ReSI Housing Limited

Annual Report and Financial Statements

For the year ended 30 September 2024

Gresham House
Specialist investment

Contents

Chairman's statement

ReSI Housing is focused on providing middle- to low-income households with an affordable route to home ownership through investing in new and existing shared ownership homes.

At 30 September 2024, ReSI Housing owned 751 fully occupied shared ownership homes with a total gross asset value (GAV) of £112mn. Our portfolio comprises 282 new build homes that we funded and 469 that were acquired occupied from not-for-profit Housing Associations providing those Housing Associations with £45mn to be reinvested into their stock upgrade and development programmes.

We operate in a challenging macroeconomic environment driven by a sharp and severe increase in inflation, repeated interest rate increases and the consequential impact on the cost of living which has lead to our parent company, Residential Secure Income plc ("ReSI plc"), moving from trading at a premium to its Net Asset Value to a discount, and consequently being unable to raise further capital for new investment by ReSI Housing. There has thus been no significant changes to ReSI Housing's shared ownership portfolio over the last year, and our focus has been on our existing portfolio.

The Board of our parent company, ReSI plc, had significant dialogue with its shareholders and advisers about how to operate in this new macroeconomic environment where growth was no longer possible. This lead to the Board of ReSI plc proposing a managed wind-down of its portfolio, including ReSI Housing, and subsequent return of capital to shareholders. This strategy was accepted by ReSI plc's shareholders on 6 December 2024. The new strategy seeks new partners to own and grow ReSI Housing's portfolio and is focused on ensuring the interests of customers are protected whilst optimising proceeds for shareholders from the wind-down.

As ReSI plc transitions and executes its portfolio realisation strategy, ReSI Housing remains fully committed to ensuring a high quality of services to customers. We continue and are committed to managing our assets effectively and protecting our residents whist continuing to look at how we can deliver the best value for our stakeholders.

David Orr
Chairman
ReSI Housing Limited

20 March 2025

Board of Directors

ReSI Housing is a for-profit registered provider of social housing. The ReSI Housing Board contains independent directors (who are independent of the Fund Manager and Limited Partnership) and Fund Manager directors. The independent Directors control the Board on matters that they consider may affect ReSI Housing' compliance with the regulatory standards of the Regulator of Social Housing

David Orr, CBE

Independent Non-Executive Director

Appointed: 30 January 2019

Skills, competence, and experience:

David is an experienced leader in both executive and non-executive roles. He has over 30 years' experience in Chief Executive roles, most recently at the National Housing Federation. He is Chair of Clarion Housing Association, Chair of the Canal & River Trust, is a previous President of Housing Europe and previous Chair of Reall, an international development housing charity. He is also chair of The Good Home Inquiry, co-chair of #Housing 2030, a joint project for Housing Europe and UNECE, and a member of the Archbishop of Canterbury's Housing, Church and Community Commission. David frequently speaks on the challenge of optimistic leadership and the critical importance of governance. He has wide ranging media experience, is a well-regarded commentator and blogger and has extensive expertise navigating the world of politics and government. In June 2018 David was awarded a CBE.

Gillian Rowley

Independent Non-Executive Director

Appointed: 11 March 2019

Skills, competence, and experience:

Gillian brings to ReSI Housing over 30 years of housing and housing finance expertise, with a focus on policy development within the framework of regulatory standards.

She served as the Non-Executive Director for The Housing Finance Corporation from 2006 – 2012, where she was heavily involved in business strategy, financial policy and governance. This overlapped with her role as the Head of Private Finance at the former social housing regulator, the Homes & Communities Agency, where for 13 years she was responsible for relationships with lenders, investors, advisers, and credit rating agencies operating in the social housing sector. She has also been an authority on all aspects of social housing finance policy, including advising Government departments, focusing on areas of regulatory standards, and being responsible for social housing sector guidance on treasury management.

Ben Fry

Director

Appointed: 30 January 2019

Skills, competence, and experience:

Ben Fry is the Fund Manager for Residential Secure Income plc, which is the parent of ReSI Housing Limited. Ben has been investing in affordable housing since launching Residential Secure Income plc in 2017, prior to which he led TradeRisks' debt advisory services for housing associations, local authorities, and specialist residential accommodation. Ben has 20 years of experience in housing, local government and infrastructure and qualified as a chartered accountant with Deloitte. He holds a BSc in Mathematics from Imperial College London.

Sandeep Patel

Director

Appointed: 11 January 2023

Skills, competence, and experience:

Sandeep is Finance Director, Housing at Gresham House and was appointed in January 2023. He leads the finance function for the group's Housing strategy, encompassing the full suite of financial reporting and analysis. Sandeep has over 16 years of senior finance experience spanning financial control, valuations, product control and finance business partnering, to board and executive committee level, playing an active role in the delivery of strategic objectives. During 10 years on the sell-side, Sandeep led and worked in teams which realised significant income opportunities and cost savings. In five years on the buy-side, Sandeep led a finance team implementing a finance operating model to facilitate the scale of a listed commercial real estate investment trust from IPO to a £1.2bn market capitalisation. Sandeep is a Fellow Member of Association of Chartered Certified Accountants.

Pete Redman

Director

Appointed: 30 January 2019

Skills, competence, and experience:

Pete is an Executive Director of ReSI Housing, joining Gresham House as part of the acquisition of TradeRisks in March 2020. He joined TradeRisks in 2013 and has 46 years' experience in residential portfolio management, having been Chief Executive of Notting Hill Housing Group and Chief Officer at two London Boroughs. Pete has been advisor to the Greater London Authority, the Scottish Government, and was a member of the team that won the Wolfson Economics Prize in 2014 on housing supply.

Pete studied Engineering and then Philosophy at the University of Cambridge, is an Alumni of London Business School, and is an Honorary Fellow of the Royal Institute of British Architects.

Mark Rogers

Non-Executive Director

Appointed: 30 January 2019

Skills, competence, and experience:

Mark joined Gresham House in March 2020 following the acquisition of TradeRisks. Before joining ReSI Housing, Mark spent 12 years as a Chief Executive of Circle Housing Group, a 65,000-unit housing association, before merging it into the Clarion Group, the largest housing association in the UK. Prior to that, Mark held Chief Executive roles at Anglia Housing Group and Nene Housing Society. He has 39 years' social housing experience and has been a member of the Chartered Institute of Housing since 1986.

Strategic Report

The directors present the strategic report for the year ended 30 September 2024.

ReSI Housing Limited (the **Company**) is a profit making Registered Provider registered with and regulated by the Regulator of Social Housing (**RSH**). The Company is a private company limited by shares incorporated under the Companies Act 2006 and is a wholly-owned subsidiary of Residential Secure Income plc (**ReSI**), which is regulated as an alternative investment fund (**AIF**) by the Financial Conduct Authority and for the year ended 30 September 2024 had appointed ReSI Capital Management Limited (the **Fund Manager**) as alternative investment fund manager to ReSI and its group, which includes the Company.

As at 30 September 2024, the Company was in a net asset position. During the year the Company was fully leased up, with gross rental income growing to £5.9mn per annum, yielding an operating profit for the year of £5.3mn and a loss before tax for the year of £11.5mn.

Purpose

ReSI Housings' purpose is to offer quality shared ownership homes in England, focussing on supporting first-time buyers to purchase and maintain their home, in the knowledge that they have a home that they can afford with a landlord that cares. To achieve this, the Company is committed to delivering the best possible service to its customers, ensuring their homes are managed at a high standard.

ReSI Housing strives to be efficient, acting in compliance with its governance obligations and best-practice, and financially strong. The strategic intention is to provide long-term stability and excellent service to customers while identifying a suitable future investor that can take over and continue to support their needs and enhance services delivery. The Company and the Fund Manager work hard to make the Company's homes affordable and comfortable places to live in. We carefully select and manage our managing agents, which are responsible for managing the Company's properties on its behalf subject to the terms of long-term management agreements.

Our Corporate Strategy 2023-2025

In July 2024, the Board reviewed its current Corporate Strategy, which places an emphasis on measurable outcomes in five strategic themes:

Strategic Theme	Strategic Objective
Customer Service	Be a truly customer-driven housing provider.
Governance & Regulatory Standards	Demonstrate high standard of governance and meet regulatory standards.
Safeguarding Financial Position	Maintain a secure financial viability position and deliver sustainable returns, supporting the company's financial position, allowing it to increase investment and deliver more affordable homes.
Safety & Sustainability	Ensure all of our homes are safe and energy-efficient.

The fifth theme of 'Growth & Development' is no longer applicable due to the wind down process of ReSI plc.

Principal risks and uncertainties

The effective management of risk plays a vital role in achievement ReSI Housing' strategic objectives. Ultimate responsibility for risk management rests with the Board, with the Fund Manager supporting on a day-to-day basis.

The Company has in place a risk management and internal control system. Each year, the Board determines the extent of its appetite for risks it is willing to take in achieving its strategic objectives.

All of the identified risks are recorded on the strategic risk register which is maintained by the Fund Manager and approved by the Board.

ReSI Housing's risk management and assurance framework demonstrated substantial growth and enhancement throughout the past year, reflecting a commitment to continuous improvement. Key initiatives were implemented to strengthen the framework, including:

- The Strategic Risk Register underwent a review subsequent to the Annual Board Risk Workshop, ensuring alignment with the risk appetite and Sector risk profile.
- The Board conducted an annual review of the risk appetite.
- The Board agreed on a new risk appetite statement.
- In January 2024, the Board approved a new Risk Assurance Framework, reinforcing ReSI Housing's commitment to a robust system of internal controls. This framework sets out how ReSI Housing identifies and monitors key sources of assurance, ensuring they are effectively coordinated to provide comprehensive oversight.
- In April 2024, Beevers and Struthers conducted an internal audit of the company's Contractor Management processes. The auditors identified a 'substantial' level of assurance, attesting to the effectiveness of the existing property management arrangements.

Looking ahead to the new year, there is a strategic focus on strengthening the risk management framework further and conducting health checks on specific key controls across the business. The Company will continue to implement its Internal Audit plan, ensuring that all recommendations are thoroughly reviewed and acted upon as appropriate. This proactive approach to risk management reflects ReSI Housing's commitment to maintaining strong risk governance and assurance standards.

ReSI Housing' risk management system continued to evolve and mature throughout this financial year. In meeting its strategic objectives, the key business risks and uncertainties affecting the company are:

	Risk & Risk description	Mitigating Actions
1	**Availability and/or suitability of funding** Funding is either not available or not available on terms consistent with yield requirements. ReSI Housing does not have sufficient cash to operate.	The Fund Manager actively manages liquidity and the funding commitment needed across ReSI Housing. ReSI Housing is entitled to employ leverage as may be required and the Fund Manager keeps this under rolling review.
2	**Operating cost inflation** Operating costs for the shared ownership homes are higher than modelled increasing overheads in ReSI Housing's business plan (and is not offset by a corresponding increase to receivables). Cost inflation impacts services provided by Managing Agents or makes the Property Management contract uneconomic.	Strong contract management of managing agents and the use of long-term price contracts to reduce cost uncertainty and minimise transitional costs. Medium-term and long-term financial planning are rigorously stress tested.
3	**Managing agent underperformance** The managing agents appointed by ReSI Housing do not meet service delivery expectations (both in customer facing and asset activity).	ReSI Housing engages reputable managing agents only. Management contracts contain a performance management framework and require periodic reporting against KPIs, which is reported to the Board of ReSI Housing. Monthly management meetings with managing agents. If required ReSI Housing can change to an alternative provider.
4	**Data Protection breach** GDPR Compliance and data security breach. A breach of data security leads to the theft of personal data. ReSI Housing is subject to cyber crime such as denial of service attack, hacking or virus.	ReSI Housing has established an effective GDPR policy and procedures are reviewed regularly. The Fund Manager has undergone data protection training and has procured appropriate cyber security assurances for ReSI Housing. ReSI Housing only engages with reputable managing agents.
5	**Public image and reputational damage** Negative reporting of ReSI Housing or its affiliates and their activities.	ReSI Housing engages third party advisers as to legal, regulatory, compliance, financial and investment matters. ReSI Housing uses a PR team to review press releases and manage key messaging to aid transparency for all stakeholders. ReSI Housing has a robust complaints management process, requiring complaints to be dealt with promptly. ReSI Housing will ensure it learns from all complaints received to deliver, with its managing agents, a best in class service.

	Risk & Risk description	Mitigating Actions
6	**Failure to provide good customer experience** ReSI Housing is held in poor regard by its residents.	ReSI Housing has established its Customer Engagement Strategy to ensure continuous engagement with all residents. Property management contracts generally require a high standard of customer care and process for handling complaints. Tenant Satisfaction Measures surveys are used to measure performance and allow ReSI Housing to look for improvement.
7	**Significant or material fall in the value of the property market** Housing market volatility causes a reduction in sales values of shared ownership properties.	ReSI Housing is a long-term investor in shared ownership and does not intend to rely on capital gains on disposals. ReSI Housing does not have any loan to value covenants on its debt. Sensitivity analysis is undertaken quarterly.
8	**Failure to meet Regulatory Standards** ReSI Housing fails to comply with one of the RSH's regulatory standards.	ReSI Housing has an effective board with specialist sector experience and a risk-based governance structure. Ongoing compliance monitoring is discussed quarterly and a self-assessment against the Regulatory Standards is performed annually. Independent regulatory compliance assurance is provided by third party industry experts.
9	**Breach of Health and Safety Requirements** Failure to meet statutory requirements regarding Fire, Legionella, Asbestos, Gas, Electricity (and others).	Stock condition/construction surveys are procured on acquisition from reputable advisers. Management contracts regulate Health & Safety compliance on an ongoing basis with quarterly reports from managing agents tabled to the Board. Annual review of property compliance by Internal Audit to provide further assurance. Rigorous property compliance policies and procedures in place with property manager. Compliance with legislative and regulatory requirements monitored using appropriate information systems.
10	**Loan Default Risk** Risk of breach of existing loan covenants through activities, and/or existing or new loan covenants restrict the commercial and operational viability through repayment triggers or restrictions.	Ongoing Management reporting and monitoring is undertaken by the Fund Manager. Stress testing on 30 year business plan is conducted regularly. Covenant reports are provided to the Board each quarter. A thorough and routine examination of covenants and new loan facilities is conducted through comprehensive legal and financial reviews. Strong lender engagement in place.

Statement of internal control

The Board is responsible for establishing and maintaining a system of internal controls for the Company that is appropriate to the various business environments in which it operates. Business risks are identified through a system of continuous monitoring. The risk control framework includes the following key elements:

- a Risk Appetite Statement which set out the Company's tolerances for identified risks;
- the Company's appointed internal auditors responsible for providing independent assurance on the effectiveness of business risk management and the overall operation of the risk framework.
- Risk Assurance Framework which sets out how the Company's identifies and monitors key sources of assurance;
- identification and evaluation by the Fund Manager of risks to which the Company may be exposed so that they can be managed in line with risk policies;
- regular reporting of ongoing and emerging risks to the Board to assess whether risk exposures remain within the limits set by the risk appetite; and
- regular stress testing in order to maintain mitigation plans that remain robust to possible future shocks.

Throughout the year the Company engaged the services of Beever and Struther as its internal auditors, responsible for conducting comprehensive internal audit reviews on behalf of the Company. The Board oversees the Company's appointed internal auditors and assesses their effectiveness. The Company recognises the crucial role of the internal audit process in maintaining a robust control environment, especially given the Company's growing size and complexity. The appointed internal auditors focus on the most significant risks identified through a comprehensive risk assessment process. The findings of this assessment are condensed into an annual internal audit plan, subject to approval by the Board. Progress against the audit plan is regularly monitored, and the Board approves any necessary updates or modifications throughout the year.

During the year ended on 30 September 2024, Beever and Struthers conducted independent audit reviews on specific areas of ReSI Housing's business. The Board was presented with the outcomes of these independent reviews, with subsequent recommended actions systematically followed up and reported to the Board.

Financial key performance

Please refer to the Value for Money section of this report.

Sandeep Patel

Sandeep Patel
Director

20 March 2025

Directors' Report

The Directors present their report with the financial statements of ReSI Housing Limited (the Company) for the year ended 30 September 2024.

Principal activity

ReSI Housing Limited is a Registered Provider of social housing focused on the provision of shared ownership homes.

Events after the reporting period

On 6 December 2024, shareholders of the Company's ultimate parent company, Residential Secure Income Plc, voted for and accepted a new investment objective which seeks to realise all the existing assets in the Company's portfolio in an orderly manner. The Company will pursue its investment objective by effecting an orderly realisation of its assets while seeking to balance maximising returns for shareholders against timing of disposals. Capital expenditure will be permitted where it is deemed necessary or desirable in connection to the realisation, primarily where such expenditure is necessary to protect or enhance an asset's realisable value.

Dividends

Ordinary dividends were paid amounting to £2,833,881. The Directors do not recommend payment of a final dividend.

The Company adopts a conservative dividend policy to only pay out of net rental receipts after deducting appropriate costs and provisions of its homes and the Company, with capital receipts (such as staircasing) reinvested within the Company. The Company's dividend payment of £2,833,881 compares to £45.5mn investment from shareholders.

The Company seeks to maintain a secure financial viability position and deliver sustainable returns, supporting the company's financial position throughout the wind down period.

Directors

The Directors shown below have held office during the whole of the period from 1 October 2023 to the date of this report.

Name	Postion
David Orr	Chairman and Non-executive Director
Gillian Rowley	Non-executive Director
Mark Rogers	Non-executive Director
Ben Fry	Executive Director
Peter Redman	Executive Director
Sandeep Patel	Executive Director

Auditor

In accordance with the Company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the Company will be put at a General Meeting.

Value for Money

Introduction

ReSI Housing is committed to delivering Value for Money ("VfM") by providing quality homes and services in the most efficient way to make the most of the rent it receives whilst meeting the needs of their customers and stakeholders.

In order to achieve Value for Money the Company applies an optimal balance between low costs, high efficiency, maximising enterprise value and achieving positive and sustainable results. This means making the best use of our resources and assets in delivering our strategic objectives and understanding how investment can improve services and lead to recurring savings.

Our Corporate Strategy 2022 – 2025 details our strategic objectives. Continuous focus on Value for Money is vital for the delivery of our Corporate Strategy.

Value for Money Strategy

The Company has a Board-approved Value for Money Strategy, which establishes a clear framework for delivering efficiency, effectiveness, and economy across its operations. This strategy sets out five key VFM objectives, ensuring that resources are managed responsibly, services are continuously improved, and value is maximized for residents and stakeholders.

VFM Objective	Measure of success
1. **Deliver services to our customers in a way that achieves best overall value.**	▪ Ensure that Value for Money is a key consideration in the design, implementation and delivery of our services. ▪ Implement performance management and scrutiny functions which are effective at driving and delivering improved Value for Money performance. ▪ Be open and transparent about our costs and ensure that our service charges are fair and represent good Value for Money.
2. **Incorporate quality measures to evaluate how our activities impact on our customers and the environment.**	▪ Make sustainability a consideration in all our activities. ▪ Embed effective sustainable practices within our processes, recognising how sustainability is vital to the delivery of our Corporate Objectives.
3. **Ensure that our partner agents recognise their obligation to seek Value for Money as part of their daily activities.**	▪ Emphasise partner agents role in delivering Value for Money on our behalf through procurement and other activities. ▪ Introduce appropriate Value for Money targets in the management agreements.
4. **Introduce internal processes to track expenditure and understand the impact of our investment in services and homes.**	▪ Set targets for performance and monitor our key performance indicators. ▪ Implement a system to help understand the costs of delivering specific services and underlying factors influencing these costs. ▪ Work with our partner agents to understand their performance and costs in delivering services on our behalf, implement a strategy for optimising the future return on managed assets.
5. **Demonstrate that Value for Money comparisons have taken place against similar activities and other Registered Providers using applicable and comparable measures.**	▪ Engage in benchmarking activities with other providers in the sector to help identify areas of performance which can be improved. ▪ Identify opportunities for meaningful comparison against activities delivered by other for-profit Registered Providers.

The Regulator of Social Housing (**RSH**) has defined seven VfM metrics for Registered Providers to measure against, and these are the main elements of our VfM reporting and analysis, which allow us to compare across other Registered Providers, and against our own performance over time.

Our aim is to maintain our position as a trusted and responsible shared ownership landlord, providing high-quality services to our customers, to benchmark our performance effectively, we compare ourselves to a peer group of Registered Providers in England with more than 1,000 homes using the median values which were reported through the RSH's 2023 Global Accounts of private registered providers. This peer group comprises 198 Registered Providers.

Due to the Company's early-stage maturity during the reporting period, our performance against the Value for Money metrics may display significant variance from others in the sector.

The Company will work to identify a meaningful peer group comparison to reflect its stage of development, size and the type of services provided.

The metrics below have been calculated in accordance with the definition of the RSH's VfM metrics.

Metric	Description		2023/24 Actual	2022/23 Actual	2022/23 Peers*
1	Reinvestment	%	0.0	10.3	6.7
2a	New supply delivered (Social housing units)	%	0.0	5.4	1.3
2b	New supply delivered (Non-social housing units)	%	n/a	n/a	n/a
3	Gearing	%	62.9	54.4	45.3
4	EBITDA MRI	%	349	240	128
5	Headline social housing cost per unit	£'000	0.5	0.4	4.6
6a	Operating margin – social housing lettings	%	94.1	94.0	19.8
6b	Operating margin – overall	%	63.7	26.5	18.2
7	Return on Capital Employed	%	3.6	2.3	2.8
	Additional value for money metrics				
8	Complaints handling	%	100	100	n/a
9	Rent collected as % of rent due	%	101	100	n/a

* Latest published benchmark data.

Metric 1 – Reinvestment %

This metric looks at investment in new supply of social housing properties (existing as well as new supply) as a percentage of the value of total properties held.

During the year, the Company, invested £nil into affordable housing which represents reinvestment of 0.0% compared with a peer group median of 6.7%.

Metric 2 – New Supply delivered %

This metric considers the number of new housing units developed or newly built units acquired in the year as a proportion of the total units owned at year-end.

By the end of the year, the Company had delivered no new social housing units compared with 751 at the end of the year. As a result, the Company has delivered new supply of 0.0% compared with the industry median of 1.3%.

Metric 1 and Metric 2 reflect the Company's acquisition of homes during the year. The Company has no non-social housing homes. All properties owned are shared ownership homes.

Metric 3 – Gearing %

The gearing metric assesses how much of adjusted assets are made up of debt and the degree of dependence on debt finance.

The Company has external debt of £75.2mn. The Company had intra group debt payable to the ultimate parent of the group of £0.3mn, after offsetting the available cash balance of £5.2mn the Company has a gearing ratio of 62.9% compared with a peer group median of 45.3%.

Metric 4 – EBITDA MRI Interest cover %

The measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a Registered Provider generates compared to interest payable. At the end of the year, the Company has interest expense of £1.6mn, and as such it's EBITDA MRI interest cover was at 349% compared with a peer group median of 128%.

The EBITA MRI ratio reflects the fact that the Company has been financed with inflation linked debt with a weighted coupon rate of 1.12%.

Metric 5 – Headline social housing cost per unit

This metric assesses the headline social housing cost per unit as defined by the regulator. The Company is still at an early stage of its maturity and the reported headline social housing cost per unit of £461 primarily comprises management fees and empty property costs as the Company's homes are in the process of becoming fully income-producing. The cost per unit is lower than the peer group median cost of £4,586 as the Company invests in Shared Ownership homes with fewer lessor obligations than other forms of social housing.

Metric 6 – Operating margin %

The measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable:

6A) Social housing lettings (SHL) (%) – at the end of the year, the Company had a social housing lettings operating margin of 94.1% compared with a peer group median of 19.8%

6B) Operating margin – overall (%) – at the end of the year, the Company had an overall operating margin of 63.7% compared with a peer group median of 18.2%

In the year the company had two streams of revenue, rental income and first tranche sales proceeds. The operating margin during the year for rental income was 94.1% and the operating margin for first tranche sales during the year was 6.8%.

Metric 7 – Return On Capital Employed (ROCE) %

This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. At the end of the year, the return on capital employed for the Company was 3.6% compared with a peer group median of 2.8%.

The Company had 751 homes which were completed, under development or committed on conditional completion as at 30 September 2024 (2023: 766). All completed homes were managed by third party property managers.

Additional Value for Money metrics

In addition to the core Value for Money metrics, the following key performance indicators are established and defined by ReSI Housing Board. These metrics and targets serve as measures for key aspects of our strategic and operational performance.

Metric 8 – Complaints handling (%)

This metric represents the percentage of formal complaints responded to within the designated policy timeframe. It serves as an indicator of the effectiveness of our complaints handling processes.

In the year the Company received 12 formal complaints, all of which were responded to within the designates policy timeframe, reflecting 100% response rate.

Metric 9 – Rent collected as % of rent due.

This metric serves as an indicator for the effectiveness of our income collection process, illustrating the percentage of rent collected from both current and former customers in relation to the total rent due.

As of 30 September 2024, the Company's rent collection rate was at 100.8%.

Compliance with Governance and Financial Viability Standard

The RSH's Governance and Financial Viability Standard provides guidance to enable us to assess our compliance with the Standard. The overall required outcomes of the Standard are:

- To ensure we have effective governance arrangements in place that deliver the aims, objectives and intended outcomes for our residents and potential residents in an effective, transparent and accountable manner.
- To manage our resources effectively to ensure we maintain our viability, ensuring that social housing assets are not put at undue risk.

The Standard requires Registered Providers to assess their compliance with the Standard at least annually. Boards are required to report their compliance with the Standard within their annual accounts. Boards need to determine where they are obtaining their assurance to demonstrate to the RSH:

- A clear understanding of asset values, related security, potential losses and potential chains of recourse. Boards need to know exactly what information will be required in the event of distress and social housing asset exposure in order to value the assets without delay.
- Evidence of application of the principles.
- The assurance they receive on the quality of records.

The Company conducted a detailed self-assessment of its compliance with the RSH standards which apply to the Company. After reviewing this assessment, the Board can confirm that the Company has complied with the Governance and Financial Viability Standard. The Board has also confirmed that for the financial year ended 30 September 2024 the Company has complied with all other relevant standards set out by the RSH.

The Company was registered as a Registered Provider on 5 July 2018. The most recent annual Statistical Data Return was submitted on 29 May 2024.

Complaints

ReSI Housing is a member of the Housing Ombudsman Service and in May 2024 the company carried out annual assessment against the Complaint Handling Code to ensure its complaint handling remains in line with the requirements.

The Company considered there to be no material areas of non-compliance against the Complaint Handling Code.

Governance

The Company has adopted the European Confederation of Directors Associations (ecoDa) corporate governance code against which it has conducted its first self-assessment. The Board reviews compliance with the Code at least annually in line with the Company's Regulatory Framework review policy.

The Company considered there to be no material areas of non-compliance against ecoDa.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with UK adopted International Financial Reporting Standards ("IFRS"), with reference to the considerations of the Statement of Recommended Practice (SORP) 'Accounting by Registered Social Housing Providers 2018', and the Accounting Direction for Private Registered Providers of Social Housing 2022. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors 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 accounting standards 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 Company will continue in business. As stated in note 1.2, the Directors do not consider the Company to be a going concern and have prepared the financial statements on a basis other than that of a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Articles permit the Company, subject to the provisions of UK legislation, to indemnify to any extent any person who is or was a Director, or a Director of an associated company, against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust, in relation to the Company. The Company maintains Directors' and Officers' liability insurance which provides appropriate cover for legal actions brought against its Directors.

Internal Controls

The Board is responsible for the internal financial control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the Company are safeguarded. The Board has contractually delegated to external agencies the services the Company requires, but it is fully informed of the internal control framework established by these external agencies to provide reasonable assurance on the effectiveness of internal financial controls.

The key procedures include review of management accounts, monitoring of performance at quarterly Board meetings, maintenance of appropriate insurance and adherence to physical and computer security procedures.

The Board is responsible for keeping proper accounting records. These disclose, with reasonable accuracy at any time, the financial position of the Company. This enables the Board to ensure the financial statements comply with:

- The Companies Act 2006.
- The Accounting Direction for Private Registered Providers of Social Housing 2022.
- The Housing and Regeneration Act 2008.

Culture

The Directors agree that establishing and maintaining a healthy corporate culture within the Board and its interaction with key stakeholders will support the delivery of its purpose, values and strategy. The Board seeks to promote a culture of openness, debate and integrity through ongoing dialogue and engagement with its service providers.

Board leadership and decision making

The Board of ReSI Housing is effective and boasts substantial expertise in the sector, demonstrating a comprehensive understanding of protecting social housing assets and bringing value to the sector. The Board provides effective leadership with a framework of robust and effective controls within a framework of robust and effective controls, consistently assessing and managing risks.

A well-defined structure of responsibilities is implemented at the top of the Company, complemented by an appropriate balance of controls. The Chair assumes the responsibility of overseeing the smooth functioning of the Board, while the Fund Manager is entrusted with the day-to-day management of the business.

The Board adheres to a comprehensive timetable of work, ensuring the consideration of designated matters and addressing any unforeseen issues that may arise throughout the year. To facilitate informed decision-making, the Board is furnished with high-quality papers, forming the basis for robust discussions and challenges on matters presented for decision.

Detailed minutes meticulously capture the debates and decisions made during each meeting. The Board has implemented procedures to ensure the accurate disclosure and management of any actual or potential conflicts of interest.

Statement of Disclosure of information to auditors

So far each person who was a director as at the date of approving this report is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board:

Sandeep Patel

Sandeep Patel
Director

20 March 2025

Independent Auditor's Report to the Members of ReSI Housing Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Resi Housing Limited ("the Company") for the year ended 30 September 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

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

Independence

We are independent of the Company 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.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to Note 1.2 to the financial statements which explains that at the General Meeting on 6 December 2024, the Directors of the Ultimate Parent Company proposed an orderly wind-down of the Ultimate Parent Company and shareholders have voted in favour of this proposal. The Company's assets are included in the orderly wind-down of the Ultimate Parent Company; therefore, the Directors do not consider it appropriate to adopt the going concern basis of accounting. Accordingly, the financial statements have been prepared on a basis other than that of going concern as described in Note 1.2. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the Companies Act 2006, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the REIT tax regime requirements, the Regulator of Social Housing’s regulatory standards and legislation relevant to the rental of properties.

Our procedures in respect of the above included:

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

Fraud

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

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company’s policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Involvement of forensics specialists within the audit team to assess the susceptibility of the financial statements to material fraud;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be anagement override of controls, revenue recognition relating to the staircasing of shared wnership properties, the valuation of investment properties and the valuation of index linked debt.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing the accounting treatment for a sample of staircasing transactions in accordance with the requirements of the applicable accounting standards;
- Assessing significant estimates made by management for bias, which included the valuation of the Company’s investment property valuations and the valuation of the index linked debt; and
- Assessing the index linked debt valuations with the assistance of our valuation experts.

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

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Richard Levy
D73C2CC419E64AE...

Richard Levy (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

20 March 2025

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

Statement of Comprehensive Income

For the year ended 30 September 2024

	Notes	2024 £	2023 £
Revenue	3	**6,496,902**	10,941,366
Cost of sales		**(905,616)**	(5,524,960)
Gross profit		**5,591,286**	5,416,406
Administrative expenses		**(300,951)**	(336,473)
Operating profit before fair value movements	6	**5,290,335**	5,079,933
Change in fair value	11	**(15,626,385)**	(4,857,903)
Gain/(Loss) on disposal of investment properties		**201,461**	(81,619)
Operating (loss)/profit after fair value movements		**(10,134,589)**	140,411
Finance income	9	**228,523**	189,356
Finance costs	10	**(1,582,996)**	(2,117,469)
Loss before taxation		**(11,489,062)**	(1,787,702)
Income tax expense	13	**–**	–
Loss and total comprehensive loss for the year	21	**(11,489,062)**	(1,787,702)

All of the activities of the Company are classified as continuing.

The accompanying notes on pages 25 to 47 form an integral part of these financial statements.

Statement of Financial Position

At 30 September 2024 | **Company Number 10782983**

	Notes	2024 £	2023 £
Non-current assets			
Investment property	12	112,209,000	123,434,001
Current assets			
Inventories	16	–	430,691
Trade and other receivables	17	412,345	145,086
Cash and cash equivalents		4,893,291	5,212,793
		5,305,636	5,788,570
Total assets		117,514,636	129,222,571
Current liabilities			
Borrowing	18	(2,356,769)	(2,387,769)
Trade and other payables	19	(1,974,059)	(2,516,791)
		(4,330,828)	(4,904,560)
Net current assets		974,808	844,010
Non-current liabilities			
Recycled capital grant fund	19	(855,200)	(584,615)
Borrowing	18	(72,830,201)	(69,912,046)
		(73,685,401)	(70,496,661)
Total liabilities		(78,016,229)	(75,401,171)
Net assets		39,498,407	53,821,350
Equity			
Called up share capital	20	3	3
Retained earnings	21	39,498,404	53,821,347
Total Equity		39,498,407	53,821,350

The financial statements were approved and authorised for issue by the Board of Directors on 20 March 2025 and signed on its behalf by:

Sandeep Patel

Sandeep Patel
Director

The accompanying notes on pages 25 to 47 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 September 2024

	Notes	Share capital £	Share premium account £	Capital contribution reserve £	Retained earnings £	Total £
Balance at 1 October 2022		3	–	–	58,927,185	**58,927,188**
Year ended 30 September 2023:						
Loss for the year		–	–	–	(1,787,702)	**(1,787,702)**
Other comprehensive income		–	–	–	–	**–**
Total comprehensive loss for the year		–	–	–	(1,787,702)	**(1,787,702)**
Contributions by shareholders:						
Dividends	14	–	–	–	(3,318,136)	**(3,318,136)**
Balances at 30 September 2023		3	–	–	53,821,347	**53,821,350**
Year ended 30 September 2024:						
Loss for the year		–	–	–	(11,489,062)	**(11,489,062)**
Other comprehensive income		–	–	–	–	**–**
Total comprehensive loss for the year		–	–	–	(11,489,062)	**(11,489,062)**
Dividends	14	–	–	–	(2,833,881)	**(2,833,881)**
Balances at 30 September 2024		3	–	–	39,498,404	**39,498,407**

The accompanying notes on pages 25 to 47 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 September 2024

	2024		2023	
	£	£	£	£
Cash flows from operating activities				
Loss for the year		(11,489,062)		(1,787,702)
Adjustment for items that are not operating in nature				
Loss in fair value of investment properties		10,525,535		10,594,807
Movement in rent smoothing adjustments		(1,327,214)		(1,191,240)
Loss/(gain) in fair value of borrowings		5,100,850		(5,736,904)
(Profit)/loss on disposal of investment properties		(201,461)		81,619
Finance income		(228,523)		(189,356)
Finance costs		1,582,996		2,117,469
Operating result before working capital changes		3,963,121		3,888,693
Changes in working capital				
(Increase)/decrease in trade and other receivables	(267,351)		620,136	
Decrease in inventories	520,621		772,544	
(Decrease)/increase in trade and other payables	(261,106)		645,229	
Net cash generated from operating activities		3,955,285		5,926,602
Cash flows from investing activities				
Disposal of investment properties	2,158,393		3,240,223	
Deposits received for acquisition	90		–	
Interest received	228,523		189,356	
Purchase of investment property	(20,183)		(7,898,027)	
Grant received	–		1,148,000	
Net cash flow from investing activities		2,366,823		(3,320,448)
Cash flows from financing activities				
Finance costs	(1,062,400)		(961,942)	
Repayment of borrowings	(2,739,114)		(676,175)	
Payment to parent	(6,215)		(5,182,546)	
Dividend paid	(2,833,881)		(3,318,136)	
Net cash flow used in financing activities		(6,641,610)		(10,138,799)
Net decrease in cash and cash equivalents		(319,502)		(7,532,645)
Cash and cash equivalents at beginning of year		5,212,793		12,745,438
Cash and cash equivalents at end of year		4,893,291		5,212,793

The accompanying notes on pages 25 to 47 form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 30 September 2024

1. Accounting policies

Company information

ReSI Housing Limited is a private company limited by shares incorporated in England and Wales. The Company's registration number is 10782983. The registered office is 5 New Street Square, London, England, EC4A 3TW.

ReSI Housing Limited is registered as a for-profit provider of social housing with the Regulator of Social Housing (the RSH) with registered number 5053.

1.1 Accounting convention

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with UK adopted International Financial Reporting Standards ("IFRS"), with reference to the considerations of the Statement of Recommended Practice (SORP) 'Accounting by Registered Social Housing Providers 2022', and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost basis, except for investment properties and bank borrowings which have been measured at fair value.

Changes to accounting standards and interpretations

Amendments to standards adopted during the year

The IASB and IFRIC have revised a number of standards. None of these amendments have led to any material changes in the Company' s accounting policies or disclosures during the year.

Standards in issue but not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 October 2024 and whilst the Directors are considering these, initial indications are that these changes will have no material impact on the Company's financial statements.

1.2 Basis of preparation other than going concern

The Company is a wholly owned subsidiary of the Residential Secure Income plc ("ReSI plc", the "Ultimate Parent Company"). At the General Meeting of ReSI plc, on 6 December 2024, the directors proposed an orderly wind-down of ReSI plc as the best course of action and shareholders voted in favour of this proposal. Since launch, ReSI plc has assembled a residential portfolio across the independent retirement rental, shared ownership and local authority accommodation sub-sectors. The Ultimate Parent Company aims to achieve its Investment Objective by conducting an orderly realisation of the Company's assets, seeking to balance prompt cash returns to shareholders with value maximisation, while maintaining an income return as long as the Company owns assets generating sufficient income. The Company holds the shared ownership portfolio of ReSI plc which is included in the assets planned to be realised. Therefore, the Directors do not consider it appropriate to adopt the going concern basis of preparation. Accordingly, the financial statements have been prepared on a basis other than going concern. No adjustments are required to the financial statements as a result of them being prepared on a basis other than going concern.

Following the implementation of the managed-wind down and the new investment policy of the Ultimate Parent Company, the Company will cease to make any new real estate acquisitions, except in limited circumstances where it is considered ancillary to an existing portfolio investment, where such acquisition is considered to protect or enhance an existing asset's realisable value, where such acquisition is required by the terms of any existing contractual obligations or funding arrangement, or where it is considered to facilitate orderly disposals of a larger portfolio. The Ultimate Parent Company has appointed third party advisors and agents to ensure these transactions are executed proficiently and yield the best possible outcomes for shareholders.

Financial models have been prepared for the going concern which consider liquidity at the start of the period and key financial assumptions. They also include inflows and outflows in relation to the external debt and interest payments.

The Directors are satisfied that the Company has sufficient resources to meet all its financial and operating obligations for the foreseeable future, and for at least 12 months from the date of signing these financial statements. They are also able to meet their liabilities as they fall due in the event that the Company enters into a managed wind-down process.

While the timing of the wind down is uncertain, it is anticipated it will conclude prior to the contractual maturity of the USS facility, which is secured via a first charge over the shared ownership portfolio. The debt facility may therefore be prepaid earlier with accompanying prepayment costs, which might render the prepayment amount different to the value of the debt instruments on the balance sheet. Optional prepayment of the USS facility is contractually due at the higher of the discounted cash flow of the remaining interest and principal repayments due and the indexed value of the debt at the date of prepayment.

As a result of uncertainty over the timing of realisation of assets, the Directors' expectation for an orderly winddown of the Company's operations, and Ultimate Parent Company shareholders' approval of the new investment objective, the Directors consider it appropriate to adopt a basis of accounting other than as a going concern in preparing the financial statements. No material adjustments to accounting policies or the valuation basis have arisen as a result of ceasing to apply the going concern basis.

1.3 Revenue

The Company recognises revenue on an accruals basis, when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. Revenue comprises rental income and First Tranche sales of shared ownership properties.

Gross rental income – Gross rental income is non-contingent rental income, recognised on a straight-line basis over the term of the underlying lease and is included in the Company Statement of Comprehensive Income. Any contingent element of rental income is recognised on an as-received basis. Lease incentives granted are recognised as an integral part of the net consideration for the use of the property and are therefore recognised on the same, straight-line basis over the term of the lease. Contractual fixed annual rent increases and lease incentives are recognised on a straight-line basis over the term of the lease.

Amounts received from residents to terminate leases or to compensate for dilapidations are recognised in the Company Statement of Comprehensive Income when the right to receive them arises.

Income from property sales is recognised when performance conditions are fulfilled which is usually at the point of legal completion.

Property sales consist of one performance obligation – the transfer of the property to the shared owner. The transaction price is fixed and specific in the sales contract. Revenue is recognised at a point in time, when control of the property passes. Control is considered to pass on legal completion of the property sale.

1.4 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. After initial recognition, investment property is stated at its fair value at the Statement of Financial Position date adjusted for the carrying value of leasehold interests. Gains and losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise in the Statement of Comprehensive Income.

Investment property is recognised as an asset when it is probable that the economic benefits that are associated with the property will flow to the Company and it can measure the cost of the investment reliably. This is usually on legal completion.

Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be obtained from the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recorded in profit or loss in the period in which the property is derecognised.

Significant accounting judgement, estimates and assumptions made for the valuation of investment properties are discussed in note 12.

1.5 Inventories

Inventories relate to properties held for delivery as to Shared Ownership which provides an affordable homes ownership through a part-buy, part-rent model where Shared Owners buy a stake in the home (with a lower deposit requirement as it is only required as a percentage of this stake) and pay a discounted rent on the portion of the property that the Shared Owner(s) does not own. In accordance with IAS 2 Inventories, they are held at the lower of cost and net realisable value.

1.6 Shared ownership

Shared ownership is where initially a long lease on a property is granted through a sale to the occupier, in return for an initial payment (the First Tranche).

First Tranche sales are included within turnover and the related proportion of the cost of the asset recognised as cost of sales.

Shared ownership properties are split proportionately between Inventories and Investment properties based on the current element relating to First Tranche sales. The assumptions on which the First Tranche proportion has been based include, but are not limited to, matters such as the affordability of the shared ownership properties, local demand for shared ownership properties, and general experience of First Tranche shared ownership sales within ReSI Housing and the wider the social housing sector.

Shared Owners have the right to acquire further tranches and any surplus or deficit on such subsequent sales are recognised in the Statement of Comprehensive Income as a part disposal of Investment properties.

Where a grant is receivable from government and other bodies as a contribution towards the capital cost of shared ownership investment property, it is recognised as a deduction in arriving at the cost of the property. Prior to satisfying any performance obligations related to grant, such grants are held as a liability on the Statement of Financial Position.

In some circumstances, typically when a Shared Owner staircases, there arises an obligation to recycle the grant into the purchase of new affordable properties within three years or to repay the grant to the relevant government body. Where such an obligation exists the grant will be held as a liability on the Statement of Financial Position.

1.7 Financial assets

Recognition of financial assets

All financial assets are recognised on a trade date which is the date when the Company becomes a party to the contractual provisions of the instrument.

Initial measurement and classification of financial assets

Financial assets are classified into the following categories: 'financial assets at fair value through profit or loss' and 'financial assets at amortised cost'. The classification depends on the business model in which the asset is managed an on the cashflows associated with that asset.

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

At 30 September 2024 the Company had the following non-derivative financial assets which are held at amortised cost:

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank (including investments in money-market funds) and short-term deposits with an original maturity of three months or less.

Trade and other receivables

Trade and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are discounted and then held at amortised cost, less provision for expected credit loss.

Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measuring the expected credit losses for trade and other receivables whereby the allowance or provision for all trade receivables are based on the lifetime expected credit losses ("ECLs").

The Company applies the general approach for initial recognition and subsequent measurement of expected credit loss provisions for the loan receivable and other receivables which have maturities of 12 months or more and have a significant finance component.

This approach comprises of a three-stage approach to evaluating expected credit losses. These stages are classified as follows:

Stage 1

Twelve-month expected credit losses are recognised in profit or loss at initial recognition and a loss allowance is established. For financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk at the reporting date, the loss allowance for 12-month expected credit loss is maintained and updated for changes in amount. Interest revenue is calculated on the gross carrying amount of the asset (i.e. without reduction for expected credit losses).

Stage 2

If the credit risk increases significantly and the resulting credit quality is not considered to be low credit risk, full lifetime expected losses are recognised and include those financial instruments that do not have objective evidence of a credit loss event. Interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3

If the credit risk of a financial asset increases to the point that it is considered credit impaired (there is objective evidence of impairment at the reporting date), lifetime expected credit losses continue to be recognised. For financial assets in this stage, lifetime expected credit losses will generally be individually assessed. Interest revenue is calculated on the amortised cost net carrying amount (amortised cost less impairment).

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. If any interest in a transferred asset is retained then the Company recognises its retained interest in the asset and associated liabilities.

1.8 Financial liabilities

Fair value through profit or loss

This category comprises the first four tranches of the Company's borrowings. The Company's loan notes that are held at fair value through profit and loss may be recorded at a different value to the notional value of the borrowings due to changes in the expected future rate of inflation versus the date the debt was drawn, impacting gilt rates. The designation to value loan notes at fair value through profit and loss is irrevocable and was made to correct an accounting mismatch as the value of the loan notes is linked to the value of the shared ownership investment portfolio. The decision to link the loan notes to RPI was made to ensure that returns are matched to rent proceeds received (also linked to RPI). They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income as either a fair value movement (note 11) or in the finance income or expense line (note 10), except where the movement relates to a change in own credit risk which is recognised in other comprehensive income.

The fifth tranche of the Company's borrowings has not been designated as fair value through profit and loss and as such is held at amortised cost.

At 30 September 2024 the Company had the following non-derivative financial liabilities which are classified as other financial liabilities:

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

Borrowings

Borrowings are either recognised initially at fair value less attributable transaction costs or at fair value, with attributable transaction costs fully expensed if an election is made to hold at Fair Value through profit or loss (FVTPL). Subsequent to initial recognition, borrowing costs are either stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method or at fair value if elected to hold at FVTPL.

De-recognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

1.9 Taxation

Taxation on the profit or loss for the period not exempt under UK REIT regulations comprises of current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movement in equity, in which case it would be recognised as a direct movement in equity. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full using the balance sheet liability method on timing difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

1.10 Leases

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

The company as lessor

A lease is classified as a finance lease if substantially all of the risks and rewards of ownership transfer to the lessee. In the case of properties where the Company has a leasehold interest, this assessment is made by reference to the Company's right of use asset arising under the head lease rather than by reference to the underlying asset. If the Company substantially retains those risks, a lease is classified as an operating lease. Rentals receivable under operating leases are recognised in the income statement on a straight-line basis over the term of the relevant lease. In the event that lease incentives are granted to a lessee, such incentives are recognised as an asset. The aggregate cost of the incentives is recognised as a reduction in rental income on a straight-line basis over the term of the relevant lease.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in the income statement.

2. Critical accounting estimates and judgements

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Investment properties

The Company uses the valuation carried out by its independent valuers as the fair value of its property portfolio. The assumptions on which the property valuation reports have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, ground conditions at the properties, the structural condition of the properties, prevailing market yields and comparable market transactions. Further information is provided in note 12.

The Company's properties have been independently valued by Savills (UK) Limited ("Savills" or the "Valuer") in accordance with the definitions published by the Royal Institute of Chartered Surveyors' ("RICS") Valuation – Professional Standards, July 2017, Global and UK Editions (commonly known as the "Red Book"). Savills in one of the most recognised professional firms within residential and social housing property valuation and has sufficient current local and national knowledge and has the skills and understanding to undertake the valuations competently.

If the assumptions upon which the external valuer has based its valuations prove to be inaccurate, this may have an impact on the value of the Company's investment properties, which could in turn have an effect on the Company's financial position and results. Further information is provided in note 12.

With respect to the Company's Financial Statements, investment properties are valued at their fair value at each Statement of Financial Position date in accordance with IFRS 13 which recognises a variety of fair value inputs depending upon the nature of the investment. Specifically:

- Level 1 – Unadjusted, quoted prices for identical assets and liabilities in active (typically quoted) markets;
- Level 2 – Quoted prices for similar assets and liabilities in active markets.
- Level 3 – Inputs not based on observable market data (that is, unobservable inputs).

The Company's investment properties are included in Level 3 as the inputs to the valuation are not based on observable market data.

Borrowings held at fair value

Most of the Company's borrowings are held at fair value. The inputs/assumptions on which these borrowings have been valued include the relevant inflation linked gilt rate at the date of valuation and the future rate of RPI inflation. Further information is provided in note 18. If these assumptions prove to be inaccurate, this may have an impact on the carrying value of the Company's borrowings held at fair value, which could in turn have an effect on the Company's financial position and results.

In the fair value hierarchy, borrowings valued at fair value are included in Level 2 as the inputs to the valuation are based on observable market data (inflation linked gilt yields).

3. Revenue

	2024 £	2023 £
Revenue analysed by class of business		
Gross rental income	5,896,902	5,317,466
First Tranche sales of shared ownership properties	600,000	5,623,900
	6,496,902	10,941,366

The total turnover for the Company has been derived from the principal activity wholly undertaken in the United Kingdom.

Included within gross rental income is a £1,327,000 (2023: £1,191,000) rent smoothing adjustment that has arisen as a result of IFRS 16 'Leases' which require rental income in respect of leases with rents increasing by a fixed percentage be accounted for on a straight-line basis over the lease term. During the year this resulted in an increase in rental income, with an offsetting entry being recognised in profit or loss as an adjustment to the investment property revaluation.

4. Social housing turnover and costs

	2024 £	2023 £
Rent receivable	5,896,902	5,317,466
Service charge expenses	(6,027)	(4,095)
Property operating expenses	(340,323)	(313,704)
Operating surplus from social housing activities	5,550,552	4,999,667
There were £nil void losses during the year (2023: £Nil).		
First tranche sales of shared ownership properties	600,000	5,623,900
Cost of Sales	(559,265)	(5,207,161)
First tranche sales profit	40,735	416,739

5. Accommodation in management and development

	2024 No of homes	2023 No of homes
Social housing:		
Shared ownership balance at period start	766	739
Additions	–	41
Disposals	(15)	(14)
Shared ownership balance at period end	751	766
Total owned	751	766

The Company owns 243 affordable home ownership homes (2023: 249) that are managed on its behalf, under management agreements, by Metropolitan Thames Valley Housing and 508 homes (2023: 517) that are managed by ReSI Property Management Limited, a subsidiary of the fund manager of the ultimate parent company, Gresham House Asset Management Limited.

6. Operating profit

	2024 £	2023 £
Operating profit for the year is stated after charging:		
Exchange losses	1,369	739
Audit fees	93,055	99,248
Cost of inventories recognised as an expense	559,265	5,207,161

7. Auditor's remuneration

Fees payable to the Company's auditor and associates:

	2024 £	2023 £
For audit services		
Audit of the financial statements of the Company	93,055	99,248

8. Employees

The Company had no employees during the year (2023: Nil) other than the Directors.

	2024 £	2023 £
Directors' remuneration	65,000	53,750

For the year ended 30 September 2024, the Company incurred £65,000 (2023: £50,000) in respect of non-executive Director's fees. There were no balances outstanding to the Directors at 30 September 2024 (2023: £nil). The highest paid director was paid £35,000 during the year (2023: £35,000). Nil pension contributions were made in respect of the directors. The company had no other staff who were remunerated.

The average number of Directors who received fees during the year was three (2023: two).

9. Investment income

	2024 £	2023 £
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	227,306	189,356
Other Interest	1,217	–
Total interest revenue	228,523	189,356

Income above relates to assets held at amortised cost, unless stated otherwise.

10. Finance costs

	2024 £	2023 £
Loan interest	963,375	796,593
Amortisation of loan arrangement fees	6,981	6,981
Other interest	–	14,783
Effective interest on loans held at amortised cost	518,437	1,124,522
Loan arrangement fees	960	85,823
Debt programme costs	93,243	88,767
Total interest expense	1,582,996	2,117,469

11. Change in fair value

	2024 £	2023 £
Loss on fair value adjustment of investment properties	(9,198,321)	(9,403,567)
Adjustments for lease incentive assets and rent straight line assets recognised		
Start of the year	3,261,522	2,070,282
End of the year	(4,588,736)	(3,261,522)
	(10,525,535)	(10,594,807)
(Loss)/gain on fair value adjustment of borrowings	(5,100,850)	5,736,904
	(15,626,385)	(4,857,903)

(Loss)/gain on fair value adjustment of borrowings arises from four tranches of debt raised against the shared ownership portfolio, which the Company has elected to fair value through Profit and Loss, in order to address an accounting mismatch as the value of the loan is linked to the shared ownership investment portfolio.

12. Investment property

	2024 £	2023 £
Cost		
At 1 October 2023	123,434,001	128,203,000
Additions through acquisition	20,184	8,725,190
Disposals	(2,046,864)	(2,942,622)
Fair value adjustment	(9,198,321)	(9,403,567)
Grant receivable	–	(1,148,000)
At 30 September 2024	112,209,000	123,434,001

Investment properties comprise of Shared Ownership properties that have been completed.

Included within the carrying value of investment properties at 30 September 2024 is £4,588,736 (30 September 2023: £3,261,522) in respect of the smoothing of fixed contractual rent uplifts as described in note 3. The difference between rents on a straight-line basis and rents actually receivable is included within the carrying value of the investment properties but does not increase that carrying value over fair value.

The historical cost of investment properties at 30 September 2024 was £115,257,065 (2023: £117,283,742).

In accordance with "IAS 40: Investment Property", the Company's investment properties have been independently valued at fair value by Savills (UK) Limited ("Savills"), an accredited external valuer with recognised and relevant professional qualifications.

In accordance with IFRS 13, the Company's investment property has been assigned a valuation level in the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The Company's investment property as at 30 September 2024 and 30 September 2023 is categorised as Level 3.

The Company's Shared Ownership properties are valued by Savills using a discounted cashflow methodology applying a discount rate to estimated future cashflows.

There are multiple key unobservable inputs that play material roles in determining the Company's fair value of investment property:

1. The discount rates applied to projected rental cash flows (and to staircasing cash flows for shared ownership properties):

Effectively, the discount rate is representative of both the long-term cost of borrowing and the risks implicit in the properties concerned, as well as the risk associated with the cash flow assumptions reflected in the valuation.

Everything else being equal, there is a negative relationship between the discount rate and the property valuation, such that an increase in the discount rate will decrease the valuation of a property and vice versa.

Weighted average nominal rental discount rates applied across the shared ownership valuation at 30 September was 7.38% and ranged from 7.0% to 8.0%.

2. Projected rates of inflation (both CPI and RPI):

The majority of ReSI's leases are inflation-linked (subject to inflation floors and, for some leases, inflation caps). Additionally, some of ReSI's operating expenses are subject to inflationary pressures. Changes in inflation assumptions can have a material impact on the Group's valuations.

The relationship between inflation and income growth (and resulting rental values) is generally positive, as the majority of the Group's revenues are inflation-linked (subject to certain inflation caps and floors in certain leases in ReSI's portfolio), however, inflation can also increase operating expenses, potentially offsetting some or all of inflation linked revenue growth, all else being equal.

Forecast inflation rates applied for different years across the portfolio valuations at 30 September ranged from 2.7% to 3.6% for RPI and 2.0% to 2.4% for CPI.

3. House price growth for shared ownership properties

Projected house price growth plays a significant role in determining the prevailing open market value at which shared ownership residents staircase.

Everything else being equal, there is a positive relationship between future house price growth and the property valuation, such that an increase in future house price growth will increase the valuation of a property and vice versa. HPI forecasts applied for different years to the shared ownership valuations ranged from +1.0% to +6.5%.

4. Staircasing rates for shared ownership properties:

a. Shared ownership residents have the option to incrementally purchase from ReSI additional shares in their homes at the prevailing open market value. This process, known as "staircasing", generates additional cash flow to the Group, and the rate of staircasing partly determines the amount of cash flow from equity purchases that the Group may receive in any given period of time.

b. The relationship between future staircasing rates and property valuation may be either positive or negative depending on the discount rate and house price growth assumptions used for a given property. If a zero rate of staircasing is assumed this would result in an increase in the valuation of ReSI's shared ownership properties as Savills apply a higher discount rate to staircasing cash flows as compared to rental cash flows. Equally, if it assumed that a property staircases immediately this would also result in increase in the valuation of ReSI's shared ownership properties as these properties are valued at a discount to their Open Market Value (the price at which shared owners staircase).

c. Staircasing rates applied to shared ownership valuations ranged from 1.8% to 2.0%.

There are interrelationships between these inputs as they are determined by market conditions, and the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions (i.e. rental values increase and discount rates decrease) valuation movements can be amplified, whereas if they move in the same direction they may be offset, reducing the overall net valuation movement. The valuation movement is materially sensitive to changes in discount rates and rental values. The impact on valuation from the change in key factors has been modelled below by Savills:

Key inputs	Sensitivity modelled	Valuation at 30 September 2024 £'000	+ Updated valuation £'000	- Updated valuation £'000
Rental Discount Rate	+/- 25bps	112,209	108,317	116,381
Retail Price Index (RPI)	+/- 25bps	112,209	114,535	109,992
House Price Index (HPI)	+/- 25bps	112,209	113,434	111,035
Staircasing Sensitivity Analysis	+/- 100bps	112,209	117,864	104,332

13. Income tax expense

	2024 £	2023 £
Current tax	–	–
Deferred tax	–	–
Total tax charge	–	–

The charge for the period varies from the standard rate of corporation tax in the UK applied to the loss before tax. The differences are explained below.

	2024 £	2023 £
Loss before taxation	(11,489,062)	(1,787,702)
Expected tax charge based on a corporation tax rate of 25% (2023: 25%)	(2,872,266)	(446,925)
Investment property revaluation not taxable	2,631,385	2,648,702
Utilisation of tax losses (group relief)	(67,315)	(120,591)
UK tax not deductible/(payable) due to REIT exemption	308,196	(2,081,186)
Taxation charge for the year	–	–

The Company's ultimate parent company is Residential Secure Income plc which became a REIT on 12 July 2017 and as a result it, and all of its wholly owned subsidiaries do not pay UK corporation tax on the profits and gains from its qualifying property rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains from the Company continue to be subject to corporation tax as normal. In order to achieve and retain group REIT status, several conditions have to be met on entry to the regime and on an ongoing basis, including as follows:

- At the start of each accounting period, the assets of the property rental business (plus cash and certain readily realisable investments) must be at least 75% of the total value of the Group's assets.
- At least 75% of the Group's total profits must arise from the tax exempt property rental business; and
- At least 90% of the tax exempt profit of the property rental business (excluding gains) of the accounting period should be distributed.

14. Dividends

Amounts recognised as distributions:

	2024 Total £	2023 Total £
Ordinary share		
Interim dividends paid	2,833,881	3,318,136

The Company adopts a conservative dividend policy to only pay out of net rental receipts after deducting appropriate costs and provisions of its homes and the Company, with capital receipts (such as staircasing) reinvested within the Company. The Company's dividend payment of £2,833,881 compares to £45.5mn investment from shareholders.

The Company seeks to maintain a secure viability position and deliver sustainable returns, supporting the company's financial position and allowing it to increase investment and deliver more affordable homes.

15. Grants receivable

	2024 £	2023 £
Grant receivable	–	1,148,000

Where a grant is receivable from government and other bodies as a contribution towards the capital cost of shared ownership investment property, it is recognised as a deduction in arriving at the cost of the property. Prior to satisfying any performance obligations related to grant, such grants are held as a liability on the Statement of Financial Position. Grant receivable is included in trade and other receivables on the Statement of Financial Position.

16. Inventory

	2024 £	2023 £
Shared Ownership properties:		
Completed properties	–	430,691

17. Trade and other receivables

	2024 £	2023 £
Trade receivables	**370,197**	91,959
Other receivables	**35,268**	36,117
Deposits	–	90
Prepayments and accrued income	**6,880**	16,920
	412,345	145,086

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a 12 month expected loss provision for rent receivables. To measure expected credit losses on a collective basis, rent receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Company's historical credit losses experienced since inception to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. Both the expected credit loss provision and the incurred loss provision in the current and prior years are immaterial. No reasonably possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.

There is no significant difference between the fair value and carrying value of trade and other receivables at the Statement of Financial Position date.

18. Borrowings

	2024 £	2023 £
Borrowings at fair value		
Bank loans	**54,225,250**	51,186,323
Borrowings at amortised cost – Bank loans	**20,961,720**	21,113,492
Total borrowings	**75,186,970**	72,299,815

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2024 £	2023 £
Current liabilities	**2,356,769**	2,387,769
Non-current liabilities	**72,830,201**	69,912,046
	75,186,970	72,299,815

Lender

Held at fair value	Original facility £	Outstanding debt £	Maturity date	Annual interest rate %
Universities Superannuation Scheme	34,000,000	31,930,474	May – 65	0.961%*
Universities Superannuation Scheme	10,000,000	9,253,050	May – 65	0.914%*
Universities Superannuation Scheme	10,000,000	9,645,734	May – 65	1.198%*
Universities Superannuation Scheme	3,500,000	3,395,992	May – 65	1.250%*
Held at amortised cost				
Universities Superannuation Scheme	20,000,000	20,961,720	May – 65	1.435%*
	77,500,000	**75,186,970**		

* The principal will increase at a rate of RPI+0.5% on a quarterly basis; RPI is capped between 0% and 5% on a pro-rated basis.

The loans are repayable as follows:

	2024 £	2023 £
Within one year	**2,356,769**	2,387,769
Between one and two years	**2,324,994**	2,356,769
Between three and five years	**6,782,782**	6,877,332
Over five years	**63,722,425**	60,677,945
	75,186,970	72,299,815

Movements in borrowings are analysed as follows:

	2024 £	2023 £
At the beginning of the period	**72,299,815**	77,581,392
Repayment of borrowings	**(2,739,114)**	(676,175)
Fair value movement	**5,100,850**	(5,736,904)
Effective interest	**518,438**	1,124,521
Amortisation of loan arrangement fees	**6,981**	6,981
	75,186,970	72,299,815

The Company has elected to fair value through Profit and Loss four of the five tranches of the Universities Superannuation Scheme borrowings. The Company has not elected to fair value through Profit or Loss the fifth tranche of the Universities Superannuation Scheme borrowings, which is held at amortised cost. The notional outstanding debt at 30 September 2024 was £74.5mn (2023: £76.9mn).

The applicable Universities Superannuation Scheme borrowings have been fair valued by calculating the present value of future cash flows, using the gilt curve and a credit spread reflecting the high credit strength of the borrower at the date of valuation. The credit spread used for the valuation as at 30 September 2024 was 1.25% (2023: 1.47%).

In accordance with IFRS 13, the Company's borrowings held at fair value have been assigned a valuation level in the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The Company's borrowings held at fair value as at 30 September 2024 are categorised as Level 2.

Everything else being equal, there is a negative relationship between the inflation linked gilt rate and the borrowings valuation, such that an increase in the inflation linked gilt rate (and therefore the future interest payable) will reduce the valuation of the borrowing liability and vice versa. A 10 basis point increase in the inflation linked gilt rate would result in a reduction of the liability by £1.0mn.

The Universities Superannuation Scheme facility is secured by a first charge over shared ownership properties with a fair value of £112.2mn, cash of £0.7mn and restricted cash balances of £4.2mn.

19. Trade and other payables

	Current		Non-current	
	2024 £	2023 £	**2024 £**	2023 £
Trade payables	**1,125,313**	1,643,387	**–**	–
Accruals and deferred income	**165,020**	190,647	**–**	–
Amount owed to parent company	**317,118**	323,333	**–**	–
Other creditors	**366,608**	359,424	**–**	–
Recycled capital grant fund	**–**	–	**855,200**	584,615
	1,974,059	2,516,791	**855,200**	584,615

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. For most suppliers interest is charged if payment is not made within the required terms. Thereafter, interest is chargeable on the outstanding balances at various rates. The Company has financial risk management policies in place to control that all payables are paid within the agreed credit timescale.

There is no significant difference between the fair value and carrying value of trade and other payables at the Statement of Financial Position date.

Amounts owed to parent company are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

ReSI's shared ownership portfolio has been supported by government grant funding to facilitate the delivery of affordable housing projects. In some circumstances, typically when a shared owner staircases, ReSI will be required to recycle the grant into the purchase of new properties within three years or to repay it to the grant providing body.

	Homes England	GLA
Opening balance	238,694	345,921
Grant recycled	70,294	170,217
Interest accrued	12,126	17,948
Closing balance	321,114	534,086
Amount 3 years old or older when repayment may be required	-	-

On disposal/staircasing of a grant funded property, the Group initially recognises a liability in the Recycled Capital Grant fund. If the disposal receipts are not subsequently recycled, the grant will be repaid. The balance at 30 September 2024 was £855,200 (2023: 584,615).

20. Share capital

	2024 £	2023 £
Issued and fully paid		
3 Ordinary share of £1 each	3	3
	3	3

The share capital account relates to amounts subscribed for share capital.

All Ordinary Shares carry equal rights, and no privileges are attached to any shares in the Company. All the shares are freely transferable, except as otherwise provided by law. The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

21. Retained earnings

	2024 £	2023 £
At the beginning of the year	**53,821,347**	58,927,185
Loss for the year	**(11,489,062)**	(1,787,702)
Dividends	**(2,833,881)**	(3,318,136)
At the end of the year	**39,498,404**	53,821,347

Retained earnings incorporates all profits and losses and transactions with shareholders not recognised elsewhere.

22. Other leasing information

Lessor

The Company leases some of its investment properties under operating leases. At the balance sheet date, the Company has contracts with residents for the following future aggregate minimum rentals receivable under non-cancellable operating leases:

	2024 £'000	2023 £'000
Receivable within 1 year	**4,739**	4,428
Receivable between 1-2 years	**4,739**	4,428
Receivable between 2-3 years	**4,739**	4,428
Receivable between 3-4 years	**4,739**	4,428
Receivable between 4-5 years	**4,739**	4,428
Receivable between 5-10 years	**23,694**	22,141
Receivable between 10-20 years	**47,387**	44,284
Receivable after 20 years	**462,127**	435,467
Total undiscounted lease payments receivable	**556,903**	524,032

The total of contingent rents recognised as income during the period was £nil (2023: £nil).

The Company's Shared Ownership properties are let to Shared Owners on leases with initial lease terms of between 130 to 999 years.

23. Controlling party

The immediate parent undertaking is ReSI Portfolio Holdings Ltd, a company incorporated in England and Wales, whose registered office is 5 New Street Square, London, England, EC4A 3TW. The ultimate parent undertaking is Residential Secure Income plc, a company incorporated in England and Wales, whose registered office is The Pavilions, Bridgewater Road, Bristol, England, BS13 8FD.

Residential Secure Income plc prepares group financial statements and copies can be obtained from the registered office address.

24. Related parties

Name of entity	Relationship
Residential Secure Income Plc	Ultimate parent company
Resi Portfolio Holdings Limited	Immediate parent company
RHP Holdings Limited	Common immediate parent
The Retirement Housing Limited Partnership	Common intermediate parent
Wesley House (Freehold) Limited	Common immediate parent
Eaton Green (Freehold) Limited	Common immediate parent

With the exception of ReSI Housing Limited, no other entity within the group is registered with the Regulator of Social Housing.

During the year, the immediate parent of the Company made a net capital repayment of £6,215 (2023: £5,182,846 net capital repayment).

At the year end, the Company owed its immediate parent company £317,118 (2023: £323,333).

For the year ended 30 September 2024, the Directors of the Company are considered to be the key management personnel. Details of amounts paid to Directors for their services can be found within note 8, Employees.

25. Events after the reporting date

On 6 December 2024, shareholders of the Company's ultimate parent company, Residential Secure Income Plc, voted for and accepted a new investment objective which seeks to realise all the existing assets in the Company's portfolio in an orderly manner. The Company will pursue its investment objective by effecting an orderly realisation of its assets while seeking to balance maximising returns for shareholders against timing of disposals. Capital expenditure will be permitted where it is deemed necessary or desirable in connection to the realisation, primarily where such expenditure is necessary to protect or enhance an asset's realisable value.

There have been no other significant events that require disclosure in, or adjustment to the financial statements as at 30 September 2024.

26. Operating segments

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of internal financial reports about components of the Company that are regularly reviewed by the chief operating decision maker (which in the Company's case is the Board of Directors) in order to allocate resources to the segments and to assess their performance.

The Company's reporting to the chief operating decision maker does not differentiate by property type or location as the Company is considered to be operating in a single segment of business and in one geographical area.

No customers have revenue that is greater than 10% of the total company revenue.

The internal financial reports received by the Board of Directors contain financial information at a company level and there are no reconciling items between the results contained in these reports and the amounts reported in the Financial Statements.

27. Contingent liabilities and commitments

ReSI's shared ownership portfolio has been supported by £15.0m government grant funding. In some circumstances, typically when a shared owner staircases, ReSI will be required to recycle the grant into the purchase of new properties within three years or to repay it to the grant providing body (see note 19).

There are no provisions for fines and settlements specified for ESG (Environmental, Social or Governance) issues.

28. Notes to the cash flow statement

	Borrowings due in less than one year £	Borrowings due in more than one year £	Intercompany loan from parent £	Total £
At 1 October 2023	2,387,769	69,912,047	323,333	**72,623,149**
Cash Flows				
Borrowings repaid	(2,739,114)	–	–	**(2,739,114)**
Intercompany Loan movement	–	–	(6,215)	**(6,215)**
Loan arrangement fees paid	–	–	–	**–**
Non-cash flows				
Reclassification of borrowings	2,708,114	(2,708,114)	–	**–**
Change in fair value of borrowings	–	5,100,850	–	**5,100,850**
Finance costs	–	518,437	–	**518,437**
Amortisation of loan arrangement fees capitalised	–	6,981	–	**6,981**
At 30 September 2024	**2,356,769**	**72,830,201**	**317,118**	**75,504,088**

	Borrowings due in less than one year £	Borrowings due in more than one year £	Intercompany loan from parent £	Total £
At 1 October 2022	–	77,581,392	5,506,179	83,087,571
Cash Flows				
Borrowings repaid	(676,175)	–	–	(676,175)
Intercompany Loan movement	–	–	(5,182,846)	(5,182,846)
Loan arrangement fees paid	–	–	–	–
Non-cash flows				
Reclassification of borrowings	3,063,944	(3,063,944)	–	–
Change in fair value of borrowings	–	(5,736,904)	–	(5,736,904)
Finance costs	–	1,124,522	–	1,124,522
Amortisation of loan arrangement fees capitalised	–	6,981	–	6,981
At 30 September 2023	2,387,769	69,912,047	323,333	72,623,149

29. Financial Instruments

The table below sets out the categorisation of the financial instruments held by the Company as at 30 September 2024.

	2024 £	2023 £
Financial assets		
Loans and receivables		
Trade and other receivables	**405,465**	128,166
Cash and cash equivalents	**4,893,291**	5,212,793
	5,298,756	5,340,959
Financial liabilities		
At amortised cost		
Borrowings	**20,961,720**	21,113,491
Trade and other payables	**1,974,059**	2,516,791
	22,935,779	23,630,282
At fair value through profit or loss		
Borrowings	**54,225,250**	51,186,323
	54,225,250	51,186,323
	77,161,029	74,816,605

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk management.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate limits and controls, and to monitor risks and adherence to limits. When considered appropriate the Company uses derivative financial instruments to hedge certain risk exposures.

Risk management policies and systems are reviewed regularly by the Board and Fund Manager to reflect changes in the market conditions and the Company's activities.

The exposure to each financial risk considered potentially material to the Company, how it arises and the policy for managing the risk is summarised below:

a) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holding of financial instruments.

The Company's activities will expose it to the market risks associated with changes in property and rental values.

Risk relating to investment in property

Investment in property is subject to varying degrees of risk. Some factors that affect the value of the investment in property include:

- changes in the general economic climate;
- changes in the general social environment;
- competition from available properties;
- obsolescence; and
- Government regulations, including planning, environmental and tax laws.

Variations in the above factors can affect the valuation of assets held by the Company and the rental values it can achieve, and as a result can influence the financial performance of the Company.

The Company mitigates these risks by entering into long term shared ownership leases for which rent reviews are contractually linked to inflation and are not impacted by market rents. Exposure to property values is mitigated by acquiring properties at a discount to their vacant possession value and the fact that staircasing by shared owners at open market value is countercyclical with higher rates of staircasing at times of rising prices.

As the Company operates only in the United Kingdom it is not exposed to currency risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet its contractual obligations and arises principally from the Company's tenants (in respect of trade receivables arising under operating leases) and banks (as holders of the Company's cash deposits).

Exposure to credit risk

	2024 £	2023 £
Trade and other receivables	**405,465**	128,166
Cash and cash equivalents	**4,893,291**	5,212,793
	5,298,756	5,340,959

The Company engages third parties to provide day-to-day management of its properties including letting and collection of underlying rent from shared owners.

The credit risk of cash and cash equivalents is limited due to cash being held at banks considered credit worthy by the Company's fund manager, with high credit ratings assigned by international credit rating agencies.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity and funding risks by considering cash flow forecasts and ensuring sufficient cash balances are held within the Company to meet future needs. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of financing through appropriate and adequate credit lines, and the ability of customers to settle obligations within normal terms of credit. The Company ensures, through forecasting of capital requirements, that adequate cash is available.

The following table details the Company's remaining contractual maturing for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities, including future interest payments, based on the earliest date on which the Company can be required to pay.

	Less than one year £	Two to five years £	More than five years £	Total £
2024				
Borrowings	2,356,769	9,107,776	63,722,425	**75,186,970**
Interest on borrowings	457,085	1,685,446	6,485,006	**8,627,537**
Payables and accruals	1,974,059	–	–	**1,974,059**
	4,787,913	**10,793,222**	**70,207,431**	**85,788,566**
2023				
Borrowings	2,387,769	9,234,101	60,677,945	**72,299,815**
Interest on borrowings	473,170	1,742,658	6,884,880	**9,100,708**
Payables and accruals	2,516,791	–	–	**2,516,791**
	5,377,730	**10,976,759**	**67,562,825**	**83,917,314**

d) Capital risk management

The Company manages its capital to ensure the Company will be able to continue as a going concern whilst maximising the return to the Group's shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to the shareholders of the Company (comprising share capital and retained earnings).

The Company is not subject to externally imposed capital requirements under the AIFMD regime.

The Company's management reviews the capital structure on a regular basis in conjunction with the Board. As part of this review management considers the cost of capital, risks associated with each class of capital and debt and the amount of any dividends to shareholders. The Company adopts a conservative dividend policy to only pay out of net rental receipts after deducting appropriate costs and provisions of its homes and the Company, with capital receipts (such as staircasing) reinvested within the Company. The Company's dividend payment of £2,833,881 compares to £45.5mn investment from shareholders.

The Company seeks to maintain a secure financial viability position and deliver sustainable returns, supporting the company's financial position and allowing it to increase investment and deliver more affordable homes.

Gresham House
Specialist investment