers). It is anticipated that First Choice Homes Limited will remain dormant.

The Board and Executive Officers

The Board and Executive Officers are listed on page 2. The Executive Officers are responsible for the day-to-day management of FCHO. The Executive Officers are employed on the same terms and conditions as staff members within FCHO.

The Board is made up of between eight and twelve Non-Executive Directors (including co-optees) as determined by the Board. Non-Executive Directors are recruited on a skills-based approach, and they have the appropriate range of skills, experience and qualities required to provide strategic direction and monitor FCHO's performance. They oversee the overall running of the company.

The Board met on six scheduled occasions during 2024/25. In addition, a two-day Board Away day was held in October 2024, and a range of development sessions were held.

Qualifying third party indemnity provisions

FCHO has qualifying third party indemnity insurance in place for Directors and Officers.

Corporate Governance

The Board is responsible for providing strategic direction, leadership, support and guidance to FCHO and monitoring the performance of the business against its Strategic Objectives, inclusive of the financial objectives. It approves short and medium-term plans, priorities and monitors the results from these plans.

The Board challenges and scrutinises key performance targets to drive continuous improvement.

Board Delegation

In order to operate effectively and ensure appropriate governance in business-critical areas the Board has delegated authority to three committees.

- Audit and Risk Committee – the Committee met to consider official duties on four occasions during 2024/25
- People and Governance Committee – the Committee met to consider its official duties on four occasions during 2024/25 including additional meetings.
- Investment and Development Committee – the Committee met to consider its official duties on four occasions during 2024/25.
- Customer and Communities Committee – a new Committee; its first Shadow Committee meeting was in February 2025.

Audit and Risk Committee

The role of the Audit and Risk Committee is to ensure effective internal controls and risk management. This includes both internal and external audit activities of FCHO and in particular the duties, requirements and guidance set by the applicable regulator.

People and Governance Committee

The role of People and Governance Committee is to:

- Oversee the delivery of the People Strategy, that underpins the Corporate Plan, including attracting and maintaining colleagues and creating a positive work environment and culture where they can flourish and grow.
- Ensure that the Board fulfils its legal, ethical, and functional responsibilities through adequate governance arrangements, recruitment strategies, training programmes, monitoring of Board activities and the evaluation of Non-Executive Directors' performance.
- Ensure that remuneration arrangements support the strategic aims of the business.
- Ensure that the Chief Executive has the skills, competence, and capacity to deliver the overall strategy of FCHO its plans and proposals.

Investment and Development Committee

The role of the Investment and Development Committee is to provide strategic direction and leadership to ensure that FCHO's development and investment programmes deliver the outcomes and strategic objectives set by the FCHO Board. The Committee takes an overview of the organisation's development activity; monitors progress against the set targets of the programme and ensures support for the delivery of the Asset Management Strategy.

Customer and Communities Committee

The role of the Customer and Communities Committee is to ensure that the customer's voice is heard on matters that impact them and provide customers with a range of meaningful opportunities to influence and scrutinise strategies, policies, services and decision making.

Donations

During the year FCHO has made charitable donations to the total of £36,274 (2023/24: £91,576) to various charities and community groups.

Modern Slavery Act 2015

FCHO's turnover exceeds £36 million for that period, therefore under section 54(1) of the Modern Slavery Act 2015 FCHO has produced a Slavery and Human Trafficking Statement for the year ending 31 March 2025.

This statement sets out the steps that FCHO have taken in the 2024/2025 financial year to ensure there is no modern slavery (including human trafficking) in the business or supply chains.

It is approved by FCHO's Board and Executive Team and will continue to be reviewed and updated as necessary or on an annual basis.

Policy on Payment of Creditors

It is the policy of the organisation to pay its creditors within 30 days.

Regulation 113(7) of the Public Contracts Regulations 2015 introduced the following publication requirements: After March 2016, all in-scope organisations must publish, on an annual basis and covering the

previous 12 months, (i) the percentage of their invoices paid within 30-days, (ii) the amount of interest paid to suppliers due to late payment and (iii) the total amount of interest that the contracting authority was liable to pay due to late payment. The data for financial year ending 31 March 2025 is shown in the following table:

Financial Year 2024/2025	Proportion of valid and undisputed invoices paid within 30 days in accordance with Regulation 113	The amount of interest paid to suppliers due to a breach of the requirement in Regulation 113	The total amount of interest that the contracting authority was liable to pay (whether or not paid and whether under any statutory or other requirement), due to a breach of Regulation 113
FCHO	99.5%	£27	£1,437.01

Internal Control Assurance

The Board has overall responsibility for risk management within FCHO and acknowledges its role and responsibility for ensuring that the organisation has an effective system of internal control and for reviewing its on-going effectiveness.

The Risk Management and Internal Control Framework 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 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. FCHO has a number of arrangements in place that make up the overall Internal Control Framework, which are used to provide Board with assurance about the adequacy of this Framework.

The Board has ultimate responsibility for the system of internal control but has delegated authority to the Audit and Risk Committee to regularly review its effectiveness. It does this by reviewing the effectiveness of the system of internal control across the spectrum of the framework. This includes considering Risk Registers, Internal Audit Reports, fraud and whistleblowing reports, management assurances, the External Management Letter and specialist reviews.

The Audit and Risk Committee received and considered reports from management on Risk Management and Control Arrangements at each meeting during the year and the Board discusses risk and the impact of the decisions that it takes at each meeting. The Board approved its

Risk Appetite Statement, 26 March 2025, and this has been integrated into the Risk Management Framework by linking to the Strategic Risk Register.

FCHO has a Strategic Planning and Risk Management Framework which incorporates the Corporate Plan, 30-year financial plan, Risk Management Framework and Assurance Matrix. The approach taken ensures a golden thread between Strategic and Financial Planning and Risk Management and integrates assurance which underpins FCHO's internal controls.

This ensures that each strategic objective and associated risks are clearly aligned and supported by FCHO's assurance framework. Assurance is taken from key elements of FCHO's Assurance Framework.

There are no identified risks to the systems of internal control and basic controls and governance arrangements are in place for all areas.

The Assurance Framework provides evidence to confirm that the appropriate systems are in place and that these are subject to the appropriate levels of scrutiny for those areas that could have a significant financial and reputational impact on FCHO.

Key elements of the Internal Control Framework include:

- A formally constituted Board and Committee structure supported by a Governing Framework. This includes Rules, Standing Orders, Scheme of Delegation and Terms of Reference. These detail the delegated authority for each of its committees that meet on a regular basis. There is also a Probity, Anti-Fraud and Bribery Policy and a Code of Conduct for Non-Executive Directors and Colleagues

of the organisation. Non-Executive Directors have a code of Conduct and colleagues have formal policies setting out their expected conduct.

- A comprehensive Non-Executive Director Appraisal programme and Governance Effectiveness Review is carried out with support from an external consultant, Altair. A comprehensive induction and training programme is in place to ensure Non-Executive Directors remain professionally updated and have the skills to meet the needs of the business. This is linked with a comprehensive Board and Committee annual appraisal process.
- The Senior Management Team has developed directorate specific Internal Control Statements that feed into the overall Control Statement and provide another level of assurance on internal controls.
- All business activities are managed through a comprehensive set of policies and procedures that are subject to regular reviews.
- Robust strategic and financial business planning processes, including detailed financial budgets, forecasts, and cash-flows. The Management Accounts are reported to the Executive Team monthly and quarterly to the Board and Funders.
- A comprehensive approach to stress testing aligning to FCHO's Strategic Risk Register and assurance activities inclusive of the Assets and Liabilities Register. Stress testing is carried out on an annual basis and where there are key financial risks identified within the year. This is supported by a comprehensive recovery planning framework.
- From the internal audit work BDO carried out in 2024/25 there were 11 internal audits completed, and these did not highlight any fundamental risks. For Design: seven had a Substantial Assurance level, three moderate and one limited assurance. For Operational Effectiveness: five had Substantial, four had moderate and two N/A (advisory).
- From 2022/23 BDO LLP has provided Internal Audit services. An Annual Internal Audit Plan, based on key controls and risks is agreed, monitored, and reported to the Audit and Risk Committee. The Board received an annual report from BDO, which concluded that:
- FCHO has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the association.
- On the basis of the audit work undertaken, there was completion of internal audit activity planned, acceptance of recommendations, no high significance recommendations and positive follow up activity across each quarter.
- The implementation rate throughout 2024/25 was again 100% at every quarter end.
- No instances of actual or suspected fraud have been encountered during audit work.
- Board approved Whistleblowing Policy.
- Board approved Fraud and Anti-Money Laundering Policy.

A Fraud Register is in place and any incidents of fraud or attempted fraud are recorded and reported to the Audit and Risk Committee quarterly. During 2024/25, there were no instances of fraud reported.

A Whistleblowing Policy is in place and FCHO is committed to the highest standards of quality, probity, openness, and accountability. The Audit and Risk Committee receives a report quarterly and during 2024/25, there were no instances of whistleblowing.

Whilst not exhaustive, the above represents the key elements within the existing system of internal controls. The Assurance Framework is supported by the Risk Management framework, providing a full overview of the high-level risks facing FCHO, including all forms of assurances provided in relation to the risk, such as internal and external audit, performance monitoring and other external forms of accreditation. Key work continues in embedding an integrated risk management culture across FCHO.

In concluding its review, the Board is satisfied with the adequacy of these controls for the year ending 31 March 2025 and for the period to the date of signing the financial statements.

Compliance with the National Housing Federation Code of Governance

FCHO adopted the National Housing Federation's 2020 Code of Governance (the Code) with effect from 1 April 2022. The Board considers compliance against each of the provisions of the Code on an annual basis. Following this review on 21 May 2025, the Board was assured that FCHO is fully compliant with the Code.

To enable continuous improvement, the Board has identified some enhancement actions which will further support compliance. The Review included an independent review of the approach to assessment of compliance by Altair.

Compliance with the Regulator of Social Housing's (RSH) Governance and Financial Viability Standard

In August 2022 FCHO underwent an In-Depth Assessment (IDA) with the RSH. The IDA uses a risk-based approach to assess providers' financial strength, risk profile, approach to value for money and their quality of governance.

The RSH confirmed in January 2025 through its Stability Check that FCHO maintained its Governance rating of G1 and its Financial Viability Rating of VI.

FCHO's Board assesses its compliance against the RSH's Governance and Financial Viability Standard and Consumer standards annually. FCHO has developed an assurance model (based on three lines of defence) which supports evidencing compliance with the Standards and supports the Codes of Practice (where applicable). The Board was assured that FCHO meets all the requirements of the Governance and Financial Viability Standard at the meeting held on 21 May 2025 and the Consumer Standards at the meeting held on 16 July 2025; this was supported by an independent review of the approach to assessments of compliance by Altair.

FCHO has therefore achieved full compliance with the RSH's requirements of the Governance and Financial Viability Standard.

STATEMENT OF DIRECTOR RESPONSIBILITIES

Statement of Director Responsibilities in respect of the Board Report and the Financial Statements

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

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 association and Group for that period.

In preparing these financial statements, the Board members 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: Accounting by registered social housing providers 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 and association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the Board members. The Board members' responsibilities also extend to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditor

The Board of Directors who held office at the date of approval of this Board of Director's report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The report of the Board of Directors was approved on 17 September 2025 and signed on its behalf by:



Amanda Harris
Chair of the Board



Ronnie Clawson
Chair of Audit and Risk Committee



Catherine Farrington
Company Secretary

Auditor

Crowe LLP are FCHO's current external auditors. The Group Board appointed Crowe in November 2021 to provide FCHO's external audit service for a three-year contract period, with the option of an additional year commencing from the 2021/22 annual external audit. The optional additional year was exercised for the 2024/25 audit.





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST CHOICE HOMES OLDHAM LIMITED



Opinion

We have audited the financial statements of First Choice Homes Oldham Limited (the "Parent Association") and its subsidiaries (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 notes to the financial statements, including 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 Parent Association's affairs as at 31 March 2025 and the Group and Parent Association's income or expenditure for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from January 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 Group 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 or Parent Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the group; or
- a satisfactory system of controls over transactions has not been maintained; or
- the 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 Board's responsibilities statement set out on page 29, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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 identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit

evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Group and Parent 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 application to a registered social housing provider in England together with the Housing SORP, along with the Companies Act 2006. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Group and Parent Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Group and Parent Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Group and Parent Association and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of other income and non-social housing income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Group Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and other income and non-social housing income, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
St Georges House
56 Peter St
Manchester
M2 3NQ



STATEMENT OF COMPREHENSIVE INCOME



Consolidated statement of comprehensive income

For the year ended 31 March 2025		Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
	Note:		
Turnover	2	69,758	60,701
Operating costs	2	(58,613)	(49,798)
Surplus on disposal of housing properties	2	1,869	1,876
		13,014	12,779
Operating surplus			
Interest receivable and similar income	7	1,274	957
Interest and financing costs	6	(3,217)	(2,527)
Surplus before taxation		11,071	11,209
Taxation on surplus	9	-	-
Surplus for the financial year after taxation		11,071	11,209
Other comprehensive income:			
Actuarial (losses)/gains on defined benefit pension scheme	12	(1,271)	(872)
Change in fair value of hedged financial instruments	26	184	285
Total comprehensive (loss)/income for year		9,984	10,622

Change in fair value of hedged financial instruments

The accompanying notes on pages 69 to 103 form part of these financial statements.

Association statement of comprehensive income

For the year ended 31 March 2025		Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
	Note:		
Turnover	2	69,758	60,701
Operating costs	2	(58,602)	(49,798)
Surplus on disposal of housing properties	2	1,869	1,876
		13,025	12,788
Operating surplus			
Interest receivable and similar income	7	1,274	957
Interest and financing costs	6	(3,217)	(2,527)
Gift aid from subsidiary undertaking	9	461	251
Surplus before taxation		11,543	11,469
Taxation on surplus	9	-	-
Surplus for the financial year after taxation		11,543	11,469
Other comprehensive income:			
Actuarial (losses)/gains on defined benefit pension scheme	12	(1,271)	(872)
Change in fair value of hedged financial instruments	26	184	285
Total comprehensive (loss)/income for year		10,456	10,882

Change in fair value of hedged financial instruments

The accompanying notes on pages 69 to 103 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

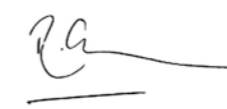
Consolidated and Association statement of financial position

As at 31 March 2025	Note:	2025 £'000 Group	2024 £'000 Group	2025 £'000 Association	2024 £'000 Association
Tangible Fixed assets					
Housing properties	13	282,158	262,686	284,125	264,346
Other fixed assets	14	9,446	9,260	9,446	9,260
		<u>291,604</u>	<u>271,946</u>	<u>293,571</u>	<u>273,606</u>
Current Assets					
Properties held for sale	15	3,453	957	3,453	6,393
Debtors - receivable after one year	16	477	(2,527)	477	10,280
Debtors - receivable within one year	16	15,443	251	15,467	19,093
Cash and cash equivalents		4,513	2,972	3,082	2,244
		<u>23,885</u>	<u>38,518</u>	<u>22,479</u>	<u>38,010</u>
Creditors: amounts falling due within one year	17	<u>(19,559)</u>	<u>(15,314)</u>	<u>(18,453)</u>	<u>(15,271)</u>
Net current assets		<u>4,327</u>	<u>23,204</u>	<u>4,026</u>	<u>22,739</u>
Total assets less current liabilities		<u>295,930</u>	<u>295,150</u>	<u>297,597</u>	<u>296,345</u>
Creditors: amounts falling due after more than one year	18	<u>(114,825)</u>	<u>(110,598)</u>	<u>(114,825)</u>	<u>(110,598)</u>
Provisions for liabilities and charges					
Other provisions	21	(6,869)	(20,300)	(6,869)	(20,300)
Pension liability	12	-	-	-	-
Total net assets		<u>174,236</u>	<u>164,252</u>	<u>175,903</u>	<u>165,447</u>
Capital and reserves					
Income and expenditure reserve		<u>174,236</u>	<u>164,252</u>	<u>175,902</u>	<u>165,447</u>
Total reserves		<u>174,236</u>	<u>164,252</u>	<u>175,903</u>	<u>165,447</u>

The financial statements were issued and approved by the Board of Directors on 17 September 2025 and were signed on its behalf by:



Amanda Harris
Chair



Ronnie Clawson
Chair of Audit and Risk Committee



Catherine Farrington
Company Secretary

The accompanying notes on pages 69 to 103 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

Consolidated statement of changes in reserves

		Income and expenditure reserve	Total
	Note:	£'000	£'000
For the year ended 31 March 2025			
Balance as April 2023		153,630	153,630
Surplus for the year		11,209	11,209
Other Comprehensive Income for the year			
Actuarial loss relating to defined benefit pension scheme	12	(872)	(872)
Change in Full Value of hedged financial instruments	26	285	285
Balance as 31 March 2024		164,252	164,252
Surplus for the year		11,071	11,071
Other Comprehensive Income for the year:			
Actuarial gain relating to defined benefit pension scheme	12	(1,271)	(1,271)
Change in Full Vale of hedged financial instruments	26	184	184
Balance as 31 March 2025		174,236	174,236

The accompanying notes on pages 69 to 103 form part of these financial statements.

Association statement of changes in reserves

		Income and expenditure reserve	Total
For the year ended 31 March 2025	Note:	£'000	£'000
Balance as April 2023		154,565	154,565
Surplus for the year		11,469	11,469
Other Comprehensive Income for the year			
Actuarial gain relating to defined benefit pension scheme	12	(872)	(872)
Change in Fair Value of hedged financial instruments	26	285	285
Balance as 31 March 2024		165,447	165,447
Surplus for the year		11,543	11,543
Other Comprehensive Income for the year:			
Actuarial gain relating to defined benefit pension scheme	12	(1,271)	(1,271)
Change in Full Vale of hedged financial instruments	26	184	184
Balance as 31 March 2025		175,903	175,903

The accompanying notes on pages 69 to 103 form part of these financial statements.

STATEMENT OF CASH FLOWS

Consolidated statement of cash flows

Group	2025	2024
For the year ended 31 March 2025	£'000	£'000
Cash flows from operating activities		
Surplus for the financial year	11,071	11,209
Adjustments for:		
Interest payable and finance costs	3,217	2,527
Interest received	(1,274)	(957)
Depreciation on tangible fixed assets - housing properties	8,108	7,612
Depreciation on fixed assets - other	433	622
Amortised Grant & Other Grants	(741)	(312)
Difference between net pension expense and cash contribution	(1,271)	(872)
Surplus on the sale of fixed assets - housing properties	(1,869)	(1,876)
(Increase)/decrease in trade and other debtors	(198)	(824)
Properties for sale - stock	2,940	(5,041)
Increase/(decrease) in trade and other creditors	4,245	(3,771)
Fair Value hedge movements	184	285
Cash from operations	24,845	8,602
Taxation paid	-	-
Net cash generated from operating activities	24,845	8,602
Cash flows from investing activities		
Proceeds from sale of fixed assets - housing properties	3,000	(2,527)
Purchase of fixed assets - housing properties	(28,779)	(54,899)
Purchase of fixed assets - other	(619)	(381)
Cash and similar investments	-	-
Receipt of grant	3,480	8,771
Interest received	1,274	957
Net cash used in investing activities	(21,644)	(43,327)
Cash flows from financing activities		
Interest paid	(3,217)	(2,527)
Loan advances received	3,500	37,500
Loan refinancing costs	57	57
Repayment of loans - bank	(2,000)	-
Transfer from deposits	-	100
Net cash generated in financing activities	(1,660)	35,130
Net change in cash and cash equivalents	1,541	405
Cash and cash equivalents at beginning of the year	2,972	2,567
Net cash movement	1,541	405
Cash and cash equivalents at end of the year	4,513	2,972

The accompanying notes on pages 69 to 103 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Legal status

The association (FCHO) is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider. The association is a Public Benefit Entity (PBE) and is incorporated in the United Kingdom.

FCHO has one subsidiary; New Living Homes Ltd a registered company under the Companies Act which develops new affordable housing for the group.

The Group's registered office is First Place, 22 Union Street, Oldham OL1 1BE.

Note 2: Accounting Policies

These financial statements of the group and association have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice for registered housing providers: Housing SORP 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

In preparing the financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Financial instruments disclosures, including:
 - Categories of financial instruments.
 - Items of income and expenses gains or losses relating to financial instruments, and
 - Exposure to management of financial risks
- No statement of cash flows has been presented for the parent company.
- Disclosures in respect of the parent company's financial instruments have been presented as equivalent disclosures have been provided in respect of the group as a whole.

The financial statements are presented in sterling (£'000).

Going Concern

FCHO's business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report. The assessment of the significant risks faced by FCHO, including significant risk exposures are considered in the preceding segments of this report. FCHO has demonstrated strong Value for Money Metrics, significant headroom within loan covenants, strong income collection rates, which led to the Board's judgement that FCHO has a financially strong Business Plan, including mitigations which display resilience to respond to stress scenarios. These results demonstrate FCHO remains financially viable.

After making enquires, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

In concluding this view, the Board fully appraised the changing business environment facing FCHO, has considered the financial projections within the Business Plan, the results of stress testing of the Business Plan and assessed the strategic risks faced by FCHO and the means available to mitigate these risks.

Significant judgements and estimates

The preparation of financial statements in compliance with FRS102 requires the Group management to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimations means that actual outcomes could differ from those estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on amounts recognised in the financial statements:

- 1. Impairment** - whether there are indications of impairment of FCHO's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the assets and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Based on our review it has been concluded that there were no impairment triggers in respect of the associations fixed assets housing properties.

- 2. Capitalisation of property development costs** – the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.

- 3. Classification of Loans** – the group has reviewed the terms of the loan agreements in accordance with the requirements of FRS 102 which have been categorised as basic. In addition, the Association has one interest rate swap which has been assessed as non-basic under the criteria of FRS 102, section 11.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below:

- 1. Tangible fixed assets** - are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing assets lives, factors such as product life cycles and maintenance programmes are considered (which may require more frequent replacement of key components). Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- 2. Pension and other post-employment benefit** - the critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions can significantly influence the value of the liability recorded and annual defined benefit expense.

Basis of consolidation

The Consolidated Financial Statements includes FCHO Registered provider of social housing and its subsidiary New Living Homes Limited (together the Group). All intercompany transactions and balances between the group companies are eliminated in full on consolidation.

Turnover and revenue recognition

Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams:

- rental income receivable (after deducting lost rent from void properties available for letting)
- first tranche sales of Low-Cost Home Ownership
- service charge receivable
- proceeds from the sale of housing property.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from tranche sales is recognised at the point of legal completion of the sale.

Service charges

The group adopts the fixed method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable there is no allowance for the surplus or deficit being recovered from the previous years.

Gift Aid

Donations received under the Gift Aid scheme to the parent company, from its subsidiary are recognised in the SOCI, as it relates to the principal activities of the association and is eliminated on consolidation.

Current and deferred taxation

The Association has been granted exemption from taxation under the provision of Part 11 of the Corporation Tax Act 2010 because of its charitable status.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

New Living Homes Limited makes profits which it intends to Gift aid to the association annually within 9 months of its year-end to eliminate any taxable profits.

Value Added Tax VAT

The group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. At the year-end VAT recoverable or payable is included in the statement of financial position.

Interest Payable

Interest costs associated with the financing of housing construction contracts are capitalised. The interest rate used is the average borrowing rate in the year and this rate is applied to the expenditure during the course of construction of the property, up to the date of property handover.

Other Interest Payable is charged to the Statement of Comprehensive Income in the year.

Holiday pay accrual

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

Leasing Commitments

Rentals paid under operating leases will be charged to the Statement of Comprehensive Income on an accrual's basis over the term of the lease.

Housing Properties Valuation

Housing properties are stated at cost, less accumulated depreciation, and impairment (where applicable). Housing Properties under construction are stated at cost and are not depreciated until they are completed and ready for use to ensure that they are depreciated only in the periods in which economic benefits are expected to be consumed. These are reclassified as housing properties on practical completion of construction. Costs include the cost of acquiring land and buildings, development costs, interest charges incurred during the development period. Freehold land is not depreciated.

Associated professional fees and development staff costs are capitalised to the extent that those staff are working on development schemes.

Housing properties are split between the structure and the major components which require periodic replacement, each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred. The housing stock's useful and economic life will be reassessed on an annual basis.

Gains and losses on disposal of housing properties are determined by comparing the proceeds with the carrying amount and incidental costs of sales and recognised within gains/loss on disposal of fixed assets in the Statement of Comprehensive Income.

Shared ownership properties and staircasing

Expenditure on shared ownership properties is split proportionally 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 related sales proceeds included in turnover, and the remaining element is classed as fixed assets and included in housing properties at cost, less any provisions needed for depreciation or impairment. Sales of subsequent tranches are treated as a part disposal within surplus on sale of fixed assets. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in arriving at the surplus or deficit.

Improvements to housing properties and depreciation

The group will capitalise repairs expenditure on housing properties which results in an enhancement of economic benefit of the asset. This includes:

- An increase in rental income
- A reduction in maintenance costs
- A significant extension of the life of the property

In line with the Statement of Recommended Practice (SORP 2018), the Group adopts component accounting, i.e., that where assets have two or more major components with substantially different lives, then the assets will be treated as separate components and depreciated over the different lives.

The improvement works are capitalised at the end of the project. The depreciation will commence at the date of capitalisation and will be then calculated over the economic life of the improvements

Any costs that are capitalised under the Improvement Programme comprise all expenditure on doors, windows, roofs, kitchens, bathrooms and heating systems, including: fees, preliminary costs and any other associated costs, but excluding any

Housing Property Components are identified as and depreciated as follows:

Component	UEL (Years)
Roof	40
Window & Doors	30
Kitchen	20
Bathroom	30
Heating System	30
Communal	30
Environmental	30
Boiler	15
Electrical Wiring	30
Lift	15
Structure - existing properties	80
Structure - new build	100
Structural Works	30

Impairment

The housing property portfolio for the group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified than a detailed assessment is undertaken to compare the carrying amount of assets or Cash Generating Units (CGUs) for which impairment is indicated to their recoverable amounts.

An options appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are

loan interest payments. Environmental works are capitalised if they meet the value threshold, useful economic life (UEL) and can be directly attributable to a block or individual property.

All other expenditure incurred in respect of general repairs to its housing stock will be charged directly to the Statement of Comprehensive Income in the year in which it is incurred.

obtained and used to inform the options. A detailed assessment is undertaken to compare the fair value less costs to sell to the Existing Use Value for Social Housing (EUV-SH). EUV-SH is used as the estimate of the recoverable amount of the property. If this is lower than the net book value, the CGUs are then assessed for their value in use by calculating a Depreciated Replacement Cost (DRC) for these assets.

The DRC will be based upon the lower of:

- the cost of constructing an equivalent asset on the same site together with

the original land costs; or

- the cost of acquiring an equivalent asset on the open market.

The Group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where geographically sensible to group schemes into larger CGU's. Where housing properties have suffered a permanent diminution in value, the fall in value is recorded through a charge to the Statement of Comprehensive Income.

Social Housing Grant and other government grants

Where developments have been financed wholly or partly by Social Housing Grant (SHG) receivable from the Regulator of Social Housing and Local Authorities, the amount of the grant received has been included as deferred income and recognised in the Statement of Comprehensive Income over the estimated useful life of the associated asset structure and, where applicable, its individual components (excluding land) under the accruals model. When SHG received in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability. SHG received in respect of revenue expenditure is credited to the Statement of Comprehensive Income over the same period as the expenditure to which it relates once performance-related conditions have been met.

SHG is subordinated to the repayment of loans by agreement with the Regulator of Social Housing and Local Authorities. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund 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 within the Statement of Comprehensive Income.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover in the same period as the expenditure to which they relate.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the Regulator of Social Housing can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the Statement of Financial Position under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Sinking funds – service charges

Charges made to leaseholders for the replacement of equipment and major repairs within their estates are held in a sinking fund account which are ring-fenced for use on those estates. These charges are credited to a Sinking Fund included in the Statement of Financial Position in creditors.

Depreciation of other fixed assets

Other Fixed Assets are measured at historical cost less accumulated depreciation. Depreciation is charged evenly on a straight-line basis over the expected useful lives of the other fixed assets. No depreciation is provided on freehold land. Costs over £1,000 will be capitalised and depreciated as follows:

Gains or losses arising on the disposal of other tangible fixed assets are determined by comparing the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the operating surplus/deficit for the year.

Other Fixed Assets	UEL (Years)
Office Premises	80
Plant & Machinery	3 - 7
Office & Computer Equipment	3 - 5
Furniture, Fixtures & Fittings	4
Vehicles	5
Community Assets	30
Lift	15

Stock

Stock represents work in progress relating to Shared Ownership properties. For Shared Ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at cost. Costs comprise of materials, direct labour, and direct development overheads. 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 Consolidated Income.

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

Short-term debtors and creditors

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

Pension costs

Contributions to the group's defined contributions pension scheme are charged to within the income and expenditure account in the year in which they become payable. The cost of providing retirement pensions and related benefits are charged to management expenses over the periods benefitting from the employee's services. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

The difference between the fair value of the assets held in the group's defined benefit pension scheme and the schemes liabilities measured on an actuarial basis using the projected unit method, are recognised separately from other net assets in the Group Statement of Financial Position as a pension scheme asset or liability (as appropriate). 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 and if neither applies to the Pension surplus, the present value will be adjusted to nil.

The Group also participates in a defined contribution scheme contributions payable under this scheme are charged in the Statement of Comprehensive Income in the period to which they are incurred.

Bad Debts and Write-Offs

Bad debts will be charged to the Statement of Comprehensive Income in the year in which they are incurred. A provision for bad and doubtful debts will be made on an estimation of those debts that will not be recovered at the balance sheet date.

In respect of rental debtors' provision is made on the following basis:

- Current tenants at varying percentages dependant on value of the debt based on a bespoke calculation using the current tenant arrears.
- Former tenants at 100% of the debt.

In respect of other debtors' provision is made for specific debtor balances.

Provisions

Provisions are made to the extent that the group has no discretion to avoid the expenditure provided for. Provisions will be calculated in line with the guidance contained in FRS102.

Agreement to improve existing properties.

First Choice Homes have an approved VAT Shelter agreement for 15 years post stock transfer with Oldham Metropolitan Borough Council (OMBC) and as a result VAT incurred on the Regeneration Programme is fully recoverable, with a 50% proportion then repayable to the Council. Related assets and liabilities are shown at gross values.

Cash and cash equivalents

Cash and cash equivalents in the groups consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

Financial instruments – classification as 'basic' or 'other'

Following the adoption of FRS102 in the preparation of these financial statements it was necessary to consider whether any of the group's financial instruments met the definition of 'other' as defined in section 11 of FRS 102. In particular it was necessary to consider the terms of the group's loan agreements and assess features such as how interest rates payable are determined, any lender optionality written into the agreements and any elements of the loan agreement that could substantially change due to conditions of the control of the group.

Non-basic financial instruments include all derivatives such as swaps. They are recognised on the Statement of Financial Position and measured at fair value through profit or loss. This means that at the end of each period end the instrument is re-valued to fair value, with the movement to the Income Statement (unless hedge accounting is applied)

Note 2: Particulars of turnover, cost of sales, operating costs and operating surplus - Group

	Turnover 2025 £'000	Operating expenditure 2025 £'000	Operating Surplus 2025 £'000
Social housing lettings (note 3)	61,552	(51,701)	9,851
Other social housing activities			
Management fee	202	(138)	64
First tranche low-cost home ownership sales	6,631	(5,943)	688
Development administration	-	(194)	(194)
Other	626	(398)	228
Total	7,459	(6,673)	786
Activities other than Social Housing			
Other	747	(239)	508
Total	69,758	(58,613)	11,145
Surplus on disposal of fixed assets			1,869
	<u>69,758</u>	<u>(58,613)</u>	<u>13,014</u>

	Turnover 2024 £'000	Operating expenditure 2024 £'000	Operating Surplus 2024 £'000
Social housing lettings (note 3)	56,679	(46,874)	9,805
Other social housing activities			
Management fee	235	(117)	118
First tranche low-cost home ownership sales	2,498	(2,125)	373
Development administration	-	(173)	(173)
Other	633	(314)	319
Total	3,366	(2,729)	637
Activities other than Social Housing			
Other	656	(195)	461
Total	60,701	(49,798)	10,903
Surplus on disposal of fixed assets			1,876
	<u>60,701</u>	<u>(49,798)</u>	<u>12,779</u>

Note 2: Particulars of turnover, cost of sales, operating costs, and operating surplus - Association

	Turnover 2025 £'000	Operating expenditure 2025 £'000	Operating Surplus 2025 £'000
Social housing lettings (note 3)	61,552	(51,690)	9,862
Other social housing activities			
Management fee	202	(138)	64
First tranche low-cost home ownership sales	6,631	(5,943)	688
Development administration	-	(194)	(194)
Other	626	(398)	228
Total	7,459	(6,673)	786
Activities other than Social Housing			
Other	747	(239)	508
Total	69,758	(58,602)	11,145
Surplus on disposal of fixed assets			1,869
	<u>69,758</u>	<u>(58,602)</u>	<u>13,025</u>

	Turnover 2024 £'000	Operating expenditure 2024 £'000	Operating Surplus 2024 £'000
Social housing lettings (note 3)	56,679	(46,865)	9,814
Other social housing activities			
Management fee	235	(117)	118
First tranche low-cost home ownership sales	2,498	(2,125)	373
Development administration	-	(173)	(173)
Other	633	(314)	319
Total	3,366	(2,729)	637
Activities other than Social Housing			
Other	656	(195)	461
Total	60,701	(49,789)	10,912
Surplus on disposal of fixed assets			1,876
	<u>60,701</u>	<u>(49,789)</u>	<u>12,788</u>

Note 3: Particulars of income and expenditure from social housing lettings - Group

	2025			2024
	General Needs Housing £'000	Shared Ownership £'000	Total £'000	Total £'000
Income from social housing lettings				
Rent receivable net of identifiable service charges	56,983	466	57,449	52,621
Service charge income	3,233	30	3,263	2,911
Amortised government grants	353	-	353	312
Other grants	487	-	487	835
Turnover from social housing lettings	61,056	496	61,552	56,679
Expenditure on social housing lettings				
Management	(16,538)	(28)	(16,566)	(13,391)
Service charge costs	(4,813)	(38)	(4,851)	(4,508)
Routine maintenance	(11,719)	(9)	(11,728)	(10,175)
Planned maintenance	(4,408)	-	(4,408)	(4,079)
Bad debts	(439)	-	(439)	(325)
Major repairs expenditure	(5,167)	-	(5,167)	(6,161)
Depreciation of housing properties	(8,542)	-	(8,542)	(8,235)
Other costs	-	-	-	-
Operating expenditure on social housing lettings	(51,626)	(75)	(51,701)	(46,874)
Operating Surplus on Social Housing Lettings	9,430	421	9,851	9,805
Void Losses	703	-	703	668

Note 3: Particulars of income and expenditure from social housing lettings - Association

	2025			2024
	General Needs Housing £'000	Shared Ownership £'000	Total £'000	Total £'000
Income from social housing lettings				
Rent receivable net of identifiable service charges	56,983	466	57,449	52,621
Service charge income	3,233	30	3,263	2,911
Amortised government grants	353	-	353	312
Other grants	487	-	487	835
Turnover from social housing lettings	61,056	496	61,552	56,679
Expenditure on social housing lettings				
Management	(16,527)	(28)	(16,555)	(13,382)
Service charge costs	(4,813)	(38)	(4,851)	(4,508)
Routine maintenance	(11,719)	(9)	(11,728)	(10,175)
Planned maintenance	(4,408)	-	(4,408)	(4,079)
Bad debts	(439)	-	(439)	(325)
Major repairs expenditure	(5,167)	-	(5,167)	(6,161)
Depreciation of housing properties	(8,542)	-	(8,542)	(8,235)
Impairment Costs	-	-	-	-
Other Costs	-	-	-	-
Operating expenditure on social housing lettings	(51,615)	(75)	(51,690)	(46,865)
Operating Surplus on Social Housing Lettings	9,441	421	9,862	9,814
Void Losses	703	-	703	668

Note 4: Operating Surplus

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
The operating surplus is arrived at after charging:				
Tangible fixed assets depreciation and impairment:				
Housing stock	7,883	7,317	7,883	7,317
Accelerated depreciation on replaced components	226	295	226	295
Impairment of housing properties	-	-	-	-
Other fixed assets	433	622	433	622
Auditor's remuneration (excluding VAT):				
Fees payable for the audit of the parent and Group financial statements	41	39	32	30
Fees payable for other non-audit services	7	6	5	4
Operating lease charges:				
Land and buildings	36	34	36	34
Other fixed assets	634	664	634	664

Note 5: Surplus on sale of fixed assets - housing properties

	Shared Ownership	Other housing properties	Total	Total
Group and Association	2025 £'000	2025 £'000	2025 £'000	2024 £'000
Disposal proceeds	79	2,921	3,000	2,225
Carrying value of fixed assets	(53)	(1,078)	(1,131)	(349)
	26	1,843	1,869	1,876
Recycled Capital Grant (note 20)	-	-	-	-
Total surplus on sale of fixed assets	26	1,843	1,869	1,876

Note 6: Interest payable and similar charges

Group and Association	2025 £'000	2024 £'000
Bank loans and overdrafts	(4,188)	(3,228)
Operating costs	(337)	(360)
Disposal Proceeds Fund & Recycled Capital Grant	(2)	-
Net interest on net defined benefit pension liability (note 12)	-	-
	(4,527)	(3,588)
Interest payable capitalised on housing properties under construction	1,310	1,061
	(3,217)	(2,527)
Capitalised rate used to determine the finance costs capitalised during the period	6.12%	6.60%

Note 7: Interest receivable and other income

Group and Association	2025 £'000	2024 £'000
Interest receivable and similar income	171	158
Net interest on net defined benefit pension liability (note 12)	1,103	799
	1,274	957

The Net interest on net defined pension liability is shown under Interest receivable due to this being a net income figure.

Note 8: Units of housing stock

Group and Association	2025	2024
	No. of properties	No of properties
Social Housing	10,058	10,119
Affordable - General needs	1,252	1,159
Low-cost home ownership	163	105
Intermediate rent	127	122
Total Owned	11,600	11,505
Developed in the period	156	124
Acquired in the period	6	-
Right to Buys in the period	(54)	(32)
Right to Acquires in the period	(12)	(13)
Full staircasing	(1)	-
Movement in period	95	79
Units under construction	175	326

Note 9: Tax on surplus on ordinary activities

The Group will not incur a tax charge in the year as FCHO has been granted exemption from taxation under the provision of Section 505 of the income and Corporation Taxes Act 1988 because of its charitable status.

The Association received a gift aid payment of £460k in the period ended 31 March 2025 (2024: £251k). New Living Homes Ltd intends to make a gift aid payment to FCHO within 9 months of the year end to eliminate any taxable profits.

Note 10a: Director's remuneration

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
The aggregate emoluments paid to or receivable by non-executive directors and former non-executive directors excluding pension contributions	80	71	80	71
The aggregate emoluments paid to or receivable by executive directors and former executive directors excluding pension contributions	960	700	960	700
The emoluments paid to the highest paid director excluding pension contributions	164	115	164	115
The aggregate amount of directors or past directors' pensions	100	70	100	70

The emoluments of the highest paid Director are equivalent to £13.42 per social housing unit.

Directors are defined as, Non-Executive Directors, Chief Executive, and the Executive Management Team. These are considered to be the key management personal of the association.



































The aggregate remuneration for key management personnel is equivalent to £91.45 per social housing unit.

The Chief Executive is a member of the Association's Group Pension Scheme; the entitlement of the Chief Executive is identical to those of other members no enhanced or special terms apply.

Note 10b: Directors remuneration continued

Board Members

The table below shows emoluments paid to the Board of FCHO during the discharge of their duties.

Board members	Current Member of:	2025	2024
		£'000 Remuneration	£'000 Remuneration
Gerard Lucas		-	1
Amanda Harris	 	15	14
Hilda Kaponda	  	7	8
Mumtaz Ali		-	3
Ronald Smith	  	3	6
Jean Mira	  	7	6
Ronnie Clawson	 	8	8
Emma Richman	  	8	8
Charlie Dunn	  	7	6
Margaret Goddard	 	3	3
Sabihah Khalil		4	5
Kal Akhtar	  	6	1
Simon Morris	   	6	1
Oliver Goldring	  	6	-
		<u>80</u>	<u>71</u>

The aggregate amount of expenses paid to Board members in the period was £1,433 (£1,405 in 2024).

Key

Current Member of:

Group Board	
Audit & Risk Committee	
People & Governance Committee	
Investment & Development Committee	
Operations Committee	
New Living Homes Board	

Note 11: Employee Information

The average number of persons employed during the year expressed as full time equivalents (calculated based on a standard working week of 37 hrs):

	Group 2025 No.	Group 2024 No.	Association 2025 No.	Association 2024 No.
Housing maintenance	123	132	123	132
Housing management	134	139	134	139
Support services	25	25	25	25
Development	9	10	9	10
Other services	71	71	71	71
	<u>362</u>	<u>377</u>	<u>362</u>	<u>377</u>

Staff costs (including Executive Management Team) consist of:

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Wages and salaries	14,340	13,310	14,340	13,310
Social Security costs	1,413	1,321	1,413	1,321
Cost of defined benefit scheme	960	1,097	960	1,097
Cost of defined contribution scheme	984	804	984	804
	<u>17,697</u>	<u>16,532</u>	<u>17,697</u>	<u>16,532</u>

Employers & members contribution for the defined benefit scheme are shown in note12.

The remuneration paid to staff (including the Executive Management Team) earning over £60,000 upwards:

Group and Association	2025	2024
£60,000 - £69,999	14	13
£70,000 - £79,999	8	10
£80,000 - £89,999	4	-
£90,000 - £99,999	-	2
£100,000 - £109,999	2	1
£110,000 - £119,999	1	1
£120,000 - £129,999	1	1
£130,000 - £139,999	-	1
£140,000 - £149,999	-	-
£150,000 - £159,999	1	-
£160,000 - £169,999	1	-

Note 12: Pension obligations

Two pension schemes are operated by the association.

a) Defined benefit pension scheme - (employees with a start date pre 1 September 2015)
The association participates as a contributing member of the Greater Manchester Fund (administered by Oldham MBC in accordance with the Local Government Pension Fund Regulations), which is a funded defined pension scheme where contributions payable are held in trust held separately from the company.

The financial assumptions underlying the last valuation are as follows:

Date of valuation	31 March 2025
Method of valuation	Projected Unit

The valuation was based on the following assumptions:

	31 March 2025	31 March 2024
Rate of return on accumulated assets	5.80% pa	4.85% pa
Rate of salary increases	3.55% pa	3.55% pa
Rate of pension increases	2.75% pa	2.75% pa
Discount rate	5.80% pa	4.85% pa

Surpluses and deficits are spread over employees' future service lives and the pension charge recorded by the association during the accounting period was equal to the contributions payable.

Mortality

The average future life expectancies at age of 65 are summarised below:

	Males	Female
Current Pensioners	19.3 yrs	22.8 yrs
Future Pensioners *	20.5 yrs	24.7 yrs

* Figure assumes members aged 45 as at the last formal valuation

	31 March 2025	31 March 2024
Split of Scheme Assets:	Distribution %	Distribution %
Equities	65%	68%
Bonds	17%	15%
Property	9%	8%
Cash	9%	9%
Total	100%	100%

Asset and Liability Reconciliation Group and Association

	31 March 2025 £'000	31 March 2024 £'000
Reconciliation of fair value of plan assets		
At the beginning of the year	88,591	82,740
Interest income	4,301	3,928
Contributions by members	316	319
Contributions by the employer	1,128	1,170
Actuarial gains / (losses)	(599)	2,007
Other experience	-	-
Benefits paid	(1,625)	(1,573)
At the end of the year	92,112	88,591
Reconciliation of present value of plan		
At the beginning of the year	66,150	65,946
Current Service Cost	849	970
Interest Cost	3,198	3,129
Contributions by members	316	319
Changes in financial assumptions	(11,380)	(4,340)
Past service cost (including curtailments)	111	127
Changes in demographic assumptions	(114)	(415)
Other experience	(566)	1,987
Estimated benefits paid	(1,625)	(1,573)
At the end of the year	56,939	66,150
Net pension scheme asset/(liability)	35,173	22,441
Amounts recognised in Other Comprehensive Income are as follows:		
Included in administrative expenses:		
Current service cost	849	970
Past service cost (including curtailments)	111	127
Total operating charge	960	1,097
Amounts (charged) / credited to other finance costs		
Interest income on plan assets	4,301	3,928
Interest on pension scheme liabilities	(3,198)	(3,129)
Net interest costs return	1,103	799

Asset and Liability Reconciliation Group and Association (Continued)

Analysis of actuarial (loss)/gain recognised in Other Comprehensive Income

Actual return less interest income included in net interest income	(599)	2,007
Changes in demographic assumptions	114	415
Other experience	566	(1,987)
Changes in assumptions on present value of liabilities	11,380	4,340
Actuarial (loss)/gain in other comprehensive income	11,461	4,775
Actuarial (losses) / gains on defined benefit pension scheme	11,461	4,775
Reduction of asset to nil	(12,732)	(5,647)
	(1,271)	(872)

Notes to the financial statements for the year ended 31 March 2025

The valuation for 2024 and 2025 shows an asset position so this has not been recognised in the Financial Statements.

The estimate the employer's contributions for the year to 31 March 2026 will be approximately £1.127m (2025 £1.154m).

b) Defined Contribution Scheme

A defined contribution pension scheme is operated by the association which commenced on the 1 October 2015 on behalf of those employees who started post 1 September 2015. The assets of the scheme are held separately from those of the association in an independently administered fund provided by Aviva. The pension charge represents contributions payable by the association to the fund and amounted to £983,503 (2024: £803,906). Contributions amounting to £92,160 (2024: £58,725) were payable to the fund as at 31 March 2025 and are included in creditors.

Note 13: Tangible fixed assets - Housing properties

Group	Social housing properties held for lettings	Social housing properties under construction	Shared ownership completed	Shared ownership under construction	Total Social housing properties
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2024	266,119	21,200	16,349	9,710	313,378
Replaced components	11,182	-	-	-	11,182
Interest capitalised	-	852	-	352	1,204
Additions - Development	-	14,723	-	1,040	15,763
Additions - Acquisitions	630	-	-	-	630
Completed schemes	21,052	(21,052)	10,703	(10,703)	-
Disposals - sales under RTB & RTA	(1,384)	-	-	-	(1,384)
Disposals - Staircasing sales	-	-	(54)	-	(54)
Disposals - replaced components	(226)	-	-	-	(226)
At 31 March 2025	297,373	15,723	26,998	399	340,493
Depreciation and impairment					
At 1 April 2024	50,507	-	186	-	50,693
Depreciation charge in year	8,026	-	160	-	8,186
Impairment charge in year	-	-	-	-	-
Disposals	(541)	-	(2)	-	(543)
At 31 March 2025	57,992	-	344	-	58,336
Net Book Value at 31 March 2025	239,383	15,723	26,725	399	282,158
Net Book Value at 31 March 2024	215,612	21,200	16,233	9,710	262,687

Note 13: Tangible fixed assets - Housing properties

Association	Social housing properties held for lettings	Social housing properties under construction	Shared ownership completed	Shared ownership under construction	Total Social housing properties
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2024	266,119	22,580	16,420	9,920	315,039
Replaced components	11,182	-	-	-	11,182
Interest capitalised	-	852	-	352	1,204
Additions - Development	-	14,723	-	1,111	16,069
Additions - Acquisitions	630	-	-	-	630
Completed schemes	21,052	(21,052)	10,703	(10,703)	-
Disposals - sales under RTB & RTA	(1,384)	-	-	-	(1,384)
Disposals - Staircasing sales	-	-	(54)	-	(54)
Disposals - replaced components	(226)	-	-	-	(226)
At 31 March 2025	297,373	17,338	27,069	680	342,461
Depreciation and impairment					
At 1 April 2024	50,507	-	186	-	50,693
Depreciation charge in year	8,026	-	160	-	8,186
Impairment charge in year	-	-	-	-	-
Disposals	(541)	-	(2)	-	(543)
At 31 March 2025	57,992	-	344	-	58,336
Net Book Value at 31 March 2025	239,383	17,338	26,725	680	284,125
Net Book Value at 31 March 2024	215,612	22,580	16,233	9,920	264,346

Note 13: Tangible fixed assets - Housing properties (continued)

The net book value of housing properties may be further analysed as:

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Freehold	264,799	244,104	266,767	245,764
Long leasehold	17,359	18,582	17,359	18,582
	282,158	262,686	284,126	264,346

Works to existing properties in the year:

	2025 £'000	2024 £'000
Components capitalised	11,182	11,077
Amounts charged to income and expenditure	5,167	6,161
	16,349	17,238

Total Social Housing Grant received or receivable to date is as follows:

	2025 £'000	2024 £'000
Social Housing Grant received	49,100	45,351
Social Housing Grant received and held in creditors as deferred income	-	269
Capital grant - Housing Properties	49,100	45,620
Recycled Capital Grant Fund	58	-
Total Housing Grant received	49,158	45,620

Finance costs

	2025 £'000	2024 £'000
Cumulative amount of finance costs included in the cost of housing properties	4,331	3,127

Impairment

In accordance with FRS 102 and SORP 2018 the housing properties have been reviewed where there are indications of any impairment. Following this review, it was determined that no housing properties had incurred impairment during the year.

Note 14: Tangible fixed assets - Other assets

Group and Association	Office buildings £'000	Equipment £'000	Vehicles £'000	Fixtures & Fittings £'000	Community Assets £'000	Works in Progress £'000	Total £'000
Cost							
At 1 April 2024	9,446	5,723	48	193	103	79	15,592
Additions	-	-	-	-	-	619	619
Transfers	-	430	-	96	-	(526)	-
Disposals	-	-	-	-	-	-	-
At 31 March 2025	9,446	6,153	48	289	103	172	16,211
Depreciation							
At 1 April 2024	950	5,289	41	45	7	-	6,332
Charge in the year	112	256	7	55	3	-	433
Disposal	-	-	-	-	-	-	-
At 31 March 2025	1,062	5,545	48	100	10	-	6,765
Net Book Value at 31 March 2025	8,384	608	-	189	93	172	9,446
Net Book Value at 31 March 2025	8,496	434	7	148	96	79	9,260

The net book value of office buildings may be further analysed as:

	2025 £'000	2024 £'000
Long leasehold	8,384	8,496
	<u>8,384</u>	<u>8,496</u>

Note 15: Properties for Sale

Group and Association	2025 £'000	2024 £'000
Shared ownership properties:		
At 1st April 2024	6,393	1,352
Completed properties additions	2,353	3,595
Work in progress additions	484	3,494
Disposal	(5,777)	(2,048)
	<u>3,453</u>	<u>6,393</u>
Properties developed for outright sale	-	-
At 31st March 2025	3,453	6,393

Note 16: Debtors

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Due within one year				
Rental and service charge arrears	3,099	2,586	3,099	2,586
Less: Provision for bad and doubtful debts	(1,084)	(983)	(1,084)	(983)
	<u>2,015</u>	<u>1,603</u>	<u>2,015</u>	<u>1,603</u>
Trade debtors	121	258	121	258
Amounts owed by group undertakings	-	-	40	232
Prepayments & accrued income	3,240	3,541	3,240	3,541
Social housing grant receivable	2,136	2,357	2,136	2,357
Other taxes and social security	629	300	613	288
Deposits on purchased schemes	93	93	93	93
Other debtors	7,209	10,721	7,209	10,721
Total due within one year	<u>15,443</u>	<u>18,873</u>	<u>15,467</u>	<u>19,093</u>
Due after more than one year				
Other debtors	8	9,995	8	9,995
Interest rate swaps - derivate assets	469	285	469	285
Total Due after more than one year	<u>477</u>	<u>10,280</u>	<u>477</u>	<u>10,280</u>
Total debtors	<u>15,920</u>	<u>29,153</u>	<u>15,944</u>	<u>29,373</u>

The interest rate swap figure of £469k relates to the fair value of the derivative as at 31st March 2025.

The other debtors due after more than one year represents £nil (£9.95m in 2024) obligation to have improvement work carried out to the properties transferred to FCHO net of £6.868m (£10.311m in 2024) budgeted to be spent in 2025-26 shown within other debtors due within one year. As part of the Stock Transfer Agreement, FCHO was obliged to carry out enhancement works to its housing stock valued at £229,792,273 excluding VAT. FCHO is contracted with Oldham Council to undertake this work over a 15-year period. Essentially the 'benefit' (commitment owed) to the Association under the contract has created a debtor which is effectively offset by the provision stated in note 21. The debtor will reduce as the Association completes the contracted work.

Note 17: Creditors - Amounts falling due within one year

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Trade creditors	4,912	3,622	4,609	3,508
Social housing grant in advances	-	269	-	269
Rent & service charges received in advance	3,206	3,337	3,206	3,337
Amounts owed to group undertakings	42	-	1,885	2,807
Other taxation and social security	348	319	348	319
Oldham MBC - RTB Clawback	1,951	977	1,951	977
Accruals and deferred income	6,341	4,009	5,001	2,881
Deferred capital grant (note 19)	537	377	537	377
Disposal proceeds fund (note 19)	2	2	2	2
Recycled capital grant fund (note 19)	7	3	7	3
Other creditors	2,213	2,399	907	791
	19,559	15,314	18,453	15,271

Note 18: Creditors - Amounts falling due after more than one year

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Loan and borrowings facility	71,089	69,531	71,089	69,531
Recycled Capital Grant (note 20)	203	-	203	-
Deferred Capital Grant	43,487	41,038	43,487	41,038
Other	46	29	46	29
	114,825	110,598	114,825	110,598

Analysis of maturity of debt - Group and Association

	2025 £'000	2024 £'000
Housing loans repayable by instalments:		
In two years or more but less than five years	39,000	37,500
In five years or more	32,500	32,500
Total Loans	71,500	70,000

Security

The bank loans are secured by a floating charge over the assets of the association and by fixed charges on individual properties.

Terms of repayment and interest rates

There are currently four fixed loan amounts drawn down and a revolving credit facility (RCF's), the repayment dates and interest rates are as follows:

	Repayment date	Interest rate
Fix 1 - £6.5m	31/12/2027	4.91%
Fix 2 - £6.5m	29/03/2029	5.11%
Fix 3 - £6.0m	31/03/2031	3.58%
Fix 4 - £6.5m	31/03/2033	5.10%
RCF - £26.0m	31/05/2027	Sonia +1.1%
IRS - £20.0m	30/05/2032	3.62%

In December 2023, FCHO entered into an Interest Rate Swap (IRS). The agreement runs from the 19th December 2023 to the 30th May 2032

Under the terms of the arrangement, FCHO will receive 3 month SONIA (Sterling Overnight Index Average) variable rate of interest and receive a fixed rate of 3.616%. For the year ended 31 March 2025 the impact of the movement in fair value of the derivative is £469k.

At 31 March 2025 the group had undrawn loan facilities of £23.5m (2024 - £25.0m).

Note 19: Deferred capital grant

Group and Association	Social Housing Grant	Other Government Grants	Total Grant 2025 £'000	Total Grant 2024 £'000
As at 1 April 2024	36,060	5,360	41,420	32,961
Grants received during the year	2,630	850	3,480	8,771
Net grant in relation to disposals	(215)	(96)	(311)	-
Released to income in the year	(301)	(52)	(353)	(312)
As at March 2025	38,174	6,062	44,236	41,420
			2025 £'000	2024 £'000
Amounts to be released within one year			546	382
Amounts to be released in more than one year			43,690	41,038
			44,236	41,420

As at 31 March 2025, there is £nil due for repayment and £nil has been paid in the year.

Other Government Grants received from GMCA in relation to the West Vale and Belgrave Road schemes are secured by charged property deed in favour of the GMCA.

Note 20: Recycled capital grant fund

Group and Association	2025 £'000	2024 £'000
As at 1 April 2024	-	229
Grants recycled	226	-
Interest accrued	2	-
Recycling of grant: new build	(171)	-
Transfer of grant from other RPs	146	-
Other	-	(229)
Repayment of grant to the HCA	-	-
As at March 2025	203	-

As at 31 March 2025, there is £nil due for repayment and £nil has been paid in the year.

Note 21: Provision for liabilities and charges

Group and Association	2025 £'000	2024 £'000
Development Agreement	6,869	20,300
Closing balance as at 31 March 2024	6,869	20,300
	Development Agreement	2025 £'000
Opening Balance	20,300	20,300
Provision in Year	-	-
Less: Investment Works	(13,431)	(13,431)
Closing Balance as at 31 March 2025	6,869	6,869

The provision represents the best estimate of the costs of contracted works for the repair and improvement of transferred properties incurred under the Development Agreement. The provision will be utilised as the works are actually completed (See note 16 for further details).

Note 22: Capital Commitment

	Group 2025 £'000	Group 2024 £'000
Capital expenditure that has been contracted for but not been provided for in the financial statements	32,642	48,395
Capital expenditure that has been authorised by the Board but has not yet been contracted for	15,232	6,749

The above commitments will be financed primarily through cash generation and borrowings (£47,875k), which are available for drawdown under the post year-end refinancing loan arrangements, with the balance (£6,569k) funded through social housing grant.

Note 23: Operating Leases

Group and Association

At the end of the year the Group and Association had minimum lease payments under non-cancellable leases as set out below:

	2025 £'000	2024 £'000
Land & Buildings		
Less than one year	38	31
Later than one year but not later than five years	152	122
In five years or more	-	-
Total	<u>190</u>	<u>153</u>

Other leases

Less than one year	406	640
Later than one year but not later than five years	177	846
In five years or more	-	-
Total	<u>583</u>	<u>1,486</u>

Note 24: Investment in Subsidiary

FCHO is the Parent entity in the Group and ultimate controlling party. These financial statements consolidate the results of FCHO and New Living Homes Ltd which is a subsidiary of the association at the end of the financial year (New Living Homes Ltd was incorporated on the 20 October 2016). The association owns all the share capital and has the right to appoint members of the board of the subsidiary and thereby has ultimate control. The subsidiary is a regulated company which has the same registered office as the group.

Note 25: Related party disclosure

The ultimate controlling party of the group is FCHO - Registered social housing provider. There is no ultimate controlling party of FCHO.

As a member of the Group FCHO has had the following transactions with its subsidiary:

Group and Association	Income £'000	Expenditure £'000	Debtors/(Creditors) £'000
New Living Homes Limited	911	(15,778)	(1,925)

The above transaction relates primarily to recharges in relation to staffing from FCHO to the subsidiary, also included within the transactions above are running costs FCHO incurs on its behalf in managing New Living Homes Ltd.

The association received a gift aid payment of £0.460m in the period ended 31 March 2025 (2024: £0.251m).

There has been one board member of the company who was also a tenant:

Ron Smith - resigned 11 September 2024	Tenant
--	--------

Board Member's tenancy arrangements are on normal commercial terms, and they are not able to use their position on the board to their advantage. Rent charged to the Tenant Board members was £1,800 (2024: £5,092). There are no arrears on their tenancies at the reporting period end (2024: £Nil).

Note 26: Financial Instruments

The Group's and Association financial instruments may be analysed as follows:

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Financial assets				
Fixed assets measured at historical cost:				
Trade receivables	121	258	121	258
Other receivables due within one year	12,082	15,074	12,107	15,293
Other receivables due after more than one year	477	10,280	477	10,280
Investments in short term deposits	-	-	-	-
Cash and cash equivalents	4,513	2,972	3,082	2,244
Total financial assets	17,193	28,584	15,787	28,075

Financial assets - measured at fair value through other comprehensive income

Interest rate swaps	469	285	469	285
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Financial liabilities

Financial liabilities measured at amortised cost:

Loans payable	71,089	69,531	71,089	69,531
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Financial liabilities measured at historical cost:

Trade creditors	4,912	3,622	4,609	3,508
Other creditors due within one year	14,647	11,692	13,845	11,763
Other creditors after more than one year	43,736	41,067	43,736	41,067

Financial liabilities - measured at fair value through other comprehensive income

Interest rate swaps	-	-	-	-
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Total financial liabilities	134,384	125,912	133,279	125,869
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Note 26: Financial Instruments (continued)

It is the Association's treasury policy to hedge interest rate risk exposure arising from its floating loans by entering into vanilla fixed to floating interest rate swaps.

The Association considers that an economic relationship exists between the hedge instrument (interest rate swap) and the hedge item (floating loan) in that the values of the hedge item and hedging instrument are expected to typically move in opposite directions in response to movements in the same risk, the hedge risk, over the life of the hedge.

The Association only has one swap, entered into on the 19 Dec 2023 until 28 May 2032 for £20m. Cashflows on the interest rate swaps are quarterly between;

Interest rate swaps	2025	2024
	£000	£000
December 2023 - 28 May 2032	£20,000	£20,000

The interest rate swaps had a combined market valuation as at 31 March 2025 of an asset of £469k (2024: £285k). Any movements in fair value of the swaps are recognised annually other comprehensive income in the Statement of Comprehensive Income (SOI). During 2024-25, the change in value was a gain of £183k which was recognised within other comprehensive income and can be identified on the face of the Statement of movement in Reserves (2024/25: £285k).

Note 27: Net debt reconciliation

Group

	As at 1 April 2024	Cash flows	Other non-cash changes	As at 31 March 2025
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,972	1,541	-	4,513
Cash and cash equivalents	-	-	-	-
Bank Loans	(69,531)	(1,557)	-	(71,088)
Net Debt	(66,559)	(16)	-	(66,575)



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