

# Two Rivers Housing

## Annual Report and Financial Statements

For the year ending 31 March 2025



**Two  
Rivers  
Housing**

Registered Society Number: RS009498  
Regulator Registration Number L4385  
FCA Registration Number 9498

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# Company Information

The Directors who served from 1 April 2024 up to the date these financial statements were approved were as follows:

## Executive Directors



### **Chief Executive: Hayley Selway BA (Hons) CMCIH**

Hayley joined us from Cardiff Community Housing where she had held the position of Chief Executive. During her time at CCHA, Hayley built a values driven, top performing housing association with customers at its heart. She has also held senior roles at Taff Housing Association, Tal Calon Community Housing, Vale of Glamorgan County Borough Council and Blaenau Gwent County Borough Council.



### **Deputy Chief Executive and Company Secretary: Carol Dover BA (Hons), ACMA**

Carol joined Two Rivers Housing in spring 2019 and was appointed Deputy Chief Executive in May 2024. She has many years' experience of working in finance, both in housing and the commercial sector. Supported by our executive team and Group Board, Carol also oversees our compliance with the Regulator's Consumer Standards.



### **Executive Director of Homes: Jonny Jones**

*(Appointed July 2024)*

Jonny joined us in July 2024, when he was appointed Executive Director of Homes. He started working in housing in 2010 and has held senior positions at Taff Housing Association and Cardiff Community Housing. Jonny and his team are responsible for looking after our homes, making sure that they are warm, safe, affordable and well maintained.



### **Executive Director of People and Neighbourhoods: Liz Evans**

*(Appointed September 2024)*

Liz joined our executive team in September 2024. She has more than 25 years' experience in social housing and has held senior leadership positions for over 12 years at Cardiff Community Housing and Bron Afon Community Housing. Liz is a champion for tenants' voice and is focussed on improving services to provide the best customer experience.

## Company Information continued

### Group Board Members



**Chair: Edward (Ted) Pearce (appointed October 2024)**

Former Director of Strategic Asset Management at Orbit Homes, a Fellow of RICS and RSA and member of BIFM.



**Chair: Yvonne Leishman OBE BA FCIH (resigned as Chair October 2024)**

Yvonne is a former President of the Chartered Institute of Housing. She received an OBE for services to housing in 2005 and remains on our Group Board.



**Vice Chair: Tim Jackson**

Executive Director of Transformation at Newport City Homes, a qualified Accountant who has worked in the commercial, public and not-for-profit sectors.



**Richard Chappell (appointed 1 February 2025)**

An experienced CEO in Facilities Management, with a proven track record of successfully transforming and growing businesses in highly competitive markets.



**David Greenhalgh (appointed 1 February 2025)**

With over 40 years' experience in the housing sector, David has held senior positions at Magna Housing Association, LiveWest and Knightstone Housing.



**Jonathan Higgs**

As Chief Executive of Raven Housing Trust, he leads a team of 300 in the delivery of excellent services to more than 6,000 homes in Surrey and Sussex.



**Audrey James (Tenant Board Member)**

Audrey is an Accredited Psychodynamic Psychotherapist. She is a Two Rivers Housing tenant of 15 years and has previously worked as a Housing Officer.



**Charlotte Marshall**

Former CEO for Bidvest Noonan and former Senior Vice President at Iron Mountain, a business delivering physical and digital document storage globally.



## Company Information continued

### Group Board Members continued



**Anne Marie Millar (appointed 1 February 2025)**

An experienced Finance Director in the private and public sectors. She previously worked for the Department of Health, DEFRA and the Rural Payments Agency.



**Debbie Innes-Turnill (appointed 1 February 2025)**

A safeguarding expert with a background in education. She works with organisations to improve their safeguarding processes and embed best practice.



**Sharon Wilkins (Member Responsible for Complaints)**

Director of Homes and Communities at Newport City Homes, a strategic housing professional, with over 14 years' experience in customer and engagement strategy.



**Susan Holmes (resigned 1 April 2024)**

More than 35 years' experience in housing, social care and the voluntary sector. Susan joined the board in 2016.



**Rita Jones (Tenant Board Member) (resigned 1 April 2024)**

Rita has had a varied career including as a Pub Landlady. She is a Two Rivers Housing tenant and joined the Board in 2016.

### Co-opted Board Members



**Tim Sharpe (resigned 31 July 2025)**

Non-Executive Director and the Chair of the Centigen Board. Tim was formerly Managing Director of a specialist investment and asset management company.

## Subsidiary Board Members

### *Two Rivers Developments Limited*

**Chair:** Jonathan Higgs (appointed November 2024)  
Edward Pearce (resigned October 2024)

**Company Secretary:** Lynne Dunstone

Richard Chappell (appointed May 2025)  
Carol Dover (appointed April 2025)  
Hayley Selway (appointed April 2025)  
Susan Holmes (resigned April 2024)  
Yvonne Leishman (resigned April 2024)

### *Centigen Facilities Management Limited*

**Chair:** Tim Sharpe

**Company Secretary:** Lynne Dunstone (appointed 1 October 2023)

Charlotte Marshall  
Richard Chappell

Centigen Facilities Management Limited ceased trading on 31 March 2025 following a business assets transfer to Two Rivers Housing.



## Company Information continued

**Company Secretary:** Carol Dover

**Registered office:** Rivers Meet  
Cleeve Mill Lane  
Newent  
Gloucestershire  
GL18 1DS

**Registered Society No:** RS009498

**FCA Registration No:** 9498

**Regulator of Social Housing No.** L4385

**External Auditor:** Beever and Struthers  
150 Minorities  
London  
EC3N 1LS

**Principal Bankers:** Barclays  
PO Box 3333  
One Snowhill  
Snowhill Queensway  
Birmingham  
B3 2WN

**Solicitors:** Anthony Collins Solicitors  
134 Edmund Street  
Birmingham  
B3 2ES

Wright Hassall LLP  
Olympus Avenue  
Royal Leamington Spa  
CV34 6BF

Trowers & Hamlins  
10 Colmore Row  
Birmingham  
B3 2QD



# Statement from the Chair and Chief Executive

In a year full of change and growth, we are delighted to present our financial statements. This is an exciting time for Two Rivers Housing as we build on our historical solid foundations and strong financial metrics to continue to support our ambitions.

In 2024, we launched a new corporate strategy 'Delivering #Twogether 2024-2027' that enshrines our organisational commitment to ensuring tenants and future tenants live in warm, safe, affordable homes. Our financial plan reflects the changes needed to meet the goals set out within this strategy.

We continue to punch above our weight! Our financial plan ensures we balance our commitment to great core services and investing in our 4,639 homes, while continuing to support our new homes development programme of delivering between 100-150 homes per year. It also sets out a financial trajectory to decarbonisation with a clear investment plan of meeting EPC C by 2030.

Listening and learning from our tenants and communities has never been more important. In 2024, we established and developed our 'Tenants' Voice Group'. Made up of tenants and members of our Group Board, this group reports to our Customer, Colleague and Culture Committee creating a direct link to the Board through our formal governance structure. It provides tenants with direct access to Board Members and ensures that their thoughts, opinions and ideas are fed directly to our decision makers.

Our Tenants' Voice Group has shaped our approach to services throughout the year, resulting in service reviews including our estate maintenance and repairs services as well as our corporate strategy and organisational restructures which included an



investment in our frontline services. This group will continue to help shape our services and inform our decisions as we continue to deliver against the strategy and beyond.

We continue to perform well in terms of tenant satisfaction. In 2024/2025, we saw our overall Tenant Satisfaction Measure increase to 79.5%, with almost eight out of ten tenants telling us they are satisfied the overall service we provide. We also saw improvements in key areas such as the maintenance of our homes (77.8% satisfied) and the safety of our homes (83.4% satisfied). To ensure we see the full picture of how tenants view us, we also undertook regular transactional surveys for repairs. This showed high levels of satisfaction with our repairs service but highlighted communication as the main area for improvement.

We know that great services and homes can only be delivered when you employ great people. In 2024/2025, we developed our People Strategy. The strategy was created using feedback from colleagues and tenants alongside an understanding of the socio-economic environment in which Two Rivers Housing operates. Regular feedback from colleagues and a whole organisational team survey undertaken in October 2004, told us that we need to listen to our team members

## Statement from the Chair and Chief Executive continued



more, align our salaries to similar sized organisations in the locality, invest in our team numbers to meet tenant demand for frontline services, and invest in the training and development of our team. Our financial plan responds to the people strategy and supports a three-year plan to invest in our teams.

During the year we simplified our corporate structure by collapsing our wholly owned facilities management and repairs subsidiary Centigen FM Ltd. This was done in response to our ambition to create an exemplary repairs service for our tenants and reduce employee attrition rate in the subsidiary. We are already seeing the benefits of this with performance in this area significantly improving.

We have also brought in technically qualified officers to manage fire safety and gas safety in our homes, which is overseen by a new Head of Compliance role. Through this, we have further strengthened our resources in this area, embedding our commitment to keeping our tenants safe in their homes.

At the end of 2024/2025, we embarked on a restructure of our frontline housing team, doubling the number of housing officers and increasing our resources for safeguarding. This was in response to tenant feedback and the desire to ensure that our neighbourhoods are

places where people love to live. The legacy of being a stock transfer organisation ensures we never forget our roots and in 2024/2025, we strengthened our approach to our community investment and community anchor activities. We redoubled our efforts to address food poverty, social isolation and more broadly increase community engagement through a year-long programme with partners based in our heartlands.

Good governance is business critical to our success. In 2024/2025, we recognised the additional capacity needed to respond to the new regulatory environment in which we work. A full skills audit was carried out and a new committee structure was put in place.

Two new committees alongside new Board and Committee Members are now active. This includes a Customer, Colleague and Culture Committee giving additional oversight on the experience of customers and colleague engagement and satisfaction, and an Asset, Investment and Development Committee considering our approach to asset management, strategic property investment, and the development of new homes.

The Board and executive team have created a shared vision and developed relationships that are based on mutual respect, trust, and honesty. This approach puts us in a strong position to deliver our new corporate strategy and ensure that we will continue to deliver for our tenants.

The Board and Committee Members continue to robustly seek assurance from internal and external sources, building on our vigorous assurance framework and further strengthening our ability to scrutinise and understand our performance in key areas.



## Statement from the Chair and Chief Executive continued

Our financial plans and corporate strategy paint a clear picture of our priorities and future goals. We are proud to lead an organisation, that places tenants at its heart and is relentless in its pursuit of providing warm, safe, affordable homes across the Gloucestershire and Herefordshire regions.

Our approach was validated in December 2024, when the Regulator confirmed our G1/V1 regulatory status. Two Rivers Housing remains a strong, well-run business.

As we move into year two of our corporate plan, we continue to be ambitious for the organisation – seeking funding and partnerships that support us to do more of the things we know are important to the families we serve.

Throughout the coming years and beyond, we will continue to create homes and services that support our tenants and their families ensuring that if you are part of the Two Rivers Housing community, you will truly feel that 'You're Home Now'.



A handwritten signature in black ink.

**Hayley Selway** Chief Executive



A handwritten signature in black ink.

**Edward Pearce** Chair





# Report of the Board of Management and Strategic Report



Two Rivers Housing is a Charitable Community Benefit Society, registered with the FCA (Registered Number: RS009498). It is also registered with, and regulated by, the Regulator of Social Housing (RSH) in accordance with the Housing and Regeneration Act 2008 (Registered Number: L4385).

We are a not-for-profit organisation, that provides homes and support services to people and communities across the Gloucestershire and Herefordshire regions. The organisation was formed following the large-scale voluntary transfer of properties from the Forest of Dean District Council in 2003.

On 31 March 2025, we managed 4,695 homes including 4,639 social housing homes with related support, 12 market rent homes, and 44 leasehold homes.

Two Rivers Housing is the parent of the Group, and has one subsidiary:



## Two Rivers Housing

is the parent of the Group, which has one subsidiary.



## Two Rivers Development Limited

Designs, builds, and sells homes for both Two Rivers Housing and open market sales. Any profits it generates are gift-aided to the parent company. It also includes the Tandem Living brand, which sells properties on the open market on behalf of Two Rivers Developments.

## TwoCan Estate Agents and Tandem Living

Are brands promoting products and services that are delivered by Two Rivers Housing and Two Rivers Developments and respectively.

## Centigen Facilities Management Limited (Centigen FM)

Was established to deliver maintenance and facilities management to Two Rivers Housing and external organisations. It ceased trading on 31 March 2025, following the business asset transfer to Two Rivers Housing.

## Public Benefit

In setting out the Group's aims and objectives, the Group Board considered the Charity Commission's general guidance on public benefit.

The Group Board confirms that the Group complies with the public benefit criteria through:

- ▶ The provision of social housing.
- ▶ Ensuring that rents are charged within the parameters of the Group's rent policy and in accordance with the Regulator's Rent Standard and guidance.
- ▶ Ensuring that housing is let on the basis of need.
- ▶ Ensuring that it serves and represents its tenants, whatever their circumstances or background, in line with its Equality, Diversity, and Inclusion Policy.

We are proud to be a community-based social housing provider serving the Gloucestershire and Herefordshire regions. We believe that everyone should have a warm, safe, affordable home and have roots deep in the heart of the Forest of Dean and the other communities we serve.

With an annual turnover of £33m, we are big enough to make a positive impact in our communities but small enough to really get to know the people living in our homes. Our G1/V1 ratings with the Regulator of Social Housing (RSH), reflect our strength, financial viability and our ability to continue to be there in the future for the thousands of families that depend on us.

## Our customers

Understanding who our customers are and what they need from us will help us deliver the right services and meet local housing need now and in the future. Our customers are at the heart of everything we do and, over the last 12 months, we've been listening to their feedback and working with them to shape our new corporate strategy. We will continue to work with them to enhance our services over the coming years.

Our customers are largely low-income households and 20% of our general needs and HomePlus tenants are in receipt of full or partial housing benefit with a further proportion on Universal Credit. We offer a range of rental options including affordable rent, intermediate rent and market rent tenures to help ensure that our homes remain affordable for the families living in them.

Over half of our tenants (52.2%) are under the age of 55, and a fifth (19.6%) are aged 70 or older. On average, they have been living in one of our homes for just over eleven years.

We offer a range of tenancy options to support local housing need and on 31 March 2025:

- ▶ 63.7% of our tenants live in one of our general needs homes.
- ▶ 12.3% live in one of our supported HomePlus schemes, and
- ▶ 7.6% live in a Shared Ownership home.

### Our homes

We are committed to increasing the number of affordable homes in our neighbourhoods and pledged to build 1,000 new homes by 2028. So far, we have built 804 and have a healthy pipeline of developments that will see us meet this target over the next three years.

During 2024/2025, we built 117 new homes (2023/2024: 178), which included:

- 78 affordable or social rent homes
- 39 Shared Ownership homes

While increasing the availability of new homes in our communities important, we recognise the need to continuously invest in our homes and make sure that they are great places to live for our tenants. Following several years of successful grant applications, we have been able to improve the energy efficiency of our homes utilising funding from the government's Social Housing Decarbonisation Fund (SHDF).

In 2023/2024, we obtained funding for energy improvement works in 54 of our homes over two years. We delivered the planned energy improvement work in 28 homes in 2023/2024 and 26 more homes in 2024/2025. We were successful in our bid for further funding from Wave 3 in March 2025. This means that we will be able to continue this work and, over the next three years, have planned a £10.3m investment, which includes £4.68m in grant. This will enable us to bring 530 more of our homes to EPC C improving the energy efficiency of these properties and making them warmer and more affordable for our tenants.

In 2024/2025, we also used ECO4 funding to fund energy improvement work in another 108 of our homes, helping to tackle fuel poverty and the continued impact of the cost-of-living crisis in our communities.



## Our vision

***“Everyone should have a warm, safe, affordable home.”***

## Our values

Real values speak to the heart of the organisation. In 2024, we worked with tenants, the Board and our team to review our values and ensure that they reflect the kind of organisation that we want to be. As part of our Brand project in 2025, we developed and defined these further, so that it was clear to our tenants, team and stakeholders what they can expect when working with us.



### ***Trust***

Trust isn't a tagline – it's everything. It's how we build relationships, how we make decisions, and how we prove, day in and day out, that we do what we say.

No hidden agendas, no second-guessing – just trust, earned and kept.

### ***Honesty***

No fluff, no spin, no half-truths.

We're upfront, straight-talking, and clear. We are definite. Whether it's good news or tough conversations, honesty is how we build respect and make real progress.

### ***Fairness***

Fairness isn't about ticking boxes – it's about doing what's right, every time. We don't cut corners or play favourites.

Every decision, every action, every conversation is rooted in fairness, because that's how people – and communities – thrive.



### ***Respect***

It's not just about being polite. It's about listening, valuing, and understanding.

It's treating people – tenants, colleagues, partners – the way they deserve to be treated. With dignity, with empathy, care, and with a genuine desire to do right by them.

### ***Care***

Caring isn't passive – it's action.

It's showing up, stepping in, and making things better. Whether it's at home, a workplace, or a conversation, we put people first. Because when we care, we build something that lasts.



### Our charter

In addition to the development of our new corporate strategy and values, we have established a new charter.

We want to deliver a great customer experience and ensure that our customers remain at the heart of the organisation and the decisions we make. We know that we have work to do in this area and our corporate strategy sets out what we will do to improve our performance in this area.

It is a privilege to serve our customers and communities, and we are committed to working with tenants to improve what we do and how we do it. We want to be the best housing association for our customers and as part of this we will:

- ▶ Ensure that our tenants have warm, safe, affordable homes that we are proud to let.
- ▶ Remember that we are here to serve our tenants and the communities we work in.
- ▶ Put tenants at the heart of everything we do – listening to and hearing what they are saying and using this to improve what we do and how we do it.
- ▶ Be human – we understand that people may be struggling, we don't know their story and we treat everyone with respect and care.
- ▶ Create trust in our organisation by doing what we say we will and being honest when we can't.
- ▶ Create a great place to work, where we can be our whole selves, celebrate our diversity and grow and thrive #Twogether.
- ▶ Be brave, challenge the status quo and call it out when things aren't right to make improvements for the benefit of our customers and our team.
- ▶ Build excellent quality homes that are fit for the future and are located in places that people love to live.
- ▶ Understand that our properties are our tenants' homes and treat them with respect when we work in them.
- ▶ Help tackle social issues such as poor health, poverty, social care and safety by ensuring our homes are well maintained and that we know and understand our customers.
- ▶ Recognise our role as a long-term community partner including our responsibilities for meeting local housing needs, reducing homelessness, investing in the community and contributing to the local economy.
- ▶ Be mindful of and reduce our impact on the environment.



### Partnering to deliver the best results

We are an anchor organisation and are embedded in the communities that we serve. We know that by working with tenants and other partners we can make a real difference for our tenants and the wider community. In 2024/2025, we continued to strengthen these partnerships.

#### *#Together with tenants and customers*

As a community-based housing association, we are small enough to really understand and get to know our customers. Over the last couple of years, we have invested in both understanding who our customers are and creating opportunities for them to influence decision making and help shape our services.

In 2024/2025, we took several significant steps towards ensuring that tenants have meaningful involvement in the design, review, and development of our services.

- ▶ **Tenants' Voice Group:** Established in 2024 and made up of tenants and members of the Board, this group provides a direct link between tenants and our Customer, Colleague and Culture Committee. It meets every two months to review all areas of our services, ensuring that the opinions and thoughts of our tenants are heard at the highest levels of our organisation.
- ▶ **Tenant Satisfaction Measures:** In line with the Transparency, Influence and Accountability Standard, we have fully adopted the Tenant Satisfaction Measures (TSM). We published our first set of TSMs in 2024 and shared these in our Tenant Topics Magazine and on our website to ensure that they were easily available to tenants.
- ▶ **Community Engagement Team:** These colleagues are tasked with working closely with tenants and local partners to provide additional support, represent our organisation at community and partner events, and be an additional resource to facilitate two-way conversation between the organisation and its tenants.
- ▶ **Review of our housing directorate:** We really want to get to know our tenants and provide the right level of support when they need it. Feedback from tenants and the team highlighted the need to invest in our housing teams to make sure we were able to deliver the level of service our tenants deserve. Following a thorough review of the housing directorate, we took the decision to put in additional resource to support this ambition. We started the recruitment process in March 2025 and will have our new structure in place by the end of Q2 2025/2026.

Alongside this, we have continued to grow our closed Facebook Group, which is used to collect real-time feedback on smaller issues and is a platform for tenants to raise issues and share ideas for solutions.

We also continue to publicise all the ways that tenants can share their feedback and ideas with us through our tenant communications, including our social media channels, website and quarterly Tenant Topics magazine.

### **#Together with colleagues**

Our people play a vital role in the success of the organisation, and we recognise the importance of ensuring that their voice is heard at all levels. Not only does this foster a culture of trust, but it also empowers our team to be brave and make decisions for the benefit of our customers and the organisation.

Our Colleague Forum is made up of colleagues from across the organisation and attended by members of the executive team. It meets regularly to discuss issues that impact colleagues or the organisation and is an opportunity for the team to raise concerns, review policy changes and feedback to the leadership team.

Honest conversation and respect are the fundamental building blocks of a strong culture. In 2024/2025, we took several steps to build on the work we've already done in this space including:

- ▶ **Happiness Index Colleague Survey:** We launched our first Happiness Index Survey with colleagues in October 2024. This anonymous survey gave the team a chance to share what it really feels like to be part of Two Rivers Housing with the leadership team. The survey was well received with 85.3% of all colleagues choosing to complete the survey. It also showed a clear commitment from our team to help the organisation succeed with a score of 8.6 in response to this question. The feedback from this survey was used to create our new people strategy, which was developed in Q4 and will be delivered over the next three years.
- ▶ **Two Talk Live sessions:** These monthly sessions bring the whole team together and provide an open forum for colleagues to question the leadership and learn about the role of other teams across the Group. It provides an opportunity for teams to share their successes and challenges with the group and allows the team to connect and meet with colleagues they may not see on a regular basis.
- ▶ **Senior Management Group:** The Senior Management Group is charged with ensuring the operational delivery of the corporate strategy and is responsible for running the operations on a day-to-day basis. It meets monthly to discuss and resolve operational issues, ensure that operational plans are aligned to the organisation strategy and escalate issues to the executive team where required.
- ▶ **Working better #Together - Repairs team integration:** In September 2024, we took the decision to bring our repairs team inhouse and closedown our facilities management subsidiary Centigen FM. Feedback from customers and the team showed that there was a need for stronger working relationships and greater collaboration across our assets and repairs team. We completed the successful transfer of Centigen colleagues into Two Rivers Housing on 31 March 2025 and held an event at our Rivers Meet office to welcome the team on 2 April 2025. Since making the announcement, we've seen improvements in repairs performance and closer working relationships between teams that we will build on to further improve our repairs service for tenants during 2025/2026.

## Report of the Board of Management and Strategic Report continued

In 2025/2026, we will start the delivery of our new people strategy, which will further strengthen our offering and commitment to creating a great place to work. We are committed to investing in our team and helping them deliver the best results for our tenants.

### ***#Together with partners***

As a community-based housing provider, we have built strong connections with local authorities, community partners and national bodies that share our values and beliefs. Working with these partners enables us to reach further into the communities that we serve and provide additional help and support where it is needed.

- ▶ We are active members of PlaceShapers, The Cinderford Regeneration Board, the GFirst Local Enterprise Partnership, the Gloucestershire Homes and Communities Partnership, and the Forest Economic Partnership. We also work with the police, health services, and local authorities to support safe, healthy, sustainable communities.
- ▶ We work with Gloucestershire Homeseeker Plus and Herefordshire Homepoint to ensure that the allocation of our homes is needs led, fair, and transparent and with local authority partners to deliver affordable housing in our communities. We also support efforts to reduce homelessness in our communities by making our homes available as temporary accommodation wherever possible.
- ▶ As one of the largest providers of affordable housing in the area, we have developed a strong working relationship with the Forest of Dean District Council. We also have good working arrangements with Stroud District Council, Gloucester City Council, Tewkesbury Borough Council, Cotswold District Council and Herefordshire Council.
- ▶ The consortium we founded with Stroud District Council and Cheltenham Borough Homes (and later joined by Gloucester City Homes in 2021), has enabled us to bid for funding from the Social Housing Decarbonisation Fund (SHDF) and the Department for Energy Security and Net Zero (DESNZ). We have successfully bid for funding for energy improvement works through DESNZ, Wave 3 funding. This will enable us to continue to deliver our warmer homes programme and ensure that tenants of all four organisations will benefit from warmer homes in the future.
- ▶ Our community engagement team has continued to build on its programme of community events. Working with local partners, it has increased our capacity to provide additional events and support to our tenants and the wider community. The team has continued to deliver its popular Holiday Clubs and been able to extend these to other areas by working more closely with local groups.

These events not only increase our visibility within our neighbourhoods but also offer another opportunity for tenants to share their feedback and thoughts in a less formal environment. We have also utilised community funding from our materials supplier Travis Perkins to support several local initiatives including community larders and new audio visual equipment in some of our HomePlus communal spaces.



## Report of the Board of Management and Strategic Report continued

- ▶ Our development team has a healthy pipeline of development opportunities and continues to build and strengthen relationships with our development partners. Alongside this, they work with Homes England and local authorities to obtain additional funding to support our development programme and deliver Value for Money for tenants.
- ▶ Our partnership with Eastington Community Land Trust will deliver 31 new affordable homes at its Homegrounds site in Eastington. Work started on site in March 2025, and the homes will be available for rent and Shared Ownership in early 2026.



### Our corporate strategy

Everyone should have a warm, safe, affordable home. This is the belief that we were founded on over 20 years ago and we remain committed to improving and increasing the availability of affordable homes in our neighbourhoods.

To deliver on our vision, we understand that we need to look beyond the bricks and mortar of our homes and the services we provide. The neighbourhoods that our tenants live in and the support available to help them live happy and fulfilled lives is equally important and as a community-based organisation, we have an important role to play in shaping these places.

To ensure that we continue to focus on delivering the right things, the Group Board and executive team, together with colleagues and tenants, developed our new corporate strategy – ‘Delivering #Twogether 2024–2027. The strategy was launched in October 2024 and clearly defines our mission, values, strategic objectives and key deliverables between 2024 and 2027.

It builds on our previous corporate strategy, which focussed on four key areas: Our Customers, Our Homes, Our People and Our Corporate Health but reflects our ambition to be a community investment vehicle in our heartlands and our renewed commitment to address the feedback from tenants when it comes to how we manage our estate maintenance programme.

The new corporate strategy identifies the following six strategic priorities:



A great customer experience



Modern, warm, safe,  
sustainable homes



A great place to work



Neighbourhoods where people  
love to live



Working #Twogether for our  
communities



A strong, well-run business

Under each of the strategic priorities, we've set out what we intend to deliver over the next three years in each of these key areas.

### A great customer experience

- ▶ Review our Customer Experience Strategy.
- ▶ Review our approach to responsive repairs.
- ▶ Review our approach to safeguarding.
- ▶ Support and develop our Tenants' Voice Committee.
- ▶ Review and strengthen the guidelines that ensure that people with disabilities or health conditions are not disadvantaged. (Reasonable Adjustment Policy).
- ▶ Develop a new welcome and support process for new tenants.
- ▶ Strengthen our people-focussed approach to delivering services for our housing teams.
- ▶ Develop customer service approaches and technology that support our approach to equity and diversity.
- ▶ Continue to use our tenant satisfaction data, customer complaints, feedback, and other performance information to improve our services and create a learning log to record this.
- ▶ Use the Consumer Standards to support improvements to our customer experience journey.

### Modern, warm, safe sustainable homes

- ▶ Review our home investment plan and share it with our tenants.
- ▶ Continue with our stock condition survey programme, using external support to help provide additional assurance and strengthen our understanding the condition of our homes.
- ▶ Review our Asset Strategy and the medium-term financial plan to support this, so we can set out what tenants should expect in their home more clearly.
- ▶ Review our Development and Regeneration Strategy.
- ▶ Review our Empty Homes Standard.
- ▶ Review our plans to meet EPC targets by 2030 and source additional funding to support this work.
- ▶ Create a property life cycle costing and life cycle learning culture between our development and property teams.
- ▶ Build new homes in line with our place shaping objectives and that meet EPC A standards where practical.
- ▶ Seek additional funding to help us build more affordable homes for families in our communities.



### A great place to work

- ▶ Use the Happiness Index to give our team the opportunity to tell us how it really feels to work at Two Rivers Housing.
- ▶ Use feedback from the team to develop and deliver a new people strategy.
- ▶ Review our corporate values and agree the way forward with the team and our customers.
- ▶ Develop a training plan that supports our objectives and creates a 'grow our own' culture.
- ▶ Review our induction process so that it sets out our commitment to customers and being a great place to work.
- ▶ Review our approach to recruitment and retention to help us attract and retain the best people.
- ▶ Develop a 'leadership at all levels' programme for existing and aspiring leaders.
- ▶ Review our 'people offer' to ensure we are competitive in the local employment market.
- ▶ Continue to hold regular sessions with the whole team to share priorities and challenges.
- ▶ Hold an annual event to bring the whole team #Twogether to set out our vision and strengthen relationships across the organisation.

### Neighbourhoods where people love to live

- ▶ Undertake a full review of service charges with tenants.
- ▶ Work with tenants to review our approach to grounds maintenance.
- ▶ Review our approach to neighbourhood nuisance and anti-social behaviour.
- ▶ Strengthen our community connector approach to develop neighbourhood projects and bring communities #Twogether.
- ▶ Create and deliver neighbourhood action plans with community members and partners.



## **Working #Twogether for our communities**

- ▶ Develop a new community investment strategy.
- ▶ Work with local authorities to continue to support local housing need.
- ▶ Work with local partners and developers to create and deliver housing and construction skills programmes.
- ▶ Work with schools, colleges, and universities to raise the profile of the housing sector and Two Rivers Housing as a local employer, skills, and training provider.
- ▶ Review our procurement strategy to ensure that it embeds social value in our procurement processes and supports local businesses and causes wherever possible.
- ▶ Take positive action in our recruitment and volunteering opportunities to support local people and increase the 'lived experience' of living in the local area or in social housing within our team.
- ▶ Create opportunities for mock interviews, presentations, placements and volunteering to support local people.
- ▶ Continue to work with other local housing providers to develop programmes and projects that support wider local objectives.
- ▶ Work with partner organisations to support the wider needs of our communities.
- ▶ Review the land we own to identify opportunities for regeneration.

## **A strong well-run business**

- ▶ Ensure that our Board continues to have the right skill set, capacity, and resilience to set a clear direction for our business.
- ▶ Appoint a senior governance professional to ensure we can continue to develop and strengthen our approach to governance.
- ▶ Review and improve our business continuity testing programme.
- ▶ Continue to strengthen our cyber security defences.
- ▶ Review our approach to digital transformation.
- ▶ Review our approach to treasury management.
- ▶ Review and strengthen our Value for Money strategy.
- ▶ Strengthen our internal customer service approach to IT and Data resources.
- ▶ Develop our business partnering capability within the finance team to support the business effectively.
- ▶ Review and strengthen our approach to assurance and performance management.
- ▶ Review and develop our approach to using data to learn and improve services.
- ▶ Deliver against our commitments under the NHF Code of Governance.
- ▶ Work with national partners to ensure the value of good quality, affordable housing is understood and share best practice

## Report of the Board of Management and Strategic Report continued

Together, these provide guidance for the Senior Management Group, which is responsible for setting operational plans that support the strategic direction of the Group and enable it to deliver its core purpose.

To ensure that we are delivering against these priorities, the Group Board sets a number of key performance indicators (KPIs), which are monitored by the executive team. Updates on these are shared with the wider team and the Board throughout the year to help us highlight where we need to focus our efforts and celebrate key milestones and achievements.

### Group financial performance

It has been a challenging year, with financial performance impacted by the continuing tough economic environment that the sector and wider economy have been facing. Despite these challenges we have invested more in maintaining and improving the quality of our homes as well as simplifying our group structure.

In 2024/2025, we produced a Group surplus of £2.8m for the year (2023/2024: £4.9m) with the Association producing a surplus of £2.9m (2023/2024: £5.0m).

Due to actuarial adjustments in respect of pension schemes, the total comprehensive income for the Group in 2024/2025 is £2.3m (2023/2024: loss of £0.035m). At an Association level the total comprehensive income for 2024/2025 is £2.36m (2023/2024 restated: £0.022m).





## Report of the Board of Management and Strategic Report continued

Income and Expenditure Account	2025	Target 2025	2024	2023
Turnover	33,267	32,706	30,738	28,333
<b>Operating surplus</b>	<b>6,334</b>	<b>6,381</b>	<b>7,912</b>	<b>6,886</b>
Interest receivable, other income and taxation	890	212	1,570	893
Interest payable and similar charges	(4,427)	(5,153)	(4,544)	(4,901)
<b>Surplus for the year</b>	<b>2,797</b>	<b>1,440</b>	<b>4,938</b>	<b>2,878</b>
<b>Statement of Financial Position</b>				
Net book value of housing properties	225,276	241,502	208,823	184,086
Total assets less current liabilities	225,599	248,992	224,451	217,460
Cash and short term investments	13,098	5,332	22,901	43,984
Outstanding loan balance	142,592	159,350	142,559	147,591
Retained surplus	67,750	69,820	65,230	65,265
<b>Cashflow</b>				
Net cash from operating activities	13,465	11,190	16,664	14,779
Cash from property sales	1,730	724	1,285	1,839
Acquisition and construction of properties	(25,132)	(35,825)	(32,872)	(20,116)
Grants received	4,248	1,630	2,635	398
Net funding requirement	-	16,500	(5,000)	-

### ***Income and Expenditure Account***

Our turnover increased by £2.9m relative to 2023/2024, which benefited from a one-off receipt of £0.5m relating to a legal settlement. An additional £3.3m in social housing lettings turnover offset a £0.2m lower first tranche sales income. Rental income has grown by 11.8% due to the handover of 117 new homes and higher rents, which increased by 7.7% in 2024/2025.

Our overall operating surplus reduced by £1.6m to £6.3m in 2024/2025 (2023/2024: £7.9m). The first six months of the year delivered a strong financial performance. This gave us the opportunity to increase committed expenditure and invest in driving a number of improvements across the organisation.

As a result, we have been able to simplify the Group's structure by bringing our repairs team inhouse and closing down the facilities management subsidiary Centigen FM, reduce the repairs backlog and drive cultural change and collaboration across the organisation. We have also been able to improve the quality of homes that become available to relet and progress a number of larger projects including our warmer homes programme.

## Report of the Board of Management and Strategic Report continued

Overall, our operating costs increased by £4.3m. This was driven by an increase in repairs and maintenance costs and higher management costs. Social housing operating margin has reduced to 15.4% (2024: 19.8%) reflecting these cost increases but also the increase in turnover.

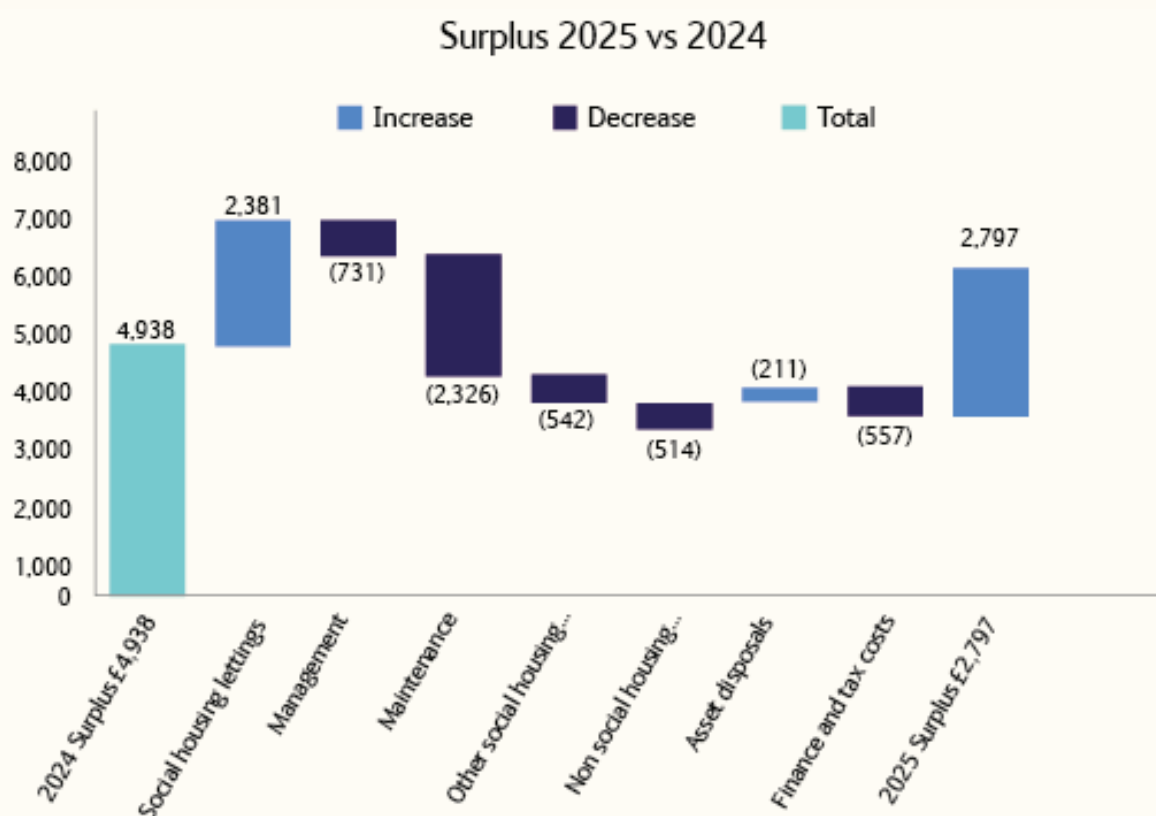
The key items affecting financial performance in the year were:

- ▶ Continued investment in improving the quality of our homes. The cost of major repairs increased by £0.9m to £7.6m in 2024/2025 (2023/2024: £6.7m), with capitalised expenditure of £4.7m (2023/2024: £4.9m).
- ▶ An increase of £1.0m to £5.5m (2023/2024: £4.5m) in the cost of routine repairs, which included around £0.5m related to clearing the volume of overdue repairs from 2023/2024 that had built up due to resourcing challenges. Planned maintenance expenditure also increased by £0.3m to £2.5m (2023/2024: £2.2m).
- ▶ Total maintenance costs increased by £2.2m overall. This reflects the increase in the volume of repairs and increased material costs for ongoing maintenance and improvements to our homes.
- ▶ Shared Ownership sales income for the year was £3.5m (2023/2024: £3.7m), which includes the sale of 35 Shared Ownership homes with an average first tranche share of 28% (2023/2024: 41 sales, average share 28%).
- ▶ Our management costs increased by £0.7m to £6.1m compared to £5.4m in 2023/2024. Following feedback from our tenants and colleagues, we recognised that we needed to strengthen our housing management and assurance teams to enable us to deliver the level of service our tenants deserve. This was a key driver of the increased management costs, which were also impacted by enhancements made to our colleague reward package. In addition to this, we saw pressures on management costs in the following areas:
  - ▶ An increase in agency costs to address resourcing shortages across housing and asset management teams.
  - ▶ Further increases to the cost of insuring our homes driven by the insurance market and weaker claims history that resulted from a number of fires in our homes; and
  - ▶ The engagement of external consultants to undertake surveys to 20% of our homes to assess their condition to support the development of our a 30-year investment plan.
- ▶ Our overall management costs per property increased by 11.5% to £1,329 during 2024/2025 (2023/2024: £1,191). This is 13% lower than budget, which was set at £1,534 for the year.
- ▶ Costs of delivering housing services increased by £0.3m to £1.5m. This was driven in part by the engagement of external contractors to support our grounds maintenance service and improve our performance in this area because of tenant feedback and dissatisfaction. We have since reviewed how we deliver this service and made some changes to enable us to manage this more effectively in 2025/2026.

- ▶ A £1.0m surplus was generated through the disposal of fixed assets. This includes properties sold through Right to Buy or Right to Acquire and income generated from the staircasing of Shared Ownership homes, where additional shares are purchased by the Shared Owner.
- ▶ Our finance costs reduced by £0.1m to £4.4m (2023/2024 £4.5m), due to a lower level of interest being capitalised.
- ▶ Investment returns for the year also reduced by £0.7m. This was due to lower cash balances being held.

While at 16.0%, the operating margin (excluding surplus on disposal of fixed assets) is lower than the 23.1% achieved in 2023/2024. The reduction has been driven by strategic decisions to maximise delivery in the year and strengthen our housing management services and corporate governance arrangements.

The key movements in delivering the 2024/2025 results relative to 2023/2024 are presented in the chart below:



In summary, higher maintenance costs and expenditure incurred resulting from our decision to simplify the group structure and increase management resources, combined with significantly lower interest received, have resulted in a substantial reduction to the operating surplus. However, these results clearly align with our strategic priorities of investing in our homes and improving the services we provide to our customers.

The surplus generated for the year will be reinvested and used to improve our homes, build new homes, and deliver improvements to the services that we provide to our tenants.



### **Statement Of Financial Position**

Fixed assets have increased in the year by £16.5m, with investment in new homes totalling £20.4m and in existing homes £4.7m. These investments were funded by a combination of social housing grants, loan finance, and working capital. Further details on the Group's treasury management are set out below.

Net current assets have decreased by £9.9m in the year, largely due to a decrease in cash holdings. Long-term liabilities have reduced by £1.5m, due to £5.5m bank loans moving to short-term creditors as they are payable in the next 12 months, offset by an increase in government grants of £4.2m.

### **Treasury management**

In accordance with our Treasury Management Policy, neither the Group nor any of its subsidiary undertakings have any abnormal exposure to price, credit, liquidity, and cash flow risks arising from its trading activities. We do not enter any hedging transactions and no trading in financial instruments is undertaken.

The organisation is funded by a combination of retained reserves, short- and long-term funding facilities and grants from government and local authorities.

We have a formal Treasury Management Policy, agreed by the Group Board and reviewed annually. This policy establishes the framework within which treasury risk is effectively managed and group covenant compliance is delivered. It states which types of financial instruments can be authorised for use, covering both borrowings and investments. In addition, the policy identifies the maximum value of financial instruments and with whom they may be agreed.

The main risk arising from the Group's financial instruments is liquidity risk. We have adopted a policy that balances the need to keep cash levels necessary only to meet immediate business requirements but also protecting the long-term position by taking advantage of long-term rates, when the opportunity arises. The overall aim is to manage our exposure to interest rates and refinancing, to diversify the funding sources, and to have a debt profile that supports the needs of the Group.

Our interest rate policy for borrowings is to be between 60% and 100% fixed. As of 31 March 2025, 96% of our borrowings were at fixed rates. This interest rate strategy aims to ensure that movements in interest rates will not significantly impact on the surplus before tax.

One loan with Barclays worth £5.85m includes an embedded swap. This includes termination rights giving the right to convert the debt to variable on set dates each quarter and is therefore treated as variable, not fixed. There are no current plans to convert this to variable debt.

The refinancing exercise completed in 2020, created a debt portfolio which meets the requirements of the corporate strategy and allows us to meet our aspirations for development until at least 2028.

## Report of the Board of Management and Strategic Report continued

As of 31 March 2025, we have funding in place in the form of a £62.85m fully drawn bank loan, with phased repayments over the next 11 years, and a fully drawn £80m private placement. In addition to this, there is an undrawn five-year £50m revolving credit facility.

On 31 March 2025, total loan facilities amounted to £192.9m, with borrowings of £142.9m (2023/2024: £142.9m). The rates for these facilities range from 2.45% for the private placement to 6.18% for the older loans.

During 2023/2024, the revolving credit facility was extended for a further five years. This facility is the principal source of liquidity for future commitments.

All treasury activities are controlled and monitored by the Deputy Chief Executive with the assistance of external consultants as required and are carried out in accordance with policies and strategies approved by the Group Board. The Group Board undertakes regular reviews of treasury management activity and covenant compliance.

### Cash flow

Cash inflows and outflows for the year ended 31 March 2025 are set out in the Cash Flow Statement on page 79.

Net cash inflows from operating activities are from the management of housing stock. Returns on investment and servicing of finances are due to interest income and interest charges on loans.

The net cash outflow results from expenditure on capitalised repairs to existing homes, spend on the development of new homes (which has been capitalised), less grant and sales proceeds from properties sold under the Right to Buy or Right to Acquire schemes plus spend on other fixed assets.

The Group generated net cash from operating activities of £14.1m in 2024/2025 (2023/2024: £16.7m). After investing and financing activities, cash and bank balances for the year ended 31 March 2025 stood at £13.1m (2023/2024: £22.9m), a reduction of £9.8m during the year.



## Current liquidity

Our treasury management policy requires that each Group member will maintain a minimum level of liquidity such that there is:

- i. Liquid funds equal to forecast net cash outflow for three months (subject to a minimum of £5m), made up of sufficient operational liquidity to meet the next four weeks' forecast gross cash outflow.
- ii. Medium-term funding equal to forecast net cash outflow for six months.
- iii. Long-term funding equal to forecast net cash outflow.

We finance our operations through a mixture of retained profits, bank funding, and private placement funding at fixed rates of interest.

Liquidity remains strong.

As of 31 March 2025, there was £21.4m of available but undrawn bank facilities (2023/2024: £21.4m) and a cash balance of £13.1m (2023/2024: £22.9m). On 2 April 2025, a further 398 homes were secured, enabling the £50m revolving credit facility to be fully drawn as required.

The annual review of the strategy and funding requirement confirmed that we had sufficient liquidity in place to last until at least 2028, with a refinancing exercise planned for 2025/2026. The Group Board does not consider there to be any seasonal effects on the borrowing requirements.

Generally, the main factor influencing the amount and timing of borrowings is the pace of the planned maintenance and improvement programmes, and development activity. These have a significant impact due to the timing of payments to contractors and receipt of any capital grants.





## Loan covenants

Compliance with covenants is closely and regularly monitored as part of the Group's routine treasury management activity. The Group's principal loan covenants are interest cover, gearing and asset cover. Interest cover on an EBITDA MRI basis remains with one funder, with a carve out for grant received in relation to energy improvements.

The Group met all its financial covenants for the financial year with performance against the tightest loan covenants set out below:

	Covenant	Performance
Interest Cover	110%	155%
Asset Cover	110%	122%
Gearing	60%	46.1%
On-lending	5.5%	0.0%

## Accounting policies

The principal accounting policies are set out in Note 2 to the financial statements on pages 80 to 98.

## Value for Money (VfM) and performance against our strategic objectives

Delivering value for our customers is embedded throughout our organisation and is a key consideration across all our services, projects and decision making. When looking at how we provide Value for Money, we go beyond monetary savings, combining this with the additional social value that a community-based housing provider like ours can deliver.

The cost of living crisis and inflationary market has stretched the financial resources of our customers and there are limited opportunities to increase our income. As a result, we have concentrated on protecting our current income streams and maximising Value for Money where we incur costs. Value for Money is a key consideration when we set our plans and strategies and is captured, reviewed and discussed throughout the year.





### Measuring Value for Money

Our corporate strategy objectives flow from our vision to ensure that everyone has a warm, safe, affordable home. In October 2024, we launched our new corporate strategy, which sets out our six key priorities. These are:



A great customer experience



Modern, warm, safe, sustainable homes



A great place to work



Neighbourhoods where people love to live



Working #Twogether for our communities



A strong, well-run business

The work we undertake in each of these areas will help move our organisation forward and ensure we continue to deliver on our vision to ensure that people living in our neighbourhoods have a warm, safe, affordable home. We set measurable objectives under each of these areas, which are reviewed annually by the Group Board. Our progress against these objectives is regularly reported to the Group Board and executive team and continually assessed against Value for Money measures.

Alongside this, we benchmark our objectives against our past performance and, wherever possible the performance of similar housing providers. This allows us to understand our performance, tackle areas of underperformance and drive further Value for Money gains across the organisation.

In addition to the objectives set out in our corporate strategy, the Group Board sets specific Value for Money targets. These include the seven metrics included in the Value for Money Standard published by the Regulator of Social Housing on 1 April 2018.

Our approach to Value for Money involves making the best use of our resources to deliver the best results for our customers in the most efficient way possible.

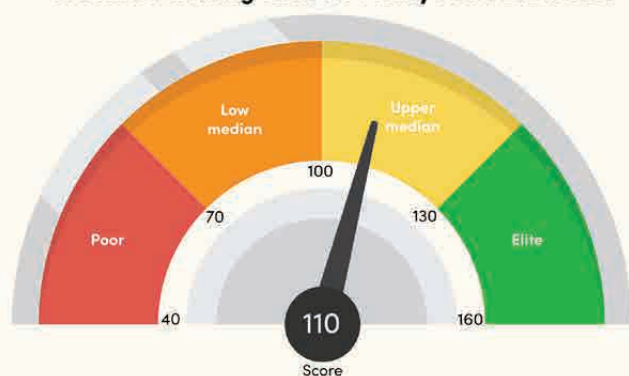
Demonstrating how we achieve this is complex, so to help us measure our performance in this area we benchmark our performance against a peer group. We work with specialist consultants i4H to provide an independent, external assessment of our performance against the Value for Money metrics in comparison to our peer group.

## Report of the Board of Management and Strategic Report continued

We also benchmark against the PlaceShapers membership, which are closely aligned to our values and how we operate. Combined, this provides a strong indication of how we are delivering against the Value for Money metrics.

The benchmarking results conclude that, overall, we are delivering median quartile performance against our i4H peer group.

**Two Rivers Housing Value for Money Score 2024/2025**



**Performance Improvement Radar**



VfM Measure	Results 2024/2025	Median 2024/2025	Score 2024/2025
Total cost per unit	£5,046	£5,046	20
Total operational performance score	280	250	30
Total customer satisfaction score	130	125	30
Total financial score	230	200	30
<b>Total VfM score</b>	<b>110</b>	<b>100</b>	<b>110</b>

We continued to deliver strong financial performance for the year ending 31 March 2025.

Costs are targeted based on the priorities set out in our corporate strategy. The high-cost area of major and cyclical works represents a deliberate investment in our homes and meets a key strategic objective. This significant increase in major works is consistent with the highest reinvestment level in the peer group.

Overall financial performance is in the mid-to-upper quartile, with reinvestment and new supply remaining in the upper quartile and rising repair costs continuing to impact on operating margins.

## Regulatory Value for Money (VfM) Sector metrics

The Regulator for Social Housing (RSH) has outlined what it expects registered providers to deliver in relation to Value for Money (VfM) in its 2018 Value for Money Standard. The VfM Standard requires us to understand our costs, the outcomes of delivering specific services, and the underlying factors which impact these costs.

The Regulator's seven VfM metrics enable us to compare our performance against the whole global accounts sample and PlaceShapers members. Performance is assessed relative to the forecast target, with reference to the prior year's sector performance. Our performance against these metrics is set out in the table below.

	Two Rivers Housing			Whole Sector (Median)	PlaceShapers (Median)
	Actual 2025	*Target 2025	**Actual 2024	***2024	****2024
Reinvestment	11.2%	14.6%	16.2%	7.7%	8.5%
New supply delivered % (Social housing)	2.52%	2.0%	3.9%	1.4%	1.4%
New supply delivered % (Non-social housing)	-	-	-	-	-
Gearing	57.5%	63.8%	57.3%	45.6%	46.1%
EBITDA MRI / Interest cover %	146.4%	139.3%	171.8%	121.7%	114.8%
Headline social housing cost per unit	£5,027	£4,779	£4,416	£5,136	£4,940
Operating margin % - social housing	15.4%	15.0%	20.2%	20.4%	20.5%
Operating margin % - overall	16.0%	17.7%	23.1%	18.5%	19.5%
Return on Capital Employed	2.8%	2.6%	3.5%	2.8%	2.9%

RAG Rating: Actual 2024/2025 vs \*Target; \*\*Actual 2023/2024, \*\*\*Sector Median 2023/2024, \*\*\*\* PlaceShapers 2023/2024

## Report of the Board of Management and Strategic Report continued

Further performance benchmarking against the i4H Benchmarking peer group is set out below.

FY24 - Financial indicators	FY24	FY25	Median
Reinvestment %	16.20%	11.20%	5.25%
New supply delivered (social housing) %	3.90%	2.52%	1.17%
Gearing Ratio %	57.30%	57.50%	55.77%
EBITDA MRI Interest Cover %	171.80%	146.40%	131.66%
Headline social housing cost per unit £	£4,447	£5,027	£5,588
Operating margin % (Overall)	23.10%	15.41%	15.95%
Operating margin % (SHL)	19.81%	15.97%	17.66%
Return on capital employed * (ROCE)	3.50%	2.81%	2.80%
<b>Total score</b>	<b>270</b>	<b>240</b>	<b>200</b>

In comparison to the i4H peer group, we continue to be a mid to upper quartile performer. Our performance reflects our strategic objective to invest in our homes and develop new affordable homes in our communities, with the high gearing ratio offset against the high reinvestment and new supply levels.

The information below, provides commentary on our 2024/2025 performance for each of the Regulator's VfM sector metrics. It also provides a brief description of the metric, and forecasts for future performance against these based on our business plan projections.

Financial performance is firmly placed in the mid-to-upper quartile with the reduction in the score being due to reductions in EBITDA MRI, operating margins, and an increased headline social housing cost per unit.

Despite this, reinvestment levels and new supply delivery performance have remained in the upper quartile and are among the strongest results across the peer group. Continued investment helps to explain the rise in cost per unit, particularly in areas such as major and cyclical works. This was largely driven by targeted investment in issues such as damp and mould remediation, along with component replacements. Inflation and elevated material costs have continued to impact the sector throughout 2024/2025.

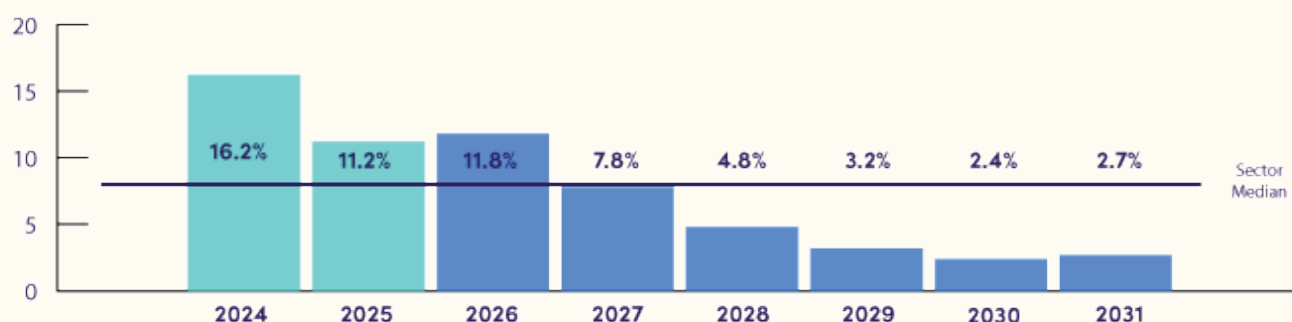
Operating margins (both overall and social housing lettings) have reduced again, this is linked to rising repair costs. Having said that, our financial performance remains consistently strong.

The gearing ratio sits in the mid-to-lower range, which is expected given the scale of ongoing development activity. This aligns with a core strategic and national objective of increasing the availability of affordable homes in the UK.

Among social housing providers with more than 1,000 units, our performance continues to rank in the mid-to-upper quartile a notable achievement considering the organisation's relative size.



## Reinvestment



This metric looks at the investment in properties (both new and existing homes) as a percentage of the value of total properties held. The result for 2024/2025 is lower than target, which is largely due to the phasing of the development programme and a £4.75m investment in existing homes which was slightly less than in 2023/2024. However, we saw a higher level of expenditure on large scale repairs to our homes to address damp and mould issues and maintain the safety of our homes.

In 2024/2025, our major repairs investment costs (capital and revenue) increased to £1,649 per property up from £1,471 in the previous financial year. This will continue to rise steadily up to 2030, reflecting our desire to maintain and improve quality and energy efficiency of our homes.

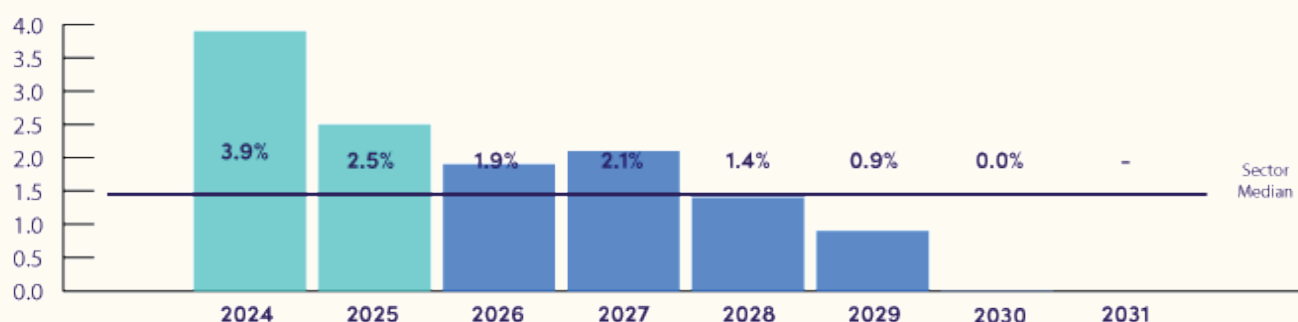
When homes become void and significant investment is required initially and, in the future, they are appraised from a financial and suitability perspective to determine whether they should be disposed of.

Our performance is in line with the national trend of increasing costs as the sector continues to see significant increases in planned, routine, and capitalised repairs. Increased costs for both routine and landlord compliance repairs have been key drivers of this alongside an increase in damp related work and prevention in 2024/2025. This will continue to increase during 2025/2026 as we continue to invest in our warmer homes programme and improve the energy performance of our homes.

Looking ahead, the reinvestment metric drops after 2028/2029. This is because of a reduction in the number of new homes planned from this period. A capacity review will be completed in the first half of 2025/2026 to determine the level of new homes that can be developed beyond this timeframe.

## Report of the Board of Management and Strategic Report continued

### New supply delivered



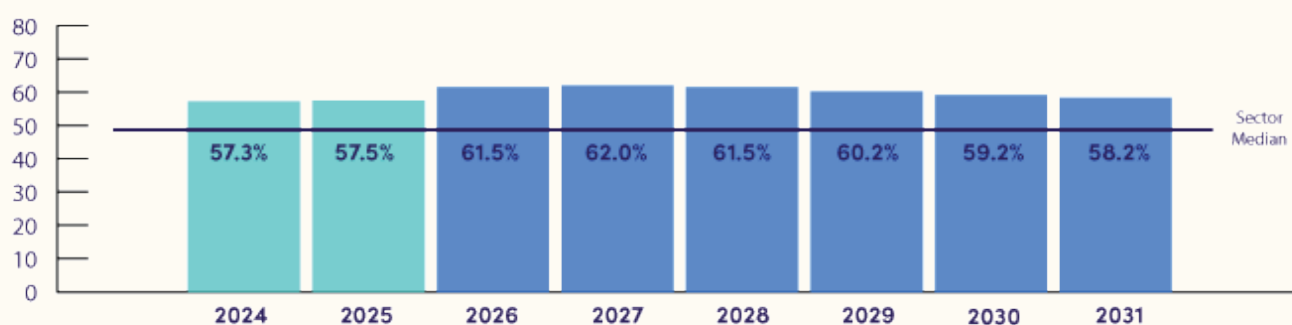
This sets out the number of new social housing and non-social housing homes that have been acquired or developed in the year as a proportion of total social housing homes and non-social housing homes owned at the period end. In terms of delivering new social housing homes, we are in the top percentile, achieving elite performance and significantly better than both the sector and our peer groups.

We have continued to meet our commitment to deliver new affordable homes and added 117 new homes in 2024/2025 compared to the 94 homes planned for the year. We have continued to meet our ambition to deliver an average of 100 new homes per year over a three-year rolling period. Our three-year average was 131 homes per year at the end of 2024/2025.

Developer and planning delays, legal issues and programme delivery spanning multiple financial years, can all have an impact on the delivery of new homes. Despite these challenges, our pipeline of development remains healthy, and we remain on track to deliver 1,000 new affordable homes by 2028.

We are not planning to build any homes that are not for social housing needs.

### Gearing



## Report of the Board of Management and Strategic Report continued

This metric measures net loans (incl. finance lease obligations) as a percentage of the value of housing properties and is an approximate indication of capacity. More highly geared associations may have less capacity to develop further.

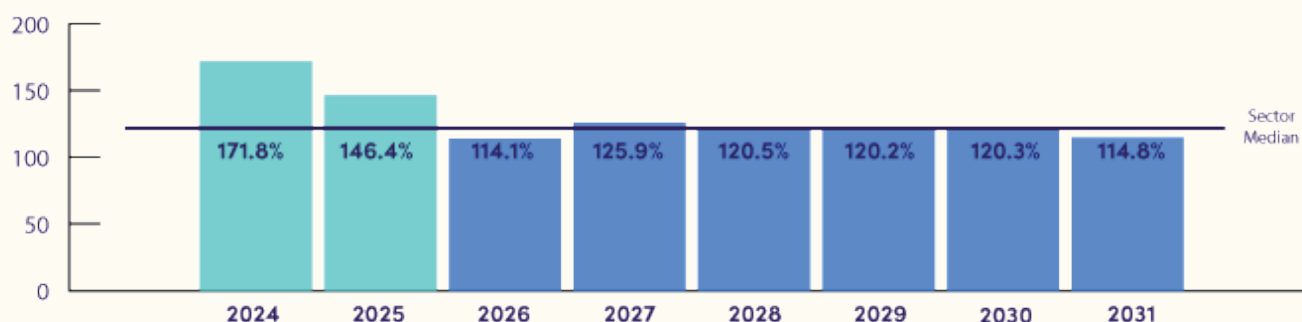
It is not uncommon for Large Scale Voluntary Transfer (LSVT) providers, and those that are developing, to be more highly geared. As with all ratios, the position must be viewed with caution.

If the cost paid for initial housing stock acquisition was particularly low due to the level of work that was required to be carried out being reflected in the purchase price (as was the case with Two Rivers Housing), then as the Association develops and pays full build costs for new stock, the additional loans will start to dwarf the initial costs and the ratio will start to increase.

Our gearing ratio does remain higher than the average for the sector, PlaceShapers, and the benchmarking group, but this is indicative of the fact that we geared up to develop more homes and is relative to the low historical cost on transfer. This also aligns with a core strategic and national objective of increasing the availability of affordable homes in the UK.

Overall, our position is better than anticipated due to higher levels of cash being held. In terms of our ability to continue raising finance for future loans, while this ratio is considered, it is likely to be less important than interest and asset cover.

### EBITDA MRI interest cover



The EBITDA MRI interest cover 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; the measure avoids any distortions stemming from the depreciation charge. Strong interest cover is required to service existing debt and support continued investment. A high interest cover ratio is not automatically a good thing as it may indicate that there is capacity to borrow further to develop, although it does need to be taken into context with the other financial indicators.

In 2018, the Group Board set the strategic objective to deliver 1,000 new homes by 2028. To support this, additional funding was secured, which has resulted in higher interest payable costs. This, combined with higher operating expenditure, has driven this indicator down, which is not unique to Two Rivers Housing.

## Report of the Board of Management and Strategic Report continued

Performance against this metric is in the median/upper quartile and is above the target for the year.

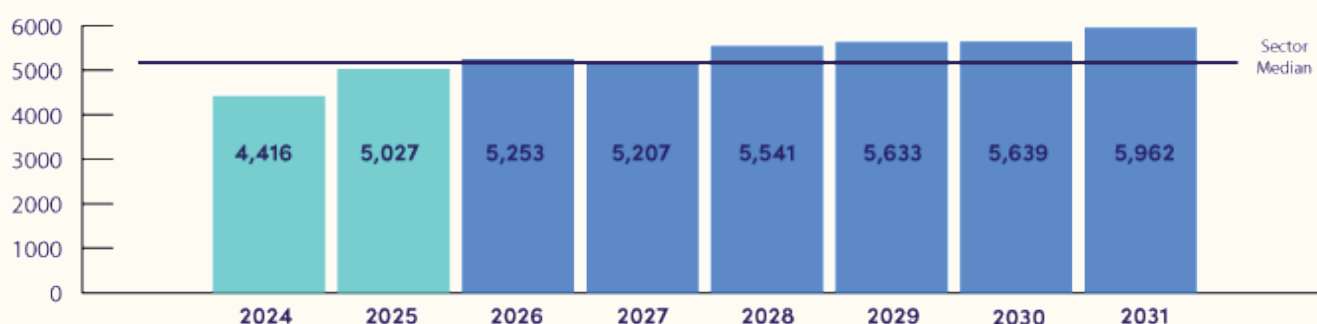
However, there has been a substantial reduction to the EBITDA MRI interest cover compared to 2023/2024. This has been driven by higher levels of expenditure and in part due to an increase in net interest costs (due to a reduction in cash held during the year which generated substantially less interest receivable).

In 2024/2025, £0.2m expenditure was incurred in simplifying the governance structure and a further £0.5m was incurred to significantly reduce the backlog of repairs that were carried in from 2023/2024. Excluding these additional cost pressures, the EBITDA MRI metric would have been 160.0%.

While the forecast position for this ratio is weaker, it is in line with the tolerances set by the Group Board and supports the strategic objective to invest resources in our housing management and assurance teams as well as continued investment in developing new homes and investment in our existing homes.

For 2024/2025, our performance against this metric is ahead of the 2024 Global Accounts sector average as well as the PlaceShapers and benchmarking peer group.

### Headline social housing cost per unit



This is an indication of the total costs of providing social housing (as defined by the Regulator of Social Housing) divided by the total number of homes.

Benchmarking indicates that performance against this metric is in the median quartile against the peer and national group (£5,588 per unit, £5,136 per unit respectively). The cost per property is higher than the target of £4,779 for 2024/2025 and increased by 13.8% relative to 2023/2024.

This was driven by higher maintenance expenditure for investment in our homes (both routine and major) and is therefore not a negative outcome. Management costs have also increased to reflect the strategic priority to invest in housing management and assurance resources.



Report of the Board of Management and Strategic Report continued

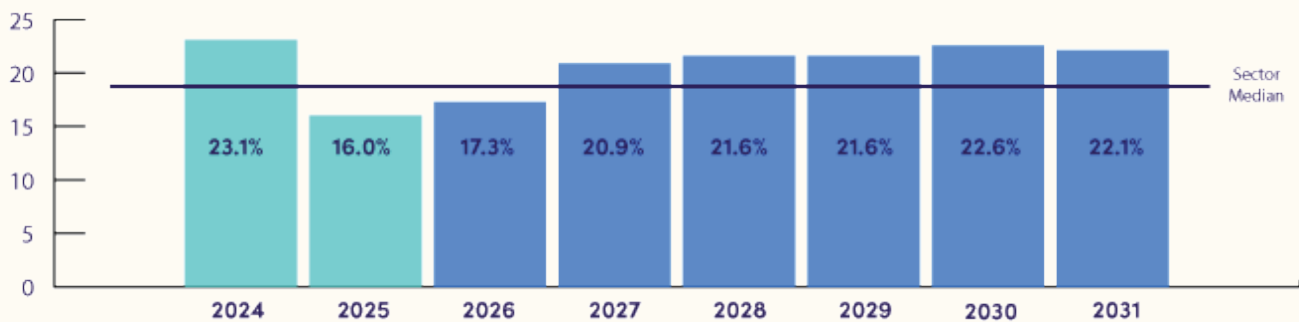


Our housing management costs are in the mid to upper quartile. These are increasing in recognition of the need to increase resources to ensure that we can provide better services to our tenants. During 2024/2025, we took steps to simplify the Group structure by integrating Centigen FM Limited into Two Rivers Housing and converting the Group into a Charitable Community Benefit Society. This will strengthen working relationships between our assets and repairs team and deliver long-term efficiencies across the organisation.

Looking ahead, this metric will continue increase steadily as it is linked to the higher levels of investment in management resource and improving the energy performance and quality of our homes.

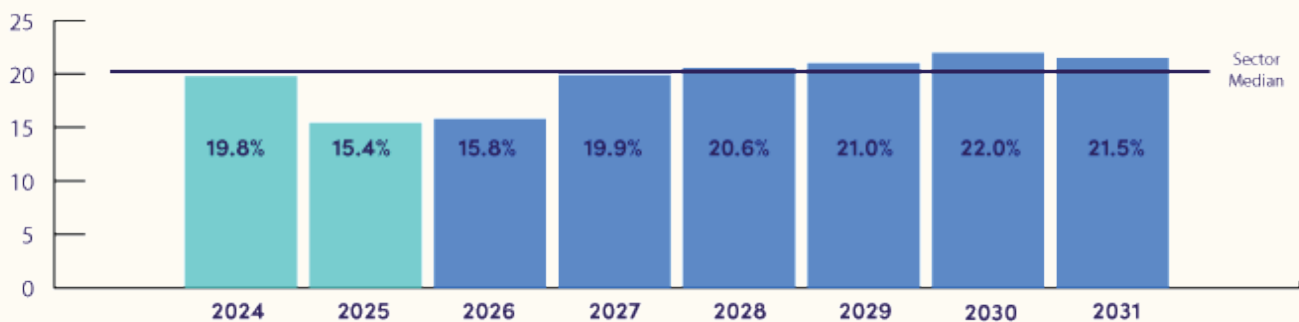
The new Assets, Investment and Development Committee is responsible for overseeing the repairs back log and expenditure to ensure we are delivering an improving service and Value for Money.

Operating margin – overall



The operating margin demonstrates the profitability of the operating assets before exceptional expenses are considered. It is split into operating margin overall and operating margin for social housing lettings only. Increasing margins are an indicator of the improving financial efficiency of a business, but this must be balanced against the registered provider’s core purpose and objectives.

Operating margin – social housing lettings only



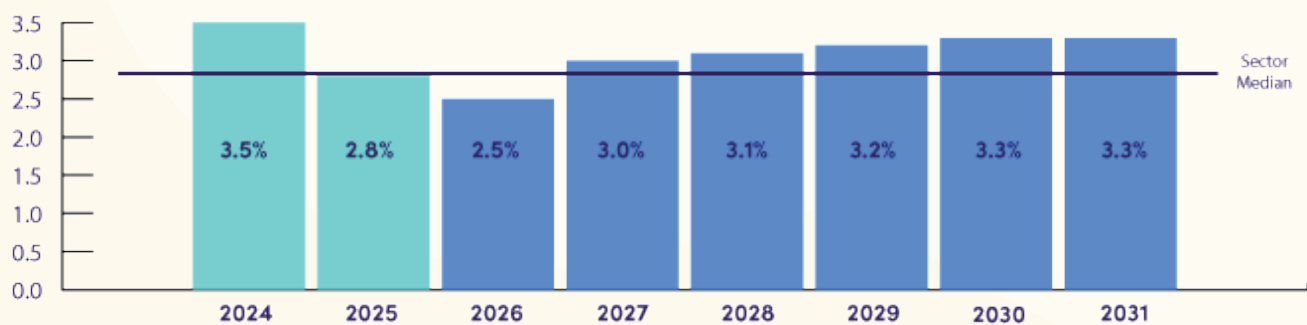
# Report of the Board of Management and Strategic Report continued



Our overall operating margin is at 16.0% and is in the mid/upper quartile compared to our peer group and at the lower/median quartile for the social housing operating margin. Continuing pressure from routine maintenance repairs demand and cost inflation is driving the deterioration in operating margins across the sector.

Excluding the £0.5m expenditure incurred in relation to clearing the backlog of repairs carried forward into 2024/2025 and the one-off £0.2m expenditure incurred in simplifying the governance structure, the social housing operating margins would have been 17.1% and the operating margin would have been 18.1%. Our rent levels are below the median for PlaceShaper organisations, so we have a lower level of income to cover our expenditure and this impacts on operating margin and EBITDA MRI covenants.

## Return on capital employed (ROCE)



This ratio measures how well a provider manages its capital to generate a financial return. To some extent this ratio is influenced by when the assets of an organisation were acquired in historic cost terms as this can greatly affect the denominator.

We are in the median quartile relative to our peer group for this metric, and lower quartile relative to the national group. While we are below the national group, we have however, exceeded our 2024/2025 target of 2.6%.

It is worth noting that compared to PlaceShapers, our turnover per property is in the lower/mid quartile, which impacts this ratio.



## Key performance indicators

In addition to the regulatory metrics, the Group Board sets organisation specific Key Performance Indicators (KPIs) annually to ensure performance can be monitored against our strategic priorities. The 2024/2025 performance against these KPIs, together with 2025/2026 expectations are detailed below. Where no target is set, we are aspiring to ensure we deliver improving performance trends.

Strategic priority	Key performance indicator	Trend / target	2024/2025 trend/target	2024/2025 outcome	2025/2026 trend/target
A great customer experience	% Overall satisfaction with the service provided by the landlord	Trend	2024: 79%	79.5%	Trend
	Satisfaction with repairs	Trend	2024: 80%	81%	Trend
	Repairs completed within target timescale	Trend	2024: 56.9%	77.1%	Trend
	Housing Ombudsman determinations upheld in last 12 months	Trend	2024: 6 cases	7 cases	Trend
	Complaints relative to the size of the landlord (No. of complaints per 1,000 homes)	Trend	Stage 1 2024: 29 Stage 2 2024: 3	Stage 1 2025: 28 Stage 2 2025: 4.4	Trend
	Complaints responded to within Complaint Handling Code timescales	Trend	Stage 1 2024: 69% Stage 2 2024: 82%	Stage 1 2025: 28 Stage 2 2025: 4.4	Trend
	Void turnaround - YTD (calendar days)	Target	30 days	31.34 days	30 days
Modern, warm, safe, sustainable homes	Satisfaction that the home is safe	Trend	2024: 84%	83.4%	Trend
	Satisfaction that the home is well-maintained	Trend	2024: 78%	77.8%	Trend
	Landlord compliance at 31 March	Target	100%	100%	100%
	Decent Homes Standard compliance at 31 March	Target	100%	100%	100%
	Homes at or above EPC rating C	Target	60.4%	61.9%	71.3%
	No. of new homes delivered	Target	94	117	91
	Stock condition surveys - percentage of homes with a stock condition survey that is five years or less.	Target	100%	86.44%	100%

## Report of the Board of Management and Strategic Report continued

Strategic priority	Key performance indicator	Trend / target	2024/2025 trend/target	2024/2025 outcome	2025/2026 trend/target
A great place to work	Colleague satisfaction (Happiness Index)	Trend	Trend	6.9	Trend
	Voluntary colleague turnover %	Target	<12%	12.37%	<12%
	Colleague attendance %	Target	<4%	3.51%	<3.5%
A strong, well-run business	EBITDA MRI	Target	139.3%	155.3%	130.8%
	Social Housing Operating Margin	Target	15%	15.4%	15.8%
	Regulatory Judgement (G/V)	Target	G1 / V2	G1/V1	G1/V1/C1
	% Rent arrears	Target	<1.5%	0.61%	<1.5%
	% Void rent loss	Target	<1.5%	1.34%	<1.5%
	No. of accidents reported	Trend	2024: 32	35	Trend
	No. of RIDDOR reported accidents	Trend	2024: 1	1	Trend
Neighbourhoods where people love to live	Satisfaction that the landlord makes a positive contribution to neighbourhoods	Trend	2024: 75%	70.3%	Trend
	Satisfaction that the landlord keeps communal areas clean and well-maintained	Trend	2024: 67%	63.4%	Trend
	Satisfaction with the landlord's approach to handling anti-social behaviour	Trend	2024: 67%	70.7%	Trend
	Anti-social behaviour cases relative to the size of the landlord (per 1,000 homes)	Trend	2024: 39	32.1	Trend





## Operational indicators

Performance Indicator	2023/2024 result	2024/2025 result	Peer median
Rent collected (including arrears b/f)	100.07%	99.99%	96.14%
Current tenant arrears (excluding voids)	0.68%	0.61%	4.44%
Rent loss due to voids - GN & HfOP	0.99%	1.34%	1.18%
Average time to complete repairs (days)	21.94	29.00	29.38
Average relet time (days)	21.59	31.64	33.15
Percentage of repairs completed at first visit	89.23%	85.92%	82.00%
Satisfaction with latest repair (transactional)	85.46%	85.46%	86.90%
Appointments kept %	85.40%	75.31%	88.00%
Gas safety certificate %	99.98%	100.00%	N/A
SAP rating	71.05	73.01	74.57
<b>Total score</b>	<b>260</b>	<b>280</b>	<b>250</b>

Our performance has improved year-on-year, and we have maintained a mid-to-upper quartile position for 2024/2025. Our total performance score has risen by 8% compared to 2023/2024, driven by positive movement in gas safety compliance and SAP rating performance.

There has been a dip in performance for void rent loss and average relet times, resulting in a lower quartile placement for these indicators.

Repairs appointment performance has also declined further. Root cause analysis conducted by i4H identified that the most influential drivers for repairs improvement include reliable appointment keeping, better parts availability, and strong customer communication. Having cleared the backlog of repairs, the repairs teams is in a stronger position to make improvements in 2025/2026 and we anticipate an improving position going forward.

We have continued to invest in the energy efficiency of our homes and made good use of funding streams available to support this work including the Social Housing Decarbonisation Fund (SHDF) and ECO4 grants. As a consequence of this work, SAP rating scores have improved and more of our homes are warmer and more energy efficient for our tenants. Warm, safe, affordable homes is a key priority in our corporate strategy, and this supports the case for ongoing investment in property improvements.

Meanwhile, rent arrears collection has continued to perform strongly, remaining in the upper quartile. This reflects our consistently robust internal controls and procedures to support tenants in paying their rent.

## Report of the Board of Management and Strategic Report continued

Our overall satisfaction score continues to sit in the mid-to-upper quartile range and improved compared to last year's figures. This assessment is based on early Tenant Satisfaction Measures (TSM) data where available.

Performance Indicator	Latest result	Median 2024/2025
Overall satisfaction	79.50%	77.50%
Satisfaction that the home is well maintained	77.80%	78.00%
Satisfaction positive contribution to neighbourhoods	70.03%	75.00%
Satisfaction with repairs	81.00%	72.50%
Satisfaction listens to and acts on tenants views	73.01%	72.50%
<b>Total score</b>	<b>130.00</b>	<b>125.00</b>

Overall satisfaction with services has held steady at the mid-to-upper quartile. Early indicators from the 2024/2025 TSM data suggest a general decline in satisfaction across the sector – a trend that i4H spotted back in 2022.

Satisfaction with repairs has now moved into the upper quartile, largely due to a broader sector-wide dip in this area since 2022/2023. In addition, satisfaction related to “the home being well maintained” and “listens and acts on views” has also risen to upper quartile levels.

A key issue in relation to neighbourhood dissatisfaction has been the challenge regarding delivering grounds maintenance services last year and resourcing housing management services. These are being addressed, and we have started to see improvements in these areas.

### Value for Money

As previously stated in this report, Value for Money is embedded right across the Group. However, we have delivered several key initiatives during the year that have helped ensure that resources are used efficiently, that we have reduced waste and maximised returns, these include:

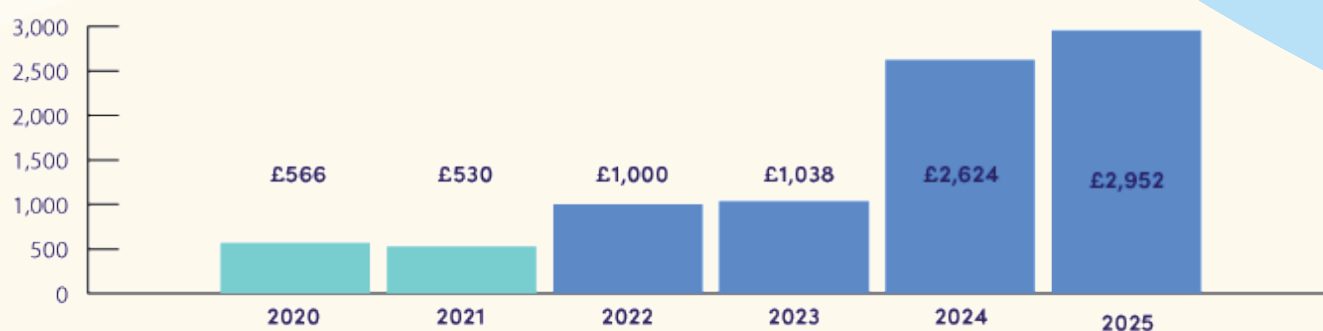
- ▶ The integration of Centigen FM Ltd into Two Rivers Housing to simplify the group structure, reduce governance and administrative resources and improve the way our teams work together to deliver repairs and facilities management services.
- ▶ External validation of the quality of our homes through surveys completed by Savills to ensure that we have a robust 30-year home improvement plan and ensure that homes are maintained based on condition rather than lifecycle.
- ▶ Effectively managing our cashflow. This has delivered higher investment returns and provided an additional income of £0.7m from interest received.

## Report of the Board of Management and Strategic Report continued

- ▶ A strong financial performance in the first half of the year, which enabled us to invest additional resources to:
  - ▶ Improve the energy efficiency of more homes with an additional 43 homes included in the ECO4 grant delivery.
  - ▶ Improve the quality of our homes through an additional 48 kitchens and 29 bathrooms being brought forward for replacement identified through our stock condition surveys or when the property became void.
  - ▶ In total, £1.4m of savings have been identified by utilising ECO4 funding for 108 homes plus we have received a further £201k in grants from the Social Housing Decarbonisation Fund.
  - ▶ Completion of a small number of large projects to maintain health and safety in our homes.
- ▶ Successful bidding for grant funding to support the decarbonisation of 530 homes over the next three years. The homes selected for works are EPC D homes, with a mix of gas central heated and off gas (electric and solid fuel) homes.

In addition to the activities detailed above, savings delivered through department-led initiatives totalled £598,000 (2023/2024: £353,000) with further procurement efficiencies delivered through the CHIC framework totalling £752,000 (2023/2024: £401,000).

### Value for Money savings delivered (£000s)



### Tenant Satisfaction Measures (TSMs)

Over the last 12 months, we have been listening to what our tenants have told us about their homes and the services we provide. We've worked closely with our Tenants' Voice Group and held workshops and focus groups to help us understand what we are doing well and where we need to make improvements.

We've been working hard to improve our services and invest in our homes to make the changes tenants want to see.

So, we are really pleased to see an increase in overall satisfaction from our tenants (+0.5%) and in key areas such as repairs (+1%), our approach to tackling antisocial behaviour (+3.7%) and complaints handling (+0.5%) compared to last year.

It's also great to hear that our tenants believe that we treat them fairly and with respect and that we will listen to and act on their feedback. We know that we still have work to do but promise to continue to listen to what our tenants are telling us and improve our services.

Our full set of Tenant Satisfaction Measures is published on our website.





## **Performance against corporate plan objectives 2024/2025**

We launched our new corporate strategy 'Delivering #Twogether 2024-2027' in October 2024. This set out our ambitions under each of our six strategic priorities. During the year we've made good progress in key areas of the plan and details of the key objectives and delivery against these are set out below.

### ***A great customer experience***

We want to deliver a great customer experience for our tenants and have completed the following activities during the year to support this ambition.

- ▶ Support and develop Tenants' Voice Group
  - ▶ We have established Terms of Reference for the group and completed work to increase tenant participation and recruit new members. The group meets every two months with Board Members, members of the executive team and senior managers in attendance. This gives the group direct access and influence on those making decisions within the organisation.
  - ▶ The Tenants' Voice Group scoped out key areas of our services and have used this to scrutinise and discuss our approach during the year. In 2024/2025, the group looked at the following areas: estate maintenance and grass cutting, rent setting, Tenant Satisfaction Measures, the proposal to become a Charitable Community Benefit Society, decarbonisation and fuel poverty, the Centigen integration project and complaints.
  - ▶ Every Board meeting is structured to put the 'tenants voice' as the first agenda item to ensure that this is considered throughout the meeting.
  - ▶ A number of repairs workshops have also been completed to help shape our new approach to repairs and understand what our tenants want to see from this service.
- ▶ Use tenant satisfaction data, customer complaints, feedback and other performance management information to learn from and improve service outcomes for tenants.
  - ▶ We complete our Tenant Satisfaction Measures in four waves throughout the year and collate our results to produce our annual submission to the Regulator of Social Housing. This enables us to identify trends throughout the year and share these with team members to make continuous improvements. As a result of this process, we have seen clear performance improvements in how we manage communal areas, complaints handling and overall satisfaction during the year.
  - ▶ We reviewed and improved our complaints processes to ensure that we manage complaints as effectively as possible.
  - ▶ We have a dedicated customer experience team that supports our complaints process and ensures that agreed actions are followed up until the complaint is fully resolved.
  - ▶ We have a Board Member Responsible for Complaints who actively engages with the organisation to review complaints performance.

- ▶ Review our approach to responsive repairs
  - ▶ Using feedback from tenants and colleagues we reviewed the structure of our repairs team and made the decision to bring them back in house. This will improve collaboration and communication between teams and improve the service delivery in this area.
  - ▶ We reviewed our Repairs Policy with tenants asking them to share their experience of our repairs service and identify the changes that they would like to see. These have been included in the Repairs Policy, which has been reviewed and will be launched in 2025/2026.
  - ▶ As a result of the changes we made to the repairs team structure, we have seen a month-on-month improvement in the repairs performance of the internal team and transactional satisfaction survey results have been consistently high.
- ▶ Use the consumer standards to support our customer experience journey
  - ▶ We have used the Consumer Standards to identify key areas of focus to drive improvements to our customer experience and will focus on these areas in 2025/2026.

### ***Modern, warm, safe, sustainable homes***

Investing in our homes and providing more affordable housing is fundamental to everything we do. As part of our corporate strategy, we have delivered the following activities to help us ensure that our tenant's homes are places they can be proud of:

- ▶ We have completed stock condition surveys in 86.44% of our homes, which has provided key information that will support the development of our five-year investment plan. This will be shared with tenants in 2025/2026.
- ▶ We have also collected robust EPC information for our homes, which will support our retrofit assessments as we continue to invest in our warmer homes programme.
- ▶ We reviewed the structure of our asset investment team to ensure that we have the correct skills and resources in the team to deliver our ambitious plans.
- ▶ We held a workshop with the team to raise awareness of our stock condition standards and how our homes should be graded to ensure this is applied consistently.
- ▶ During the year we have made energy improvements to 134 homes. We have also improved the condition of our homes by replacing 125 kitchens, 24 bathrooms, 136 roofs and completed extensive external works to several homes.
- ▶ We have successfully bid for and have been awarded £4.6m in grant funding from the Social Housing Decarbonisation Fund (SHDF) over a three-year period that will enable us to make 530 of our homes warmer and more energy efficient.
- ▶ In addition to the 530 homes that will be updated using the SHDF fund, we are using our own resources to update a further 220 homes by 2030.
- ▶ We have delivered 117 new affordable homes. Wherever practical we aim to build homes that meet EPC A and work with S106 partners to meet the highest level of EPC that the developers are prepared to meet (currently a high B rating).
- ▶ To support further development and increase the availability of funding, we have fully secured our revolving credit facility.

### ***A great place to work***

To provide a great customer experience, we need to have the right people in place. We want to make sure that Two Rivers Housing is a great place to work, so that our team feels valued, able to be themselves and can deliver the best results for our customers. During 2024/2025, we took the following steps in this key priority:

- ▶ In October 2024, we completed our first Happiness Index survey. This anonymous survey gave every colleague the opportunity to tell us how it feels to work at Two Rivers Housing and what we need to do to support them to do their best for our customers.
- ▶ We've continued to hold monthly team sessions, where we all come together to share updates and celebrate successes as well as the organisation's priorities and any challenges we are facing. This fosters open conversations and is also a chance for colleagues to connect with teams they may not see on a regular basis.
- ▶ We held our first annual Team Get #Twogether at the end of September 2024. At this session we set out our vision for Two Rivers Housing, our new corporate strategy and allowed the team to ask questions of the executive team. It also helped to bring everyone together and start to breakdown cross organisational barriers.
- ▶ We used feedback from the Happiness Index to develop a new people strategy that will help us attract, retain and develop the best people and make sure that we have the right people to deliver for our customers.
- ▶ We reviewed our induction process to reflect our customer experience and great place to work objectives. This will be refined as we learn from colleague experiences going forward.
- ▶ We reviewed the structure and resourcing levels in our frontline teams. This was completed in response to both tenant and team feedback, where it was highlighted that services were not where they should be due to teams being overstretched.
- ▶ We bought our repairs team back inhouse, following feedback from tenants and our team that we needed to make improvements to how we work together to deliver our repairs service to tenants. We are already starting to see performance improvements in this area as a result of these changes.
- ▶ As part of our new people strategy, we have made a commitment to invest in our team and support a 'grow our own' culture. Not only does this strengthen our team and show that we value their knowledge and expertise, but it helps combat a challenging recruitment market where the skills we need are limited and highly sought after by other local providers.

### *Neighbourhoods where people love to live*

The shared spaces and communal areas in our neighbourhoods are really important to our tenants. We've listened to what they've told us and made improvements to how we manage our estates and shared spaces. In 2024/2025, we completed the following projects:

- ▶ We reviewed our approach to estate maintenance and put additional management support in place to monitor and measure the delivery of this service. We saw improvements in the service in the second half of the year, and this has continued in the first quarter of 2025/2026.
- ▶ We extended the grass cutting season into October to allow the team to catch up on missed cuts resulting in each area being visited every three weeks and improving overall service. Our winter works programme has also ensured that the team was able to hit the ground running in early 2025 and make a good start on the grass cutting programme at the beginning of the year.
- ▶ Service performance is now monitored through monthly KPIs, which showed an improving position in the second half of the year.
- ▶ As a result, we've seen a reduction in colleague turnover, which has meant that we now have five teams of two working across our neighbourhoods and a reduction in complaints relating to this service. In fact, we have also received several compliments regarding the work the team is doing.
- ▶ We worked with our Tenants' Voice Group to develop an interim summer service solution ahead of a full consultation with tenants which is planned for 2025/2026.
- ▶ We have also restructured our housing directorate to increase capacity within the team and enable us to provide a more human-centric service for our tenants. This will be embedded during Q1 and Q2 2025/2026 and will strengthen our approach to tackling key issues such as anti-social behaviour and neighbourhood nuisance and further enhance our community connector approach.
- ▶ We have also implemented a cyclical redecoration programme and planned maintenance programme across our schemes to support making our neighbourhoods areas where people love to live.





### ***Working #Together for our communities***

As a community-based housing association, we have a key part to play in supporting wider community initiatives and tackling social issues in our neighbourhoods. Over the last 20 years, we've developed strong links within our communities and continued to build on these in 2024/2025.

- ▶ Throughout the year numerous community projects have been delivered with our support, including breakfast clubs, warm spaces, older persons activity events, support for Sedbury Space and Christmas events.
- ▶ Our housing and development teams work closely with local authority partners to build and let homes to meet local housing need.
- ▶ We have supported the Forest of Dean District Council with a homelessness mitigation project (and accessed LAH Funding) for five homes across the Forest of Dean.
- ▶ We are active members of the Gloucestershire Homes and Communities Partnership (GHCP) and hosted the group at our Rivers Meet office in March 2025 ahead of the group's official relaunch later in the year.
- ▶ We've used our community fund from our materials supplier Travis Perkins to support several community projects.
- ▶ We are considering work on remodelling a sheltered housing scheme with multi-agency support.
- ▶ We are taking a multi-agency case work approach for complex cases and working closely with local authority partners and other support services to ensure our tenants get the help and support they need.

### ***A strong, well-run business***

In order to deliver our ambitious corporate strategy, we need to remain a financially strong and well run business. This underpins everything we do and in 2024/2025, we continued to strengthen our performance in this area:

- ▶ Following a successful recruitment campaign, we have appointed four new Board Members and three Committee Members who complement our existing Board Members and bring the necessary skills and knowledge to strengthen our Board.
- ▶ We reviewed our internal governance structure and made changes to enhance our committee structure and appointed a senior governance professional to support our approach to corporate governance.
- ▶ We have strengthened our business continuity testing programme and put a cyber security defence plan in place.
- ▶ We have reviewed and updated our financial plan to reflect our new corporate strategy and completed comprehensive stress testing to identify any weaknesses. Detailed mitigations have been identified alongside implementation times to provide assurance to Board.
- ▶ We have implemented a business partnering approach within our finance teams to support budget holders and increased resources in this area to support procurement activities going forward.

- ▶ We have strengthened and embedded our robust assurance and performance management framework to support the delivery of the corporate strategy.
- ▶ We have completed a self-assessment against the requirements of the NHF Code of Governance.

We have made good progress against the corporate plan since its launch, and our overall performance compares well with our peers. However, we recognise that we haven't always got things right and have continued to work with tenants to identify areas for improvement.

They have told us that we need to improve how we communicate with them, keep them updated on the services we provide and highlighted some service areas where we can do better. We'll continue to listen to what they tell us and work with them to improve our services and deliver Value for Money in everything we do.

### ***Rebrand of Two Rivers Housing***

In 2024, we developed a Brand Strategy that looked at our brand positioning and values in depth and helped us understand if it reflected the type of organisation we want to be. When done well, brand hits customers and stakeholders in the heart and creates deep connections between an organisation and people. As part of the strategy, we decided to take a further look at our brand and engaged a local brand agency to work with us to refresh and develop the Two Rivers Housing Brand.

It was important that we delivered something that our tenants and team could stand behind, so we ran workshops to help us understand how people feel about and connect to the organisation. All the information gathered through these workshops was combined with the Board's vision for the future of the organisation and used to develop the new branding and strapline.

The new logo was designed to reflect what we stand for. The two waves connect and entwine symbolising our desire to work in partnership with tenants, colleagues and partners. They also reflect the structure of DNA and a heartbeat, to remind us that putting customers at the heart of our decision making should be in our DNA. Finally, the waves have been used to symbolise sound waves to reflect our commitment to listening to the views of our tenants and act on what they tell us.

The strapline 'You're Home Now.' is a promise to our tenants, that we'll make them feel part of our community and create places where they can feel safe and at home. It's a rally cry to our team and a commitment to making Two Rivers Housing a place where you can be a part of something and bring your whole-self to work – a place where we will support you and help you grow and develop your skills. It's a statement, a feeling of belonging that fosters a sense of security and community for everyone.

We launched this on 2 April 2025, to coincide with the delivery of the repairs team integration project and will continue to roll the new branding out during 2025/2026. To reduce costs and ensure Value for Money, items will be rebranded as they come to the end of their lives or need restocking.

## Looking forward to 2025/2026

As we look forward to 2025/2026 (year two of our three-year plan), we've set out the key deliverables for the next year, these include:

A great customer experience	Modern, warm, safe, sustainable homes
<ul style="list-style-type: none"> <li>▶ Create a Customer Experience Strategy.</li> <li>▶ Review the role of our housing teams to develop a 'human centric' approach to delivering services.</li> <li>▶ Undertake a review of our approach to safeguarding.</li> <li>▶ Develop a reasonable adjustment policy and approach.</li> <li>▶ Listen and learn from complaints and tenant feedback and develop a learning log to record this.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Develop an Asset Strategy.</li> <li>▶ Review our Empty Homes Standard.</li> <li>▶ Create a five-year investment plan to be shared with tenants.</li> <li>▶ Create a Development and Regeneration Strategy.</li> <li>▶ Consider our development and regeneration areas in terms of management and maintenance costs.</li> <li>▶ Create a clear plan to meet EPC C by 2030.</li> <li>▶ Create property life cycle costing learning culture between development and property teams.</li> </ul>
A great place to work	Neighbourhoods where people love to live
<ul style="list-style-type: none"> <li>▶ Develop a training plan that supports the organisation's objectives and creates a 'grow our own' culture.</li> <li>▶ Develop approaches in recruitment and retention that attract and retain talent, bring out the best in people and supports our approach to equity and diversity.</li> <li>▶ Develop a leadership at all level programme for existing and aspiring leaders.</li> <li>▶ Review our 'people offer' to ensure we are competitive in the employment market.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Establish neighbourhood action plans with community members and partners.</li> <li>▶ Undertake a full review of services and service charges with tenants.</li> </ul>

Working #Twogether for our communities	A strong, well-run business
<ul style="list-style-type: none"><li>▶ Work with local partners to develop and deliver construction and housing skills projects and programmes.</li><li>▶ Take positive action in our recruitment and volunteering opportunities to support local people, increasing the ‘lived experience’ of living in the local areas or in social housing in our team.</li><li>▶ Undertaking mock interviews, presentations and offer placements and volunteering opportunities.</li><li>▶ Develop a procurement strategy that embeds social value in our procurement processes, consider local businesses and seeks to use corporate social responsibility opportunities to support local causes and objectives.</li><li>▶ Work collectively with other social housing providers in the area to develop programmes and projects that support local socioeconomic objectives.</li><li>▶ Create and offer placements and volunteering opportunities within the organisation.</li></ul>	<ul style="list-style-type: none"><li>▶ Undertake treasury management review to establish new funding.</li><li>▶ Develop an internal IT and data customer service approach to support colleagues and Board Members.</li><li>▶ Review and develop data that helps organisational learning and improvement.</li><li>▶ Develop a Value for Money Strategy.</li><li>▶ Review our approach to Board and senior management assurance.</li></ul>





## Forecast financial performance

We produce a 30-year financial forecast, which is reviewed on an annual basis. The following tables set out a five-year picture of our forecast targets:

Statement of Comprehensive Income £'000	Actual 2025	Target 2026	Target 2027	Target 2028	Target 2029	Target 2030
Turnover	33,267	34,486	36,702	37,340	38,128	37,280
Operating costs	(27,954)	(28,518)	(29,023)	(29,283)	(29,874)	(28,856)
Other surplus/(deficit)	1,021	599	614	627	640	661
Operating surplus	6,334	6,567	8,293	8,684	8,894	9,085
Surplus for the year	2,797	1,514	2,803	2,807	2,600	2,083

	Actual 2025	Target 2026	Target 2027	Target 2028	Target 2029	Target 2030
Reinvestment	11.2%	11.8%	7.8%	4.8%	3.2%	2.4%
New supply delivered %	2.52%	1.9%	2.1%	1.4%	0.9%	0.0%
- Social housing	-	-	-	-	-	-
- Non-social housing	57.5%	61.5%	62.0%	61.5%	60.2%	59.2%
Gearing	146.4%	114.1%	125.9%	120.5%	120.2%	120.3%
EBITDA MRI / Interest cover %	5,027	5,253	5,207	5,541	5,633	5,639
Headline social housing cost per unit	15.4%	15.8%	19.9%	20.6%	21.0%	22.0%
Operating margin % - Social Housing	16.0%	17.3%	20.9%	21.6%	21.6%	22.6%
Operating margin % - Overall	2.8%	2.5%	3.0%	3.1%	3.2%	3.3%
Return on Capital Employed						

This plan has been stress tested for a 'perfect storm' of events that the Group Board considers might impact it. Further stress testing confirmed resistance to the factors modelled including adverse movements in inflation, interest, sales values, and high value one-off financial events.

It is apparent that the impact of inflation on costs and high levels of demand for property maintenance over the next few years will continue to be a challenge. The stress testing of the plan considers more extreme economic scenarios than the one we are currently experiencing. Where remedies are required to ensure compliance with funding covenants, mitigating actions have been identified.

## Corporate governance

A review of governance arrangements undertaken during the year, concluded in March 2025. The review sought to increase capacity, strengthen reporting and monitoring of compliance with Regulatory Standards, strengthen the voice of our customers across the governance structure and ensure that the structure aligns with the corporate strategy.

We are governed by a Group Board and have increased its capacity through the recruitment of four new Board Members and three new Committee Members.

The Board is made up of eleven Non-Executive Directors and the Group's Chief Executive and Company Secretary. Details of the Group Board are set out in the Company Information section of this report on pages 4-5.

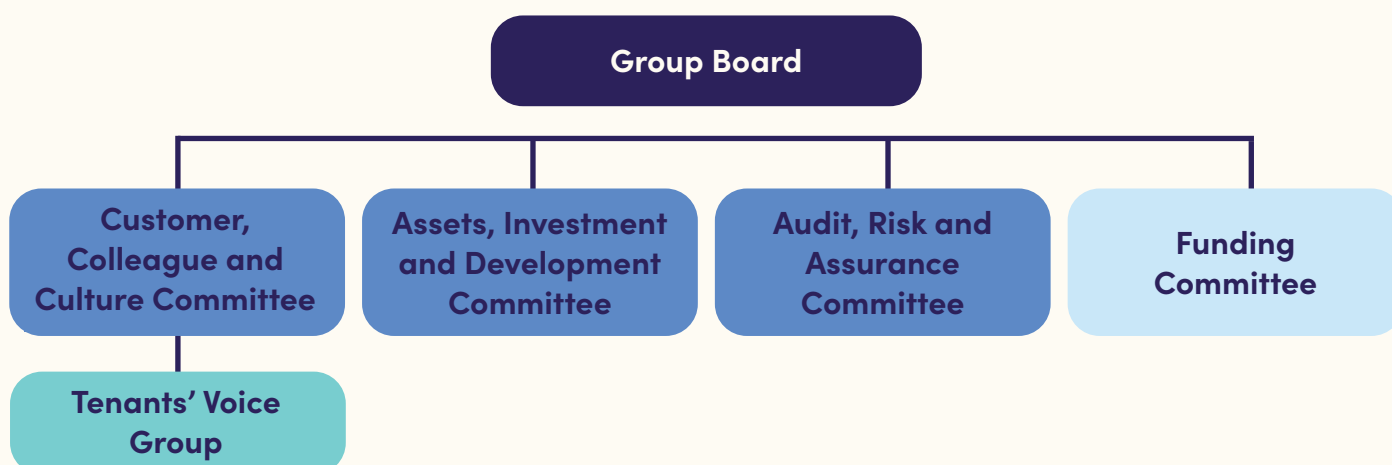
Meetings are held at least five times per year.

We operate with one subsidiary Two Rivers Developments Limited, which was established by the Group Board to support the delivery of our corporate objective to provide more affordable homes.

The Chair and membership of the subsidiary Board is determined by the Group Board, who set out the responsibilities and delegated authority. The Chair shall either be a Group Board Member or a Co-Opted Member of the Group Board.

During 2024/2025, the Group was supported by three committees: the Audit and Risk Committee, the Governance and People Committee, and the Funding Committee. Membership of these committees is drawn from the Group Board.

The Funding Committee, (established to support the refinancing project in 2020), was inactive during the year as it is only required when we are undertaking new funding arrangements. From 2025/2026, a new governance structure is in place as set out below:



## Report of the Board of Management and Strategic Report continued

### Customer, Colleagues and Culture Committee

The role of this committee is to advise and provide assurance to the Group Board that arrangements are in place to ensure the diverse voices of our customers are heard and acted upon. They are also responsible for ensuring that arrangements are in place to support colleagues and their wellbeing to enable them to deliver services to our customers.

### Asset, Investment and Development Committee

The role of this committee is to advise and provide assurance to the Group Board on the adequateness and effectiveness of arrangements in place to deliver our asset management, responsive repairs service, sustainability, development and regeneration programmes in line with the agreed business plan.

### Audit, Risk and Assurance Committee

The role of this committee is to provide assurance to the Group Board that we have adequately assessed risk and have a robust control and assurance framework in place, including but not limited to, appropriate financial reporting processes; external audit; internal audit and internal control; and to oversee the work of the external and internal auditors.

### Funding Committee

Supports the Board with the work required for new financing arrangements. This is not a permanent committee – it operates only when new funding arrangements are required.

### Tenants' Voice Group

The aim of the Tenants' Voice Group is a collaborative-production forum. It creates an environment where tenants, Board Members, Committee Members, and the executive team work together to challenge, scrutinise, and review services from a customer perspective in line with the Consumer Standards and legislation. It provides a direct link between the Group Board and Customer, Colleague and Culture Committee as part of the overall governance structure.

Executive Directors are not Group Board Members and act as Executives within the authority delegated to them by the Group Board.

The Group has insurance policies that indemnify both its Board Members, Executive Directors and Officers against liability when acting for the Group.

## **Compliance with the Regulatory Standards**

The Regulatory Standards comprise the Economic Standards (the Governance and Financial Viability, Value for Money, and Rent Standards) and the Consumer Standards (Tenancy Standard, the Neighbourhood and Community Standard, the Safety and Quality Standard and the Transparency, Influence and Accountability Standard).

One of the core Economic Standards is Governance and Financial Viability. This requires Registered Providers (RPs) to have effective governance arrangements in place that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent, and accountable manner. It also requires RPs to manage their resources effectively and to make sure their viability is maintained, while ensuring that social housing assets are not put at undue risk.

The changes to the Consumer Standards, which are a result of the landmark Social Housing Regulation Act, came into effect from 1 April 2024. They apply to all social landlords, including councils and housing associations.

Under the new standards landlords will need to:

- ▶ ensure tenants are safe in their homes.
- ▶ listen to complaints made by tenants and respond promptly to put things right.
- ▶ be accountable to tenants and treat them with fairness and respect.
- ▶ know more about the condition of every home they manage and the needs of the people who live in them.
- ▶ collect and use data effectively across a range of areas, including repairs.

Most social housing tenants live in decent homes, but Regulator of Social Housing is clear that all landlords can improve their standards. To hold landlords to account, it will:

- ▶ inspect larger landlords regularly to check they are meeting the outcomes set out in the standards.
- ▶ scrutinise data about tenant satisfaction, repairs and other relevant issues.
- ▶ continue to push landlords to protect tenants and put things right when there are problems.
- ▶ use a range of tools when needed, including new enforcement powers.
- ▶ continue to focus on the financial viability and governance of housing associations as part of its integrated regulation.



## Report of the Board of Management and Strategic Report continued

The Housing Ombudsman Service (HOS) and Regulator of Social Housing (RSH) are now required to have a Memorandum of Understanding (MoU) to reflect their new powers under the Social Housing (Regulation) Act 2023. The MoU is a statutory document and aims to formalise and strengthen the working partnership between both parties. The updated Memorandum sets out a framework of communication, cooperation and exchange of information between the RSH and HOS and explains how they will work together to deliver their respective roles. This has resulted in the requirements under the Housing Ombudsman being put on a statutory footing and no longer just a best practice recommendation.

The Group Board has undertaken a self-assessment of compliance with both the Economic Standards and the Consumer Standards, which came into force from 1 April 2024. Taking account of the Regulator of Social Housing Code of Practice the Group Board was able to confirm that Two Rivers Housing is compliant with the Regulatory Standards.

### Housing Ombudsman Service

The Housing Ombudsman Service's (HOS) Complaints Handling Code ('the Code') sets out best practice for landlords' complaint handling procedures, to enable a positive complaints culture across the social housing sector, regardless of the size or type of landlord. The code encourages landlord-tenant relationships so that tenants can raise a complaint if things go wrong.

The Complaints Handling Code became statutory on 1 April 2024, meaning that all members of the Housing Ombudsman Scheme are obliged by law to follow its requirements. The Code was strengthened in April 2022 with the aim of driving a positive complaints culture across the sector.

To meet the requirement of the Housing Ombudsman Services' Complaint Handling Code, Non-Executive Director Sharon Wilkins has been appointed as the 'Member Responsible for Complaints' for Two Rivers Housing. Regular 'Member responsible for Complaints' meetings are held with members of our Tenants' Voice Group.

The Code also requires landlords to carry out an annual self-assessment to ensure their complaint handling remains in line with its requirements.

The self-assessment has concluded that Two Rivers Housing is technically compliant with the majority of the requirements, however we have assessed ourselves as not meeting the Code for 6.3: Landlords must issue a full response to Stage 1 complaints within 10 working days of the complaint being acknowledged.

During 2024/2025, there were eight occasions where a Stage 1 response fell outside of the working days target, without extension. This is an improvement in the number of Stage 1 complaints responded to within 10 working days (without extension) compared to 2023/2024, where there were 15 occasions when we fell outside the target timescales.

We are taking steps to ensure that all complaints are responded to within the timescales required by the Code going forward and have also identified a number of other areas where we can strengthen and improve our approach to complaints handling.

## Report of the Board of Management and Strategic Report continued

Our Tenants' Voice Group have been given the opportunity to check and challenge the draft self-assessment and hold us to account. Their review concluded the assessment was a fair reflection of where we are. The Member Responsible for Complaints also completed a deep dive review of evidence provided to support this assessment. Following these reviews the Customer, Colleague and Culture Committee endorsed the self-assessment.

The deadline for publication of the 2024/2025 self-assessment submission is 30 September 2025, and we are on track to meet the deadline. This will be available on our website and will set out in detail how we are now meeting the Complaints Handling Code.

### ***Complaints reviewed by the Housing Ombudsman Service***

In total, we have received five full reports from the Housing Ombudsman during the year. In each of these they share their findings and outline any actions that we must take to put things right.

They also issue a determination on their findings, which is shared with the Regulator of Social Housing. Across these five cases, the Ombudsman issued seven instances of maladministration, one case where reasonable redress was found and two cases where no maladministration was found.

In some of the cases the Housing Ombudsman made recommendations of things we could look to improve. This included creating clear anti-social behaviour action plans, which include realistic deadlines and reviewing some of our policies to ensure that definitions are clear and fair. They also asked us to make sure that all complaints are dealt with in line with the Code.

We have reviewed all of the Housing Ombudsman's findings to look at how we could make further improvements to our services. This included changes to our processes and how we develop future plans to improve our services.



## **National Housing Federation Code of Governance 2020**

The Group Board adopted the National Housing Federation's Code of Governance 2020 with effect from April 2022. In August 2025, the Group Board considered a self-assessment against the Code for 2024/2025 and concluded that we complied with all four principles of the Code.

Ongoing compliance is maintained by following and embedding the principles and requirements of the Code when we review our strategies, policies, and governance arrangements, and through our annual governance/Board effectiveness reviews.

The Group's Non-Executive Director Succession Planning and Recruitment Policy permits a normal tenure of six years for all new appointments. The Group Board approved this policy and approach in preparation for adopting the Code and is satisfied that this is in the organisation's best interest as it provides stronger governance.

Under this policy and in accordance with the constitution, the Group Board is permitted to extend the tenure of Board Members up to a maximum of nine years, to meet the needs of the business. This approach complies with the provisions within the Code.

### **Internal controls assurance**

The Group Board is responsible for ensuring that the Group maintains a system of internal control that is appropriate to the business environments in which it operates.

Internal control systems are designed to meet the particular needs of the organisation and the risks to which it is exposed. The Group Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss, or eliminate risk of failure to achieve business objectives. The system of internal control is however designed to manage key risks to provide reasonable assurance that planned organisation objectives and outcomes are achieved.

It also exists to give reasonable assurance with respect to:

- ▶ the reliability of financial and operational information,
- ▶ safeguarding of the organisation's assets and interests.

The purpose of this statement is to enable the Group Board in turn to give its assurance on the adequacy of those controls. The Group Board is required to acknowledge its responsibility for:

- ▶ Internal controls, giving reasonable assurance against material misstatement or loss.
- ▶ Procedures in respect of risk management.
- ▶ Ensuring arrangements for providing effective internal controls are incorporated into normal governance procedures.
- ▶ Information on the process adopted for addressing material control aspects of significant problems disclosed in the Annual Report and Accounts.
- ▶ Confirming that the Group Board has reviewed the effectiveness of these systems of control.
- ▶ Complying with all relevant law.

The main elements of our internal control framework are:

- ▶ Regular Board meetings with matters formally reserved for decision by the Board outlined in the rules of the organisation and Board Terms of Reference. Reserved matters include a defined range of issues relating to strategic, operational, and financial matters.
- ▶ Standing orders and financial regulations.
- ▶ Clearly defined organisational structures and Scheme of Delegation.
- ▶ Counter Fraud and Whistleblowing policies.
- ▶ Code of Conduct and Probity Policies.
- ▶ Declarations by Board Members and colleagues as part of the controls framework to ensure there are no conflicts of interest.
- ▶ Register of Interests of Board Members.
- ▶ Accounting and Treasury Policies.
- ▶ Robust business strategies with annually approved 30-year financial plan and operating budget.
- ▶ Regular financial and key performance indicator reporting, with remedial action being taken where necessary.
- ▶ Strict controls regarding cyber security to prevent data misuse; loss and corruption and ensure ongoing services.
- ▶ Data Strategy.
- ▶ Risk Strategy and Policy setting out the risk management framework and risk appetite.
- ▶ Health and safety management framework.
- ▶ Continuing reviews of Value for Money and Procurement Strategies.

In addition, wherever feasible, segregation and separation of duties has been undertaken to maximise control.

Control is further strengthened by the use of our internal auditors. The internal auditors prepared a plan, which was approved by the Group Audit and Risk Committee and was delivered and monitored by the committee and Group Board during the year. The internal auditors concluded in their annual report that Two Rivers Housing has an adequate and effective framework for risk management, governance, and control. There are a number of actions from the audit of key operational controls that are yet to be actioned but not yet due for implementation. These will be progressed and audited to ensure that they are actioned during 2025/2026.

We have a number of policies in place in respect of preventing, detecting, and investigating fraud and the Group Board is satisfied that these effectively manage the risk of fraud.

There was no fraud identified during the year.



There have been no reported breakdowns of internal control causing significant or material loss to the Group.

The Group Board has received the Chief Executive's annual report, has conducted its annual review of the effectiveness of the systems of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Group Board confirms that there is an on-going process for identifying, evaluating, and managing significant risks faced by the Group. This process has been in place throughout the year up to the date of the Annual Report and is regularly reviewed by the Group Board.

### **The General Data Protection Regulation (GDPR) and UK Data Protection Act 2018**

The General Data Protection Regulation came into effect on the 25 May 2018 and applies to the personal data companies hold or process relating to EU citizens. While the UK is no longer a part of the EU, the UK data protection legislation remains broadly equivalent to GDPR. Its overall goal is to safeguard personal data and enforce data security rights and protections. At the same time, it forces organisations to think about the data they collect and how they use it.

Parliament passed the Data (Use & Access) Bill on 11 June 2025; it received Royal Assent on 19 June 2025 becoming the Data (Use & Access) Act 2025. The Act amends and updates the existing UK data protection regime, that is the UK General Data Protection Regulation (GDPR) (retained EU law), the Data Protection Act 2018 (which complements the UK GDPR) and the Privacy and Electronic Communication (EC Directive) Regulations 2003 (PECR).

While geared towards promoting growth and supporting innovation in the UK, the changes to data protection law strive to simultaneously balance privacy rights of individuals. Not all provisions in the Act become law straight away. Most of the provisions will only apply once government has enacted enabling secondary legislation. It is expected that provisions will be introduced in a phased manner, with some taking upwards of 12 months to apply. We are monitoring the progression of these provisions.

Two Rivers Housing is committed to the proper and appropriate use of data held regarding customers and colleagues, storing it securely and only retaining it while there is valid reason to do so.

### Health and safety

The Group Board is aware of its responsibilities on matters relating to health and safety and the Group has detailed policies and procedures in place. The Group complies with the Health and Safety at Work Act 1974 and other relevant legislation.

We have an established Health and Safety Forum made up of colleagues from across the organisation who act as our body of representatives for consultation, review and monitoring of matters in relation to health, safety and compliance. The Forum provides assurance to the Board, committees and executive team and colleagues that we are operating safely in line with Employer's Health and Safety Legislation and in accordance with our policies and procedures.

### Risk management

The Group Board acknowledge that no activity is free from risk. Our approach to risk management focuses on early identification of key and emerging risks and pro-active response, so we can reduce the likelihood of an uncontrolled risk having a detrimental impact on organisation's ability to achieve its strategic objectives.

We continually assess which risks are relevant to the association in the context of the current uncertain macroeconomic climate and geo-political environment.

We have a comprehensive risk management framework in place. During 2024/2025, the Group Board and management reviewed and updated the risk management framework, strategy, policy, and risk appetite in line with the recommendations from our external risk advisors. The annual external risk review provided substantial assurance with recommendations to further enhance the framework to be implemented during 2025/2026.

The Group Board completed an in-depth review of the risk appetite, which resulted in further clarification of the risk appetite against each risk category to enhance the understanding across the organisation. This was done in conjunction with the review of the findings reported in the Sector Risk Profile published by the Regulator of Social Housing and resulted in an update of our risk appetite statement with a clear level of risk being assigned to business activities.

The Group Board keeps the risk appetite of the Group under review in the context of these and other strategic risks, alongside how the organisation can meet its core purpose and organisation objectives, while also fulfilling its co-regulatory responsibilities. This is facilitated using metrics set out in the risk appetite statement to enable the Group Board and committees to assess whether performance remains within parameters agreed.

Alongside this, horizon scanning to capture any areas that should be kept under review is undertaken at each meeting of the Group Audit and Risk Committee.

We stress test our financial and operational plans using single and multi-variate scenario testing and the Audit, Risk and Assurance Committee reviews sources of internal and external assurance as well as the performance and integrity of our internal control framework on an annual basis.

## Report of the Board of Management and Strategic Report continued

The highest risks in terms of their impact and probability are discussed by the Group Audit and Risk Committee on a quarterly basis and are reported through to the Group Board. The report identifies action taken to manage risks as well as identifying new and emerging risks.

A programme of deep dives into the top risks, provides greater scrutiny and validation that the controls and assurance are in place.

Third party assurance is obtained where possible to ensure that Audit, Risk and Assurance Committee and Board have confidence that risks are effectively minimised. For example, Two Rivers Housing have used external advisers to complete stock condition surveys, review cyber risks and review its Treasury Management Policy.

The Group Board continues to monitor the risk and exposures that may arise from economic uncertainty exacerbated geo-political instability and in particular the inflationary pressures that we and our tenants are facing.

The Deputy Chief Executive reports to the Audit, Risk and Assurance Committee and the Group Board on the effectiveness of the internal control environment.

The Board has identified the strategic risks impacting the organisation and agreed actions to strengthen controls to mitigate these. These can be found on pages 68-70.



Strategic risk	Controls and actions
1. Neighbourhood and community services	<ul style="list-style-type: none"> <li>▶ Tenants' Voice Group established to provide scrutiny and assist with the development of services.</li> <li>▶ Effective partnership working with local authority, police and multi-agency teams.</li> <li>▶ Policy in place and partnership working for tackling anti-social behaviour.</li> <li>▶ In-house team for delivering facilities management services.</li> <li>▶ Housing Directorate structure reviewed to strengthen resources to ensure we know who is behind our front doors.</li> <li>▶ Effective community engagement with the delivery of multiple community events.</li> </ul>
2. Quality homes and asset management	<ul style="list-style-type: none"> <li>▶ Asset Management Strategy in place to balance the investment in new homes and in existing homes.</li> <li>▶ External validation of stock condition (five-yearly) completed in 2024 with a clear investment plan set for the next five years.</li> <li>▶ Programme of stock condition surveys with 86.44% achieved by March 2025.</li> <li>▶ Monitoring of plans for changes in property standards.</li> <li>▶ Condition standards workshop delivered to ensure consistency of gradings.</li> </ul>
3. Customer satisfaction	<ul style="list-style-type: none"> <li>▶ Independent quarterly tenant surveys undertaken to assess satisfaction levels.</li> <li>▶ Monthly reporting of complaints.</li> <li>▶ Tenants' Voice Group established to provide scrutiny and assist with the development of services.</li> <li>▶ Strengthened the approach to tenant involvement through the clear links between Tenants' Voice Group, Member responsible for Complaints, and the Customer, Colleague and Culture Committee.</li> <li>▶ In 2025, we will be reviewing our Customer Experience Strategy to ensure it aligns with our new corporate plan.</li> </ul>
4. Refinancing and liquidity	<ul style="list-style-type: none"> <li>▶ Funding strategy reviewed and approved annually.</li> <li>▶ Treasury advisors appointed to provide external assurance and support refinancing projects.</li> <li>▶ Regular monitoring of cashflows and quarterly updating of development programme in the financial plan.</li> <li>▶ Prudent assumptions on future cashflows.</li> <li>▶ Capacity review and refinancing exercise planned for 2025/2026.</li> </ul>



Strategic risk	Controls and actions
5. Health, safety and landlord compliance	<ul style="list-style-type: none"> <li>▶ Specialist team in place with subject experts across teams.</li> <li>▶ Oversight of activity by Board, executive team and Health and Safety Working Group.</li> <li>▶ Regular monitoring and quarterly reporting via Health and Safety Dashboard and Assets Directorate Performance Dashboard.</li> <li>▶ Management plans in place for key risk areas – fire, asbestos, etc.</li> <li>▶ Regular internal audit assessments.</li> <li>▶ Regular second line of assurance checks across all landlord compliance areas.</li> </ul>
6. Changes in the external environment	<ul style="list-style-type: none"> <li>▶ Strategically focused executive team.</li> <li>▶ Exposure to the housing market limited to 30% of the development programme.</li> <li>▶ Welfare, debt and benefit advice team in place to support financially vulnerable tenants.</li> <li>▶ Contingency plans for LCHO schemes including tenure change and buy backs.</li> <li>▶ Additional scrutiny in appraisal process of schemes with a sales element.</li> <li>▶ Prudent assumptions on sales values and proportion of equity sold.</li> </ul>
7. Data integrity	<ul style="list-style-type: none"> <li>▶ KPI framework established to capture and report key performance indicators.</li> <li>▶ Agreed suite of KPIs reported to committees to provide in depth scrutiny of performance.</li> <li>▶ Data Strategy and governance framework in place.</li> <li>▶ Data quality software installed to monitor key data elements.</li> </ul>
8. Repairs and maintenance	<ul style="list-style-type: none"> <li>▶ Repairs policy reviewed and updated, incorporating feedback from repairs workshop held with tenants and Tenants' Voice Group approval.</li> <li>▶ Effective procurement for key works programmes with regular contractor meetings to discuss performance.</li> <li>▶ Regular monitoring and Group Board oversight of repairs performance and level of work in progress.</li> <li>▶ Customer surveys to monitor satisfaction with the service.</li> <li>▶ Feedback from tenants (Tenant Satisfaction Surveys – run by independent research agency Accuity).</li> <li>▶ Robust action on properties suffering from leaks or damp and mould.</li> </ul>

Strategic risk	Controls and actions
9. Data security and confidentiality	<ul style="list-style-type: none"> <li>▶ Cyber security, systems and Data Strategy and management controls and practices in place.</li> <li>▶ Well established data protection, iGovernance system, iGov group and dedicated roles in place.</li> <li>▶ Cyber Essentials Plus certification.</li> <li>▶ Cyber insurance.</li> <li>▶ Data protection and cyber security training for colleagues.</li> <li>▶ Penetration testing conducted on a rolling basis.</li> <li>▶ Data Strategy and governance framework in place.</li> </ul>
10. Regulatory judgement and poor governance	<ul style="list-style-type: none"> <li>▶ Internal audit programme reviewed and approved annually.</li> <li>▶ Regular audits of regulatory requirements.</li> <li>▶ Internal controls framework reviewed annually.</li> <li>▶ Board assurance framework reviewed annually to ensure delivery of key strategic objectives, with performance monitored quarterly by Board.</li> <li>▶ External review of Board effectiveness (three-yearly) with annual Board self-assessment undertaken.</li> <li>▶ Governance structure review completed in 2024/2025 resulting in recruitment of additional Board and Committee Members to increase capacity and broaden skills with new committee structure in place from April 2025.</li> </ul>

The Group Board is continuing to monitor the dynamic operating environment and implement further actions to ensure that the risks arising are managed appropriately and activities remain within the agreed risk appetite.

### Statement of compliance

The Group Board confirms that this strategic review has been prepared in accordance with the principles set out in the Housing SORP: 2018 Update Statement of Recommended Practice for registered social housing providers.

Two Rivers Housing is fully compliant with the Governance and Viability Standard following the review undertaken during the year.




**Edward Pearce**  
Chair

# Statement of the Board responsibilities

The Group Board is responsible for preparing the Strategic Report of the Board of Management and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association and of the income and expenditure for the period of account.

In preparing these financial statements, the Group Board is required to:

- ▶ select suitable accounting policies and then apply them consistently.
- ▶ make judgments and 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 accounts on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of both the Group's and Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

The Report of the Board of Management and Strategic Report was approved on 7 August 2025 and signed on its behalf by:



**Edward Pearce**  
Chair

# Independent Auditor's report to the members of Two Rivers Housing



## Opinion

We have audited the financial statements of Two Rivers Housing and its subsidiary (the Group) for the year ended 31 March 2025 which comprise the Group and Association Statement of Comprehensive Income, Group and Association Statement of Financial Position, Consolidated and Association Statement of Changes to Reserves, Consolidated Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies in Note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2025 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

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



## **Independent Auditor's report to the members of Two Rivers Housing continued**



### **Other information**

The other information comprises the information included in the Report of the Board of Management and Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. 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.

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

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

- ▶ a satisfactory system of control over transactions has not been maintained; or
- ▶ the Group or Association has not kept adequate accounting records; or
- ▶ the Group's or Association's financial statements are not in agreement with books of account; or
- ▶ we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Group Board**

As explained more fully in the Statement of The Board Responsibilities set out on page 71, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- ▶ We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for Registered Housing Providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- ▶ We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- ▶ We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- ▶ The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- ▶ We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- ▶ We enquired of the Board about actual and potential litigation and claims.
- ▶ We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- ▶ In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

## Independent Auditor's report to the members of Two Rivers Housing continued



Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

### Use of the audit report

This report is made solely to the Association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Beever and Struthers".

Lee Cartwright ACA  
Senior Statutory Auditor

**For and on behalf of**  
**Beever and Struthers**  
Chartered Accountants and Statutory Auditor  
150 Minories  
London  
EC3N 1LS

Date: 15 September 2025

# Consolidated and Association Statement of Comprehensive Income

	Note	Group		Association combined	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
<b>Turnover</b>	<b>3</b>	<b>33,267</b>	<b>30,738</b>	<b>33,350</b>	<b>30,787</b>
Cost of sales	3	(2,518)	(2,629)	(2,518)	(2,629)
Operating expenditure	3	(25,436)	(21,002)	(25,434)	(20,993)
Loss in respect of investment properties		-	(5)	-	(5)
Surplus on disposal of property, plant and equipment	4	1,021	810	1,021	810
<b>Operating surplus</b>	<b>3</b>	<b>6,334</b>	<b>7,912</b>	<b>6,419</b>	<b>7,970</b>
Interest receivable	5	890	1,570	890	1,569
Interest and financing costs	6	(4,427)	(4,544)	(4,426)	(4,544)
<b>Surplus before tax</b>	<b>7</b>	<b>2,797</b>	<b>4,938</b>	<b>2,883</b>	<b>4,995</b>
Taxation	10	-	-	-	-
<b>Surplus for the year</b>		<b>2,797</b>	<b>4,938</b>	<b>2,883</b>	<b>4,995</b>
Actuarial (loss) in respect of pension scheme	19	(528)	(4,973)	(528)	(4,973)
<b>Total comprehensive income / (loss) for the year</b>		<b>2,269</b>	<b>(35)</b>	<b>2,355</b>	<b>22</b>

The Association has no other recognised gains or losses. The notes on pages 80 to 134 form an integral part of these financial statements.

The financial statements were approved by the Group Board on 7 August 2025 and signed on its behalf by:



*Signature*  
**Edward Pearce**  
Chair



*Signature*  
**Tim Jackson**  
Vice Chair



*Signature*  
**Carol Dover**  
Deputy Chief  
Executive and  
Secretary



# Consolidated and Association Statement of Financial Position

	Note	Group		Association	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Fixed assets					
Housing properties	11	225,276	208,823	225,675	209,037
Other tangible fixed assets	12	3,641	3,616	3,641	3,616
Intangible assets	13	22	34	22	34
Investment properties	14	480	480	480	480
		229,419	212,953	229,818	213,167
Current assets					
Properties held for sale	15	1,777	1,997	1,777	1,997
Inventories		71	98	71	98
Debtors	16	1,068	908	1,150	953
Cash and cash equivalents		13,098	22,901	12,799	22,794
		16,014	25,904	15,797	25,842
Creditors: Amounts falling due within one year	17	(19,834)	(14,406)	(19,833)	(14,461)
Net current assets		(3,820)	11,498	(4,036)	11,381
Total assets less current liabilities		225,599	224,451	225,782	224,548
Creditors: Amounts falling due after more than one year	18	(157,627)	(159,159)	(157,627)	(159,159)
Defined benefit pension (liability)/asset	19	(222)	(62)	(222)	(62)
Net assets		67,750	65,230	67,933	65,327
Capital and reserves					
Revenue reserve		67,750	65,230	67,933	65,327
Total reserves		67,750	65,230	67,933	65,327



**Edward Pearce**  
Chair



**Tim Jackson**  
Vice Chair



**Carol Dover**  
Deputy Chief  
Executive and  
Secretary

Registered number: 9498

# Consolidated and Association Statement of Changes to Reserves



	Group		Association	
	Revenue reserve £'000	Total £'000	Revenue reserve £'000	Total £'000
At 31 March 2023	65,265	65,265	65,867	65,867
Surplus for the year	4,938	4,938	4,995	4,995
CFM Reserves to 31-03-2023			(403)	(403)
CFM Surplus 2023-24			(159)	(159)
Actuarial loss in respect of pension schemes	(4,973)	(4,973)	(4,973)	(4,973)
At 31 March 2024	65,230	65,230	65,327	65,327
Surplus for the year	2,797	2,797	2,883	2,883
CFM Reserves	251	251	251	251
Actuarial loss in respect of pension schemes	(528)	(528)	(528)	(528)
At 31 March 2025	67,750	67,750	67,933	67,933

# Consolidated Statement of Cash Flows

	Note	2025 £'000	2024 £'000
<b>Net cash generated from operating activities</b>	<b>21</b>	<b>13,465</b>	<b>16,665</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, and equipment		(24,771)	(32,872)
Purchase of intangible assets		-	(1)
Proceeds from sale of property, plant, and equipment		1,730	1,285
Grants received		4,248	2,635
Interest received		890	1,570
<b>Net cash flows from investing activities</b>		<b>(17,903)</b>	<b>(27,383)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(5,365)	(5,365)
Repayment of borrowings		-	(5,000)
<b>Net cash flows from financing activities</b>		<b>(5,365)</b>	<b>(10,365)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(9,803)</b>	<b>(21,083)</b>
Cash and cash equivalents at beginning of year	21	22,901	43,984
Cash and cash equivalents at end of year	21	13,098	22,901
Cash and cash equivalents comprise:			
		<b>2025 £'000</b>	<b>2024 £'000</b>
<b>Cash at bank</b>		<b>13,098</b>	<b>22,901</b>

The notes on pages 80 to 134 form an integral part of these financial statements.

# Notes to the Financial Statements

## 1. Legal status and principal activities

Two Rivers Housing was a company limited by guarantee registered under the Companies Act 2006 and is a registered provider of social housing in England. On 18 March 2025, Two Rivers Housing converted to a Charitable Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014.

The address of its registered office and principal place of business are as disclosed on page 7 of these financial statements.

Two Rivers Housing is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Housing Association. The registered office is Rivers Meet, Cleeve Mill Lane, Newent, Gloucestershire, GL18 1DS.

Two Rivers Housing's principal activity is to provide social housing.

The Group comprises the following entities:

Name	Incorporation	Registered / Non-registered
Two Rivers Housing	Co-operative and Community Benefit Societies Act 2014	Registered
Two Rivers Development Limited	Companies Act 2006	Non-registered

Centigen FM Limited (former subsidiary) transferred its reserves to Two Rivers Housing on 31 March 2025 and was registered under Companies Act 2006.

## 2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year, unless otherwise noted.

### ***Basis of accounting***

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group financial statements.



## Notes to the Financial Statements continued

### 2. Accounting policies continued

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements are prepared on the historical cost basis of accounting as modified by the revaluation of investments and are presented in sterling £'000 for the year ended 31 March 2025.

The Group's financial statements have been prepared in compliance with FRS 102.

The Group meets the definition of a Public Benefit Entity (PBE).

#### ***Parent company disclosure exemptions***

In preparing the separate financial statements of the Parent Entity, advantage has been taken of the following disclosure exemptions available in FRS 102:

- ▶ No cash flow statement has been presented for the Parent Entity.
- ▶ Disclosures in respect of the Parent Entity's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.

#### ***Basis of consolidation***

The consolidated financial statements incorporate the results of Two Rivers Housing and all of its subsidiary undertakings as at 31 March 2025, using the merger method of accounting as required.

#### ***Going concern***

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted in the business plan updated for 2025/2026 and therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis.

The Group's business activities, its current financial position, and factors likely to affect its future development are set out within the Report of the Board. The Group has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day-to-day operations.

The Group also has a long-term business plan, which shows that it can service these debt facilities while continuing to comply with lenders' covenants. On 31 March 2025, the Group had available cash balances of £13.1m, and a further £21.4m of secured but undrawn loan facilities that could be drawn at short notice.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

The Group Board's assessment of going concern involves several subjective judgements including, but not limited to, potential increased rent arrears, delayed rent collections, increased voids, reduction in property prices and delays in property sales and costs associated with achieving energy efficient homes. In making its assessment the Group Board has also considered the potential mitigations available to manage the potential impact on its cashflows and liquidity.

A wide-ranging multivariate stress test has been run on the business plan including the normal suite of scenarios that are tested regularly.

The stress testing is based on scenarios provided by the Group's funding advisors and risk management advisors including indices on consumer prices, house prices, and interest rates.

The multivariate stress tests include the impact of sensitivities on the Association's cash flow requirements, compliance with debt facilities, as well as covenant compliance. Mitigating actions, for example delays in non-essential expenditure, changes to the development programme and staff cost reductions, have been identified for all scenarios. This stress testing found that the business plan is robust and does not affect the Group's ability to meet its obligations but would require the EBITDA MRI covenant with Barclays to be renegotiated to an EBITDA only covenant.

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

### ***Critical accounting judgements and key sources of estimation uncertainty***

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Significant judgments***

##### ***a. Development expenditure***

The Group capitalises development expenditure in accordance with the accounting policy described on page 88. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

#### *b. Categorisation of housing properties*

The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented property are investment properties.

#### *c. Lease accounting*

Whether the risks and rewards of ownership in relation to individual leases indicate that it should be accounted for as a finance lease or an operating lease. Two Rivers Housing do not currently have any finance leases.

#### *d. Classification of loans as basic*

Two Rivers Housing has a number of loans that have a break clause, which is applicable where the loan is repaid early and could result in a break cost. The loans in question are fixed rate loans. In a prepayment scenario that results in a break gain, the loans agreement provides for the repayment of the capital at par. Management has assessed the clause against the condition set out in FRS 102 11.9b, which states that for a loan to be classified as basic there should be no contractual provision that results in the holder losing the principal amount or any interest attributable to current or prior periods. Management has concluded that the loans are basic on the basis that any repayment relates to future interest payments and not the repayment of the principal amount or interest that is due. Management have considered the terms of the loan agreements and concluded that they do meet the definition of a basic financial instrument, therefore such instruments are held at amortised cost.

#### *e. Impairment of social housing properties*

As part of the Group's continuous review of the performance of its assets, management identify any impairment triggers, which may affect any homes, or schemes. Such triggers include increasing void losses, government policy changes (such as welfare reform changes, rent caps or rent reductions), any significant damage or repairs required to any homes, failure to meet energy efficiency standards, or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment.

Where there is evidence of impairment, the recoverable amount of the fixed assets affected is determined and any impairment losses are charged to the Statement of Comprehensive Income.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets (cash-generating unit) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply. Management has considered the detailed criteria set out in the SORP and the triggers listed above in order to assess whether an indicator of impairment exists. Their judgement is that there is no impairment charge in 2024/2025 (2023/2024: £55k).

#### Key sources of estimation uncertainty:

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### *a. Tangible fixed assets*

Other than investment properties, tangible fixed assets are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of tangible fixed assets on 31 March 2025 was £3.641m.

#### *b. Intangible fixed assets*

Intangible fixed assets are amortised over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

#### *c. Pension and other post-employment benefits*

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 19).



## Notes to the Financial Statements continued

### 2. Accounting policies continued

Two Rivers Housing has adjusted the net asset to reflect the asset ceiling, which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net defined benefit pension liability on 31 March 2025 was £222k (2023/2024: £62k).

#### d. Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases the assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices.

Fair value measurements were applied to investment properties in the year. Refer to Note 14 for more details.

#### e. Provisions

Provision is made for dilapidations, bad debts arising from rental arrears and redundancy costs. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

### ***Merger accounting***

On 31 March 2025, Two Rivers Housing received a Transfer of Assets from Centigen Facilities Management a subsidiary of the parent entity Two Rivers Housing. This combination meets the requirement of a merger as set out in Section 34 of FRS102 (public benefit combinations). As such the Group and Association financial statements have been represented as though the combined Group and Association had been in existence throughout the current and comparative periods.

Where merger accounting is used, the investment is recorded in the Association's Statement of Financial Position at the nominal value of the shares issued together with the fair value of any additional consideration paid. In the Group's financial statements, merged subsidiary undertakings are treated as if they had already been a member of the Group. The results of such a subsidiary are included for the whole period in the year it joins the Group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous Statement of Financial Position date and the shares issued by the Association as consideration as if they had always been in issue.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

#### ***Turnover and revenue recognition***

Turnover represents rental income receivable, amortised capital grant, revenue grants from Local Authorities and the Homes England, income from the sale of Shared Ownership and other properties developed for outright sale and other income.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements, the grants are recognised when received or receivable. If there are specific performance requirements, the grant is recognised in turnover, when the performance requirements are met.

Where developments have been financed wholly or partly by Social Housing Grant (SHG) and other grants, the income is recognised in turnover (using the accruals model) over the estimated useful life of the assets (excluding land), which it funds. For housing properties this is over the estimated useful life of the structure of the asset.

Where major works have been financed wholly or partly by capital works grants, the income is recognised in turnover (using the accruals model) over the estimated useful life of the components which it funds.

Sales of properties developed for outright sale are included in turnover and cost of sales and are recognised on legal completion.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposals occur, and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Other income is included at the invoiced value of goods and services provided.

Donations received under the Gift Aid scheme to the parent association (Two Rivers Housing), from its subsidiaries are recognised as turnover upon receipt as it relates to the principal activities of the Association and is eliminated on consolidation.

Income from property sales is recognised on legal completion.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

#### **Service charges**

Service charge income and costs are recognised on an accrual basis. The Group operates both fixed and variable service charges on a scheme-by-scheme basis. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to tenants by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required, a provision may be built up over the years, in consultation with the tenants; until these costs are incurred this liability is held in the Statement of Financial Position within long-term creditors.

#### **Loan interest costs**

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

#### **Loan finance issue costs**

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

#### **Taxation**

As Two Rivers Housing is registered as an exempt charity with the Financial Conduct Authority, they are exempt from corporation tax. Two Rivers Developments Limited is liable to corporation tax on its taxable surpluses.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Association's subsidiaries operate and generate taxable income

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- ▶ The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

- ▶ Any deferred tax balances are reversed when all conditions for retaining associated tax allowances have been met, and;
- ▶ Where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### ***Value Added Tax***

The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the financial statements are inclusive of VAT to the extent that it is suffered by the Group and not recoverable. The balance receivable or payable at the year-end is within the current assets or current liabilities.

#### ***Tangible fixed assets and depreciation***

##### *Housing properties*

Tangible fixed assets are stated at cost, less accumulated depreciation.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.



## Notes to the Financial Statements continued

### 2. Accounting policies continued

Traditional housing structure	100 years
Roofs	60 years
Non-traditional housing structure and garages	30 years
Electrics	30 years
Solar panels	30 years
External wall insulation	30 years
Doors and windows	20 years
Kitchens	20 years
Bathrooms	20 years
Heating and ventilation systems	15 years

The Group depreciates housing properties held on long-term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

Freehold offices:	
Doors and windows	20 years
Kitchens	20 years
Bathrooms	20 years
Heating systems	15 years
Electrics	30 years
Mechanical installations	20 years
Lift	15 years
External works	20 years
Furniture, fixtures, and fittings	5 years
Vehicles	5 years
Computer equipment	5 years

## Notes to the Financial Statements continued

### 2. Accounting policies continued

#### Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

#### **Shared Ownership property sales**

Shared Ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal, which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property, plant and equipment.

Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or non-current assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposals occur and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

#### **Intangible assets**

Intangible assets are stated at historic cost or valuation, less accumulated amortisation, and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	5 years
-------------------	---------

#### **Capitalisation of interest and administration costs**

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

#### ***Leasing and hire purchase***

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components, so that the interest element of the payment is charged to the Statement of Comprehensive Income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

#### ***Investment property***

Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date.

Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location, or condition of the specific asset. No depreciation is provided.

Changes in fair value are recognised in the Statement of Comprehensive income. There are no restrictions on realisation or remittance of income or disposal proceeds.

#### ***Investments***

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are re-measured to market value at each reporting date. Gains and losses on re-measurement are recognised in the Statement of Comprehensive Income for the period.

Investments in listed company shares, which have been classified as current asset investments, are re-measured to market value at each reporting date. Gains and losses on re-measurement are recognised in the Statement of Comprehensive Income for the period.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

#### ***Current asset investments***

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the Statement of Comprehensive Income.

#### ***Stock and properties held for sale***

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed for outright sale are included in current assets as they are intended to be sold at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

#### ***Short-term debtors and creditors***

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

#### ***Social Housing Grant and other government grants***

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grants (SHG) received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover.

When SHG in respect of housing properties during construction, exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model where the grant is held as deferred income and released to income only when any performance-related conditions are met.

#### ***Recycling of capital grant***

Where Social Housing Grant is recycled, the Social Housing Grant (SHG) is credited to a fund which appears as a creditor until used to fund the acquisition of new properties or fire safety works, where recycled grant is known to be repayable it is shown as a creditor within one year.

For Shared Ownership staircasing sales, when full staircasing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not recognised as a provision.

On subsequent staircasing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remains within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

#### ***Holiday pay accrual***

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

#### ***Retirement benefits***

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the group has a participating interest. The pension scheme assets are measured at fair value and liabilities are measured on actuarial basis using the projected unit credit method.



## Notes to the Financial Statements continued

### 2. Accounting policies continued

#### Defined Benefit Schemes

The Group participates in two industry wide multi-employer defined benefit pension schemes where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. These schemes are the Social Housing Pension Scheme (SHPS) and the Local Government Pension Scheme (LGPS). Membership to these schemes restricted.

The amounts charged to operating surplus are the costs arising from the employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to surplus for the year and included within finance costs. Remeasurement of the net assets/defined liability are recognised in other comprehensive income. Defined benefit schemes are funded in separate trustee administered funds.

The actuarial valuations are obtained triennially and are updated at each reporting date. If the present value of the defined benefit obligation is less than the fair value of plan assets at the reporting date, the plan has a surplus. In this situation, the Group will only recognise the plan surplus as a defined benefit plan asset to the extent that it is able to recover the surplus, either through reduced contributions in the future or through refunds from the plan. The Group will cap the net asset at the asset ceiling.

The asset ceiling methodology assumes that the employer has no unconditional right to a refund from the fund and therefore there is no economic benefit available as a refund, but it assumes that the economic benefit is available as a reduction in future contributions.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

#### Defined contribution scheme

The Group participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position. Assets of the scheme are kept separately from those of the Association.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

#### **Provisions**

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated. The Group makes a provision for rental arrears, which are considered to be non-recoverable. The full value of former tenant debt is provided for. The provision for current tenant debt is calculated based upon the value of the debt.

#### **Revaluation reserve**

The revaluation reserve represents the difference on transition between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

#### **Reserves**

Reserves are held to ensure, as far as is reasonably possible, that Two Rivers Housing's future expenditure objectives can be met. Reserves will be used for maintaining and improving housing properties. Reserves will be a minimum of six months of operating cost to meet short-term obligations and will not exceed three years of operating costs. Reserves will only be used providing all loan covenants can be met.

#### **Interest payable**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined based on the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period that equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets carried at amortised cost comprise rent arrears, trade and other receivables, and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs.

After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

The carrying amount of the asset is reduced accordingly. A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial liabilities are carried at amortised cost.

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Financial assets and financial liabilities are measured at transaction price initially plus, in the case of a financial asset or financial liability, not at fair value through the Statement of Comprehensive Income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- ▶ Debt instruments that meet the conditions in paragraph 11.8(b) or 11.8(bA) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.
- ▶ Commitments to receive or make a loan to another entity, which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.
- ▶ Investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are measured at:
  - ▶ Fair value with changes in fair value recognised in the Statement of Comprehensive Income if the shares are publicly traded or their value can otherwise be measured reliably, and;
  - ▶ At cost less impairment for all other such investments.

## Notes to the Financial Statements continued

### 2. Accounting policies continued

Financial instruments held by the Group are classified as follows:

- ▶ Cash is held at cost.
- ▶ Financial assets, such as current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.
- ▶ Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- ▶ Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method.
- ▶ Commitments to receive or make a loan to another entity, which meet the conditions above are held at cost less impairment.
- ▶ An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value.
- ▶ Derivatives, such as interest rate swaps, are classified as financial assets or financial liabilities at fair value.

Financial assets and financial liabilities at fair value, are classified using the following fair value hierarchy:

- a. The best evidence of fair value is a quoted price in an active market.
- b. When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
- c. Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

#### **Loans**

All loans held by the Group are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Arrangement fees, agency fees and related legal fees payable when entering new loans are capitalised then charged to the Statement of Comprehensive Income over the life of the loan via the effective interest method. Loan finance issue costs are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.



## Notes to the Financial Statements continued

### 2. Accounting policies continued

#### *Loan finance issue costs*

Loan finance issue costs are amortised over the life of the related loan.

Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.





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

2025	Note	Turnover	Cost of sales	Operating expenditure	Surplus on disposal of fixed assets	Operating surplus
		£'000	£'000	£'000	£'000	£'000
Social housing lettings	3a	29,375	-	(24,848)	-	4,527
Other social housing activities						
First tranche property sales		3,543	(2,518)	-	-	1,025
Other activities		51	-	-	-	51
Garages		159	-	(11)	-	148
		3,753	(2,518)	(11)	-	1,224
Activities other than social housing activities						
Market rent		88	-	-	-	88
Open market sales		-	-	-	-	-
Other		51	-	(577)	-	(526)
		139	-	(577)	-	(438)
Surplus on disposal of property, plant and equipment					1,021	1,021
Total		33,267	(2,518)	(25,436)	1,021	6,334

2024	Note	Turnover	Cost of sales	Operating expenditure	Surplus on disposal of fixed assets	Operating surplus
		£'000	£'000	£'000	£'000	£'000
Social housing lettings	3a	26,107	-	(20,842)	-	5,265
Other social housing activities						
First tranche property sales		3,743	(2,629)	-	-	1,114
Other activities		569	-	(52)	-	517
Garages		152	-	(17)	-	135
		4,464	(2,629)	(69)	-	1,766
Activities other than social housing activities						
Market rent		76	-	-	-	76
Open market sales		-	-	-	-	-
Other		91	-	(91)	-	-
		167	-	(91)	-	76
Surplus on disposal of property, plant and equipment					810	810
Gain in respect of investment properties					(5)	(5)
Total		30,738	(2,629)	(21,002)	805	7,912

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

2025	Note	Turnover	Cost of sales	Operating expenditure	Surplus on disposal of fixed assets	Operating surplus
		£'000	£'000	£'000	£'000	£'000
Social housing lettings	3a	29,375	-	(24,848)	-	4,527
Other social housing activities						
First tranche property sales		3,543	(2,518)	-	-	1,025
Other activities		51	-		-	51
Garages		159	-	(11)	-	148
		3,753	(2,518)	(11)	-	1,224
Activities other than social housing activities						
Market rent		88	-	-	-	88
Other		134	-	(575)	-	(441)
		222	-	(575)	-	(353)
Surplus on disposal of property, plant and equipment					1,021	1,021
Total		33,350	(2,518)	(25,434)	1,021	6,419

2024 Combined	Note	Turnover	Cost of sales	Operating expenditure	Surplus on disposal of fixed assets	Operating surplus
		£'000	£'000	£'000	£'000	£'000
Social housing lettings	3a	26,107	-	(20,842)	-	5,265
Other social housing activities						
First tranche property sales		3,743	(2,629)	-	-	1,114
Other activities		572	-	(43)	-	529
Garages		152	-	(17)	-	135
		4,467	(2,629)	(60)	-	1,778
Activities other than social housing activities						
Market rent		76	-	-	-	76
Other		137	-	(91)	-	46
		213	-	(91)	-	122
Surplus on disposal of property, plant and equipment					810	810
Gain in respect of investment properties					(5)	(5)
Total		30,787	(2,629)	(20,993)	805	7,970

There was no gift aid received from subsidiary companies in 2024-25 (2023/2024: £Nil).

## Notes to the Financial Statements continued

### 3a. Particulars of income and expenditure from social housing lettings – Group and Association

	General Needs Housing £'000	Supported Housing and Housing for Older People £'000	Low Cost Home Ownership £'000	2025 £'000	Actual 2024 combined £'000
<b>Income</b>					
Rents receivable	23,319	3,237	1,388	27,944	24,991
Service charge income	304	718	59	1,081	835
Amortised government grant	270	-	22	292	255
Other grants	58	-	-	58	26
Turnover from social housing lettings	23,951	3,955	1,469	29,375	26,107
<b>Expenditure</b>					
Management	4,939	756	468	6,163	5,432
Service charge costs	451	913	116	1,480	1,200
Routine maintenance	4,770	730	-	5,500	4,542
Planned maintenance	2,180	334	-	2,514	2,230
Major repairs expenditure	2,512	385	-	2,897	1,813
Bad debts	128	58	36	222	121
Abortive development	6	-	-	6	11
Depreciation of housing properties	4,862	744	460	6,066	5,437
Impairment of housing properties					55
Operating costs	19,848	3,920	1,080	24,848	20,841
<b>Operating surplus social housing lettings</b>	<b>4,103</b>	<b>35</b>	<b>389</b>	<b>4,527</b>	<b>5,266</b>
<i>Void losses</i>	307	60	13	380	269

## Notes to the Financial Statements continued

### 4. Surplus on disposal of property, plant, and equipment – Group and Association

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Proceeds of sale	1,730	1,285	1,730	1,285
Costs of sale	(384)	(144)	(384)	(144)
Carrying value of fixed assets	(325)	(331)	(325)	(331)
Surplus on disposal of property, plant and equipment	1,021	810	1,021	810

### 5. Other finance income

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Bank interest receivable	890	1,570	890	1,569

### 6. Interest and financing costs

	Note	Group		Association	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Bank loans and overdrafts		5,374	5,378	5,374	5,378
Loan amortisation		85	234	85	234
Unwinding of discounts on provisions		(52)	(49)	(52)	(49)
Net interest on defined benefit liability	19	(318)	(221)	(318)	(221)
		5,089	5,342	5,089	5,342
Less interest capitalised		(662)	(798)	(662)	(798)
		4,427	4,544	4,427	4,544

## Notes to the Financial Statements continued

### 6. Interest and financing costs continued

Total facilities available amount to £192.85m, of which £142.85m is currently drawn.

The funding is measured at fair value, net of transaction costs using the effective interest method. The fair value adjustment of the loan facilities in place during the year is (£52,000) (2023/2024: £49,000).

Borrowing costs have been capitalised based on a capitalisation rate of 3.49% (2023/2024: 3.46%), which is the weighted average of rates applicable to the Group's general borrowings outstanding during the year.

### 7. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging/(crediting):

	Group		Association Combined	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Depreciation of housing stock	6,066	5,437	6,066	5,438
Depreciation of property, plant and equipment	269	225	269	225
Amortisation of intangible assets	12	17	12	17
Impairment of housing stock	-	55	-	55
Amortised government grants	(292)	(255)	(292)	(255)
Surplus on disposal of fixed assets	(1,021)	(810)	(1,021)	(810)
Auditors remuneration (excluding VAT)	35	37	32	33
Fees payable to the company's auditors for other services				
- Other services	3	3	3	2
- Tax compliance services	1	3	1	2
Operating lease rentals	262	222	262	222



## Notes to the Financial Statements continued

### 8. Employee costs

	Group		Association Combined	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Wages and salaries	6,034	5,261	6,034	5,261
Social security costs	608	531	608	531
Other pension costs	812	684	812	684
	7,454	6,476	7,454	6,476

The full-time equivalent number of staff who received emoluments, excluding pension contribution, in excess of £60,000 were shown below:

Salary Band (£)	2025	2024
	Number	Number
60,000 – 69,999	1	4
70,000 – 79,999	5	2
80,000 – 89,999	2	-
90,000 – 99,999	-	-
100,000 – 109,999	-	-
110,000 – 119,999	-	-
120,000 – 129,999	-	1
130,000 – 139,999	1	-
140,000 – 149,999	-	-
150,000 – 159,999	-	-
160,000 – 169,999	1	1
Total	10	8

## Notes to the Financial Statements continued

### 8. Employee costs continued

The average number of employees (including Executive Directors) by category employed during the year:

	Group		Association Combined	
	2025	2024	2025	2024
	Number	Number	Number	Number
Administration	68	73	68	73
Property management	23	21	23	21
Housing for older people and housing management	30	23	30	23
Repairs team	38	34	38	34
Cleaners and grounds maintenance	15	14	15	14
	174	165	174	165

Average number of full-time equivalent staff employed during the year (including Executive Directors):

	Group		Association Combined	
	2025	2024	2025	2024
	FTE	FTE	FTE	FTE
	164	155	164	155

The basis of the calculation of the full-time equivalents was calculated on 40 hours per week for the repairs team, 39.25 for the grounds maintenance and cleaning teams, and 37 hours for all other staff.

## Notes to the Financial Statements continued

### 9. Director's remuneration and transactions

Directors who are executive staff members

	2025 £'000	2024 £'000
Wages and salaries	458	413
Social security costs	59	53
Pension costs	79	68
	596	534

*Including benefits*

Remuneration of the highest paid director, excluding pension contribution	2025 £'000	2024 £'000
Emoluments	163	166

Remuneration payable to the highest paid director in relation to the period of account amounted to £163,000 excluding pensions (2023/24: £166,000).

Hayley Selway is the Chief Executive of Two Rivers Housing Group. She received remuneration for the year ending 31 March 2025 totalling £163k.

She is a member of the Local Government Defined Benefit Pension Scheme. The scheme is funded in line with pension scheme guidelines. No enhanced or special terms apply.

## Notes to the Financial Statements continued

### 9. Director's remuneration and transactions continued

The following Non-executive Board Members received the following remuneration during the financial year.

	2025 £'000	2024 Combined £'000
Ms Susan Holmes	-	6
Mrs Rita Jones	-	4
Mr Tim Jackson	6	5
Ms Yvonne Leishman	7	10
Mr Ted Pearce	8	5
Mr Tim Sharpe	6	6
Mr Jonathan Higgs	5	4
Mrs Charlotte Marshall	6	4
Mrs Sharon Wilkins	4	3
Miss Audrey James	5	1
Mr Richard Chappell	3	-
Ms Anne Marie Millar	1	-
Mr David Greenhalgh	1	-
	52	48

## Notes to the Financial Statements continued

### 10. Taxation

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
<b>Corporation tax:</b>				
Current tax on surplus for the year	25	40	-	-
Adjustments in respect of previous years	(25)	(40)	-	-
	-	-	-	-
Deferred Tax	-	-	-	-
<b>Total tax</b>	-	-	-	-
<b>Corporation tax:</b>				
Current tax on surplus for the year	2,797	4,938	2,883	4,995
Tax charged at standard rate of 25% (2024: 19%)	699	1,235	721	1,249
<b>Effect of:</b>				
Utilisation of tax losses	(25)	(40)	-	-
Surplus arising with charitable status	(674)	(1,195)	(721)	(1,249)
Deferred tax not recognised	-	-	-	-
	-	-	-	-



## Notes to the Financial Statements continued

### 11. Tangible fixed assets – housing properties – Group

	Completed properties £'000	Properties under construction £'000	Completed Shared Ownership £'000	Shared Ownership under construction £'000	Total £'000
<b>Cost</b>					
At 1 April 2024	235,831	4,376	26,164	3,070	269,441
Additions	-	14,013	-	6,368	20,381
Components capitalised	4,751	-	-	-	4,751
Disposals	(2,145)	-	(540)	-	(2,685)
Schemes completed in the year	12,706	(12,706)	5,049	(5,049)	-
Tenure changes	132	-	(132)	-	-
Transfers from properties held for sale	-	-	57	-	57
Transfer to properties held for sale	-	-	-	(2,054)	(2,054)
At 31 March 2025	251,275	5,683	30,598	2,335	289,891
<b>Depreciation</b>					
At 1 April 2024	(58,369)	-	(2,249)	-	(60,618)
Charge for the year	(5,670)	-	(397)	-	(6,067)
Eliminated on disposals	2,046	-	24	-	2,070
Eliminated on transfer to properties held for sale	-	-	-	-	-
Tenure changes	(27)	-	27	-	-
At 31 March 2025	(62,020)	-	(2,595)	-	(64,615)
<b>Net book value</b>					
At 31 March 2025	189,255	5,683	28,003	2,335	225,276
At 31 March 2024	177,462	4,376	23,915	3,070	208,823
<b>Works to existing properties in year</b>					
			<b>2025</b>		<b>2024</b>
			<b>£'000</b>		<b>£'000</b>
Revenue			10,911		8,635
Capital			4,751		4,898
Total			15,662		13,533
New homes			20,381		28,875
Total			20,381		28,875

All property is freehold. Additions in the year include £662,000 of capitalised interest (2023/2024: £798,000) and £368,000 of capitalised development overheads (2023/2024: £354,000).

In 2023/2024, there was a £55k impairment relating to the net book value of components at a scheme that was demolished in November 2024.

## Notes to the Financial Statements continued

### 11. Tangible fixed assets – housing properties – Association

	Completed properties £'000	Properties under construction £'000	Completed Shared Ownership £'000	Shared Ownership under construction £'000	Total £'000
<b>Cost</b>					
At 1 April 2024	235,830	4,588	26,164	3,073	269,655
Additions	-	14,198	-	6,368	20,566
Components capitalised	4,751	-	-	-	4,751
Disposals	(2,145)	-	(540)	-	(2,685)
Schemes completed in the year	12,706	(12,706)	5,049	(5,049)	-
Tenure changes	132	-	(132)	-	-
Transfers from properties held for sale	-	-	57	-	57
Transfer to properties held for sale	-	-	-	(2,054)	(2,054)
At 31 March 2025	251,274	6,080	30,598	2,338	290,290
<b>Depreciation</b>					
At 1 April 2024	(58,369)	-	(2,249)	-	(60,618)
Charge for the year	(5,670)	-	(397)	-	(6,067)
Eliminated on disposals	2,046	-	24	-	2,070
Eliminated on transfer to properties held for sale	-	-	-	-	-
Tenure changes	(27)	-	27	-	-
At 31 March 2025	(62,020)	-	(2,595)	-	(64,615)
<b>Net book value</b>					
At 31 March 2025	189,254	6,080	28,003	2,338	225,675
At 31 March 2024	177,461	4,588	23,915	3,073	209,037

<b>Works to existing properties in year</b>	<b>2025 £'000</b>	<b>2024 £'000</b>
Revenue	10,911	8,585
Capital	4,751	3,371
<b>Total</b>	<b>15,662</b>	<b>11,956</b>
New homes	20,566	16,924
<b>Total</b>	<b>36,228</b>	<b>28,880</b>

All property is freehold. Additions in the year include £662,000 of capitalised interest (2023/2024: £798,000) and £286,000 of capitalised development overheads (2023/2024: £304,000).

In 2023/2024, there was a £55k impairment relating to the net book value of components at a scheme that was demolished in November 2024.

## Notes to the Financial Statements continued

### 11. Tangible fixed assets – housing properties – Association continued

Freehold land and buildings with a carrying amount of £110m (2023/2024: £129m) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

### 12. Property, plant, and equipment – other – Group and Association

Group and Association	Office premisses £'000	Motor Vehicles £'000	Computer Equipment £'000	Fixtures and fittings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>						
At 1 April 2024	4,573	274	461	109	127	5,544
Additions	-	41	125	-	135	301
Disposals	-	-	(28)	(9)	(17)	(54)
At 31 March 2025	4,573	315	558	100	245	5,791
<b>Depreciation</b>						
At 1 April 2024	(1,352)	(33)	(326)	(109)	(108)	(1,928)
Charge for the year	(122)	(40)	(76)	-	(34)	(272)
Disposals	-	-	26	9	15	50
At 31 March 2025	(1,474)	(73)	(376)	(100)	(127)	(2,150)
<b>Net book value</b>						
At 31 March 2025	3,099	242	182	-	118	3,641
At 31 March 2024	3,221	241	135	-	19	3,616

## Notes to the Financial Statements continued

### 13. Intangible fixed assets – Group and Association

Group and Association	Computer software £'000	Total £'000
<b>Cost</b>	498	498
At 1 April 2024	-	-
Additions	498	498
At 31 March 2025		
<b>Amortisation</b>	(464)	(464)
At 1 April 2024	(12)	(12)
Charge for the year	(476)	(476)
At 31 March 2025		
<b>Net book value</b>	22	22
At 31 March 2025	34	34
At 31 March 2024		

### 14. Investments

#### 14a. Investment properties – Group and Association

	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Investment properties as at 1 April 2024	480	485	480	485
(Loss)/gain from adjustment in fair value	-	(5)	-	(5)
Investment properties as at 31 March 2025	480	480	480	480

Market rented properties are treated as investment properties. Changes in the value of market rented properties are taken to the Statement of Comprehensive Income. The last market valuation was carried out by a qualified valuer in accordance with the RICS Valuation – Professional Standards 2014 by a qualified valuer in accordance with the RICS Valuation – Professional Standards 2014 in March 2025. There was no change in the valuation.

## Notes to the Financial Statements continued

### 14b. Principal Group investments

The parent Association and the Group have investments in the following subsidiary undertakings, associates and other investments, which principally affected the surpluses or net assets of the Group.

Subsidiary undertaking	Legal form	Principal activity	Holding (%)
Two Rivers Developments	Limited company	Developing properties on behalf of Two Rivers Housing	100

The assets of Centigen FM Limited were transferred to Two Rivers Housing on 31 March 2025.

### 15. Inventories and properties held for sale

	2025	2024
Group and Association combined	£'000	£'000
<b>Inventories</b>		
Maintenance stock	71	98
<b>Properties held for sale</b>		
Shared Ownership first tranche sale properties - Completed	594	376
Shared Ownership first tranche sale properties - Under construction	1,183	1,580
Properties held for voluntary disposal	-	41
	1,777	1,997

### 16. Debtors – amounts falling due within one year

	Group		Association combined	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Rent arrears	1,464	1,274	1,464	1,274
Provision for bad debts	(1,297)	(1,146)	(1,297)	(1,146)
Trade debtors	14	163	14	163
Amounts owed by Group undertakings	-	-	82	47
Other debtors	8	104	8	104
Other taxation and social security	-	-	-	-
Prepayments and accrued income	879	513	879	513
	1,068	908	1,150	955



## Notes to the Financial Statements continued

### 17. Creditors – amounts falling due within one year

	Note	Group		Association combined	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Bank loans		11,350	5,850	11,350	5,850
Rents received in advance		1,108	1,081	1,108	1,086
Trade creditors		1,036	810	1,036	810
Amounts owed to Group undertakings		-	-	883	308
Other taxation and social security		115	126	116	126
Other creditors		1,772	849	978	844
Government grants	18	292	264	292	264
Accruals and deferred income		4,161	5,424	4,070	5,173
		19,834	14,404	19,833	14,461

In line with government guidance, the Group's aim is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

## Notes to the Financial Statements continued

### 18. Creditors – amounts falling due after more than one year

	Group		Association combined	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Bank loans	131,242	136,708	131,242	136,708
Government grants	25,243	21,489	25,243	21,489
Government grants – capital works	1,099	683	1,099	683
Recycled capital grant fund	43	279	43	279
	157,627	159,159	157,627	159,159

The loans are secured on freehold housing properties. Interest is payable at rates ranging from 2.45% to 6.18% (2023/2024: 2.45% to 6.18%).

The total accumulated amount of capital grant received or receivable at the Statement of Financial Position date is £26.677m (2023/2024: £22.715m).

	Group		Association combined	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
<b>Bank loans</b>				
Due within one year	11,350	5,850	11,350	5,850
Due between one and two years	6,500	–	6,500	–
Due between two and five years	35,000	47,000	35,000	47,000
After five years	90,000	90,000	90,000	90,000
	131,500	137,000	131,500	137,000
Effective interest rate adjustment	30	82	30	82
Less: facility arrangement fee	(288)	(373)	(288)	(373)
Due after one year	131,242	136,709	131,242	136,709
Total borrowings	142,592	142,559	142,592	142,559

## Notes to the Financial Statements continued

### 18. Creditors – amounts falling due after more than one year continued

	Group		Association combined	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
<b>Deferred income - Government grants</b>				
At 1 April 2024	22,436	20,083	22,436	20,083
Grants receivable	4,248	2,635	4,248	2,635
Grant Recycled	245	25	245	25
Transfer to RCGF	-	(34)	-	(34)
Transfer to other creditors	(3)	(15)	(3)	(15)
To Profit/Loss on disposal	-	(3)	-	(3)
Amortisation to Statement of Comprehensive Income	(292)	(255)	(292)	(255)
At 31 March 2025	26,634	22,436	26,634	22,436
Due within one year	292	264	292	264
Due after one year	26,342	22,172	26,342	22,172

	Group		Association Combined	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
<b>Recycled capital grant fund</b>				
At 1 April 2024	279	257	279	257
Inputs to RCGF	-	34	-	34
Recycling of grant	(245)	(25)	(245)	(25)
Interest accrued	9	13	9	13
At 31 March 2025	43	279	43	279

## Notes to the Financial Statements continued

### 19. Retirement benefit schemes

#### *Defined contribution schemes*

The Group operates defined contribution retirement benefit schemes for qualifying employees.

#### *Defined benefit schemes*

The Group operates defined benefit schemes for qualifying employees. Under the scheme, employees are entitled to retirement benefits varying between 1% and 2% per cent of final salary on attainment of Normal Pension Age (which varies by scheme but has a minimum age of 65). Both schemes offer some flexibility for earlier or later retirement, subject to an actuarial adjustment. No other post-retirement benefits are provided. The schemes are funded schemes.

The total net receipt charged to Statement of Comprehensive Income in the year ended 31 March 2025 was £368,000 (2023/2024: net receipt £261,000) broken down as follows:

	2025	2024
	£'000	£'000
SHPS DB Scheme	(82)	(94)
LGPS DB Scheme	(286)	(167)
Total cost relating to defined benefit scheme	(368)	(261)

The Group operates defined contribution retirement benefit schemes for qualifying employees.

	2025	2024
	£'000	£'000
SHPS DB Scheme	(222)	(326)
LGPS DB Scheme	-	264
Total cost relating to defined benefit scheme	(222)	(62)

## Notes to the Financial Statements continued

### 19. Retirement benefit schemes continued

#### 1) The Gloucestershire County Council Pension Fund

This is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 1997, as amended.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out on 31 March 2025 by Hymans Robertson LLP. The present value of the defined benefit obligation, the related current service cost and past service cost was measured using the projected unit credit method.

	Valuation at	
	2025	2024
<b>Key assumptions used:</b>		
Discount rate	5.80%	4.85%
Salary increase rates	3.25%	3.25%
Future pension increases (CPI)	2.75%	2.75%

#### Mortality assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

	Males	Females
<b>Current pensioners:</b>	21.0 years	23.8 years
Future pensioners:	23.1 years	25.8 years

\* Figures assume members aged 45 as at the last formal valuation date



## Notes to the Financial Statements continued

### 19. Retirement benefit schemes continued

#### *Historic mortality*

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future improvements is shown below:

Current pensioners	Future Pensioners
CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.	CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

A commutation allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

All other demographic assumptions are as per the latest funding valuation of the employer.

## Notes to the Financial Statements continued

### 19. Retirement benefit schemes continued

	2025 £'000	2024 £'000
Current service cost	285	277
Net interest cost	(12)	(233)
	(273)	44
<b>Recognised in other comprehensive income</b>		
Income (OCI)	550	4,860
Total (income) / cost relating to defined benefit scheme	504	4,904

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2025 £'000	2024 £'000
Present value of defined benefit obligations	(12,027)	(13,735)
Fair value of scheme assets	21,414	20,578
Effect of the asset ceiling on the net asset	(9,387)	(6,579)
Net asset recognised in the Statement of Financial Position	-	264

Movements in the present value of defined benefit obligations were as follows:

	2025 £'000	2024 £'000
At 1 April	13,735	13,710
Service cost	285	277
Interest cost	665	649
Actuarial (gains) and losses	(2,362)	(508)
Contributions from scheme participants	114	102
Benefits paid	(410)	(495)
At 31 March	12,027	13,735

Movements in the fair value of scheme assets were as follows:

	2025 £'000	2024 £'000
At 1 April	20,578	18,667
Interest income	996	882
Actuarial gains and (losses)	114	102
Contributions from the employer	240	211
Contributions from scheme participants	(104)	1,211
Benefits paid	(410)	(495)
At 31 March	21,414	20,578

## Notes to the Financial Statements continued

### 19. Retirement benefit schemes continued

The estimated split of scheme assets at the Statement of Financial Position date was as follows:

Fair value of assets	2025	2024
Equities	62%	65%
Bonds	22%	21%
Property	14%	12%
Cash	2%	2%

#### Projected pension expense for the year to 31 March 2025

	Assets £'000	Obligations £'000	Net asset/(liability) £'000	% of Pay
Projected current service cost	-	210	(210)	15.9%
<b>Total service cost</b>	<b>-</b>	<b>210</b>	<b>(210)</b>	
Interest income on plan assets	1,239	-	1,239	
Interest cost in defined benefit obligation	-	693	(693)	
Interest on the effect of the asset ceiling	-	-	(544)	
<b>Total net interest cost</b>	<b>1,239</b>	<b>693</b>	<b>2</b>	
<b>Total included in Statement of Comprehensive Income</b>	<b>1,239</b>	<b>903</b>	<b>337</b>	

The current service cost includes an allowance for administration expenses of 0.7% of payroll. The monetary value is based on a projected payroll of £1,325,000 (2023/2024: £1,165,000).

The contributions paid by the employer are set by the Fund Actuary at each triennial valuation, or at any other time as instructed to do so by the Administering Authority. The estimated employer contributions for the period to 31 March 2025 will be approximately £240,000 (2023/2024: £211,000).

#### Sensitivity

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2025	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.1% decrease in real discount rate	2%	221
One year increase in life member expectancy	4%	481
0.1% increase in salary increase rate	0%	13
0.1% increase in the pension increase rate	2%	214

## 19. Retirement benefit schemes continued

### 2) The Pensions Trust – Social Housing Pension Scheme

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme, which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

The last published triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a reduction in the scheme deficit from £1,560m in 2020 to £693m in 2023, a reduction of £867m.

Deficit contributions payable under the current Recovery Plan are allocated on a “share of liability” basis, based on each employer’s percentage share of overall Scheme liabilities. A new Recovery Plan has been agreed to recover the overall Scheme level deficit of £693m. The new Recovery Plan has the same end date and contributions will increase at a lower rate than the existing Recovery Plan. This will take effect from 1 April 2025.

The Scheme is classified as a ‘last-man standing arrangement’. Therefore, the company is potentially liable for other participating employers’ obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

### Contingent Liability – Social Housing Pension Scheme

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme’s benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2025 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2025 £'000	31 March 2024 £'000
Fair value of plan assets	1,349	1,357
Present value of defined benefit obligation	1,571	1,683
Surplus (deficit) in plan	(222)	(326)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(222)	(326)

## Notes to the Financial Statements continued

### 19. Retirement benefit schemes continued

	Period ended 31 March 2025 £'000	Period ended 31 March 2024 £'000
<b>RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION</b>		
Defined benefit obligation at start of period	1,683	1,708
Current service cost	2	-
Expenses	3	4
Interest expense	81	81
Member contributions	15	16
Actuarial losses (gains) due to scheme experience	79	(3)
Actuarial losses (gains) due to changes in demographic assumptions	-	(18)
Actuarial losses (gains) due to changes in financial assumptions	(227)	(16)
Benefits paid and expenses	(65)	(89)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Exchange rate changes	-	-
Defined benefit obligation at end of period	1,571	1,683



## Notes to the Financial Statements continued

### 19. Retirement benefit schemes continued

	Period ended 31 March 2025 £'000	Period ended 31 March 2024 £'000
<b>RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT ASSETS</b>		
Fair value of plan assets at start of period	1,357	1,401
Interest income	68	69
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	(126)	(150)
Contributions by the employer	100	110
Contributions by plan participants	15	16
Benefits paid and expenses	(65)	(89)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	1,349	1,357

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2024 to 31 March 2025 was £58,000 (2023/2024: (£81,000)).

Contribution by the employer includes a past service deficit payment of £81,042 (2023/2024: £76,817).

	Period ended 31 March 2025 £'000	Period ended 31 March 2024 £'000
<b>DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)</b>		
Current service cost	2	-
Expenses	3	4
Net interest expense	13	12
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit costs recognised in Statement of Comprehensive Income (SOCI)	18	16

## Notes to the Financial Statements continued

### 19. Retirement benefit schemes continued

	Period ended 31 March 2025 £'000	Period ended 31 March 2024 £'000
<b>DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)</b>		
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(126)	(150)
Experience gains and losses arising on the plan liabilities – gain (loss)	(79)	3
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	-	18
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	227	16
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	22	(113)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain (loss)	-	-
Total amount recognised in other comprehensive income – gain (loss)	22	(113)

## Notes to the Financial Statements continued

### 19. Retirement benefit schemes continued

	Period ended 31 March 2025 £'000	Period ended 31 March 2024 £'000
<b>ASSETS</b>		
Global Equity	151	135
Absolute Return	-	53
Distressed Opportunities	-	48
Credit Relative Value	-	44
Alternative Risk Premia	-	43
Liquid Alternatives	250	-
Emerging Markets Debt	-	18
Risk Sharing	-	79
Insurance-Linked Securities	4	7
Property	68	55
Infrastructure	-	137
Private Equity	1	1
Real Assets	161	-
Private Debt	-	53
Opportunistic Illiquid Credit	-	53
Private Credit	165	-
Credit	52	-
Investment Grade Credit	42	-
High Yield	-	-
Cash	18	27
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	-	9
Secure Income	23	41
Liability Driven Investment	409	553
Currency Hedging	2	(1)
Net Current Assets	3	2
Total assets	1,349	1,357

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

## Notes to the Financial Statements continued

### 19. Retirement benefit schemes continued

#### Key assumptions

	<b>31 March 2025 % per annum</b>	<b>31 March 2024 % per annum</b>
Discount rate	5.87%	4.91%
Inflation (RPI)	3.08%	3.14%
Inflation (CPI)	2.80%	2.78%
Salary growth	3.80%	3.78%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March imply the following life expectancies:

	<b>Life expectancy at age 65 (2025) (Years)</b>	<b>Life expectancy at age 65 (2024) (Years)</b>
Male retiring in 2020	20.5	20.5
Female retiring in 2020	23.0	23.0
Male retiring in 2040	21.7	21.8
Female retiring in 2040	24.5	24.4

## Notes to the Financial Statements continued

### 20. Financial instruments

The carrying values of the Group and Association's financial assets and liabilities are summarised by category below:

		Group		Association Combined	
		2025	2024	2025	2024
	Note	£'000	£'000	£'000	£'000
Financial assets					
Measured at undiscounted amount receivable					
Rent arrears and other debtors	16	167	125	167	125
Amounts due from related undertakings	16	-	-	82	47
Trade debtors	16	14	163	14	163
Short term investments		-	-	-	-
Cash and cash equivalents		13,098	22,901	12,799	22,794
		13,279	23,189	13,062	23,129
Financial liabilities					
Measured at amortised cost					
Loans payable	17,18	142,592	142,559	142,592	142,559
Pension deficit funding liability	19	222	62	222	62
Measured at undiscounted amount payable					
Bank overdraft	17	-	-	-	-
Rent received in advance	17	1,108	1,081	1,108	1,081
Trade creditors	17	1,036	810	1,036	810
Corporation tax	17	-	-	-	-
Amounts owed to related undertakings	17	-	-	883	308
Other taxation and social security	17	115	126	116	126
Other creditors	17	1,772	849	978	844
		146,845	145,487	146,935	145,790



## Notes to the Financial Statements continued

### 21. Statement of cash flows

	2025 £'000	2024 £'000
<b>Cash flow from operating activities</b>		
Surplus for the year	2,478	4,938
<b>Adjustment for non-cash items:</b>		
Depreciation of property, plant and equipment	6,339	5,717
Amortisation of intangible assets	12	17
(Increase) in inventories	2,544	2,528
Decrease/(increase) in debtors	(162)	26
Increase in creditors	(239)	1,565
Corporation tax	-	-
Adjustments relating to pension scheme	(50)	(40)
Loss/(gain) in respect of investment properties	-	5
<b>Adjustments for investing or financing activities:</b>		
Gain on sale of property, plant and equipment	(1,021)	(810)
Government grants utilised in the year	(292)	(255)
Interest payable	4,746	4,544
Interest received	(890)	(1,570)
Taxation	-	-
<b>Cash generated by operations</b>	<b>13,465</b>	<b>16,665</b>
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	13,098	22,901
Cash and cash equivalents	13,098	22,901

## Notes to the Financial Statements continued

### 21a. Analysis of changes in net debt

	As at 1 April 2024	Cashflows	Other changes	As at 31 March 2025
	£'000	£'000	£'000	£'000
Cash	1,901	(303)	-	1,598
Money market deposits	21,000	(9,500)	-	11,500
Fixed term investments		-		-
Banks loans due less than one year	(5,850)	(5,500)	-	(11,350)
Bank loans due more than one year	(136,708)	5,500	(34)	(131,242)
Finance lease commitments	(380)	135	-	(245)
<b>Total</b>	<b>(120,037)</b>	<b>(9,668)</b>	<b>(34)</b>	<b>(129,739)</b>

## 22. Financial commitments

Capital commitments are as follows:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Contracted for but not provided for	16,630	25,361	6,149	21,710
Approved by the directors but not contracted for	16,227	15,655	16,227	3,461
<b>Total capital commitments</b>	<b>32,857</b>	<b>41,016</b>	<b>22,376</b>	<b>25,171</b>

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Payments due:				
- within one year	204	204	204	204
- between one and five years	41	176	41	176
- after five years		-		-
<b>Total operating leases</b>	<b>245</b>	<b>380</b>	<b>245</b>	<b>380</b>

The leases mainly relate to vehicles but also include leases on photocopiers.

## Notes to the Financial Statements continued

### 23. Housing stock

	Group		Association	
	2025	2024	2025	2024
	Units	Units	Units	Units
<b>Social housing accommodation</b>				
General needs housing accommodation	2,955	2,903	2,955	2,903
Housing accommodation at affordable rent	749	733	749	733
Housing accommodation at intermediate rent	14	13	14	13
Housing for older people accommodation	569	595	569	595
Shared Ownership accommodation	352	317	352	317
	4,639	4,561	4,639	4,561
<b>Non-social housing accommodation</b>				
Leaseholders	44	44	44	44
Market rent	2	2	2	2
Managed on behalf of others	10	10	10	10
	56	56	56	56
<b>Total</b>	<b>4,695</b>	<b>4,617</b>	<b>4,695</b>	<b>4,617</b>

### 23a. Housing stock reconciliation

	31 March 2024	Additions	Disposals	Conversions	31 March 2025
<b>Social housing</b>					
General needs housing accommodation	2,903	62	(11)	1	2,955
Housing for older people	595	-	(26)	-	569
Intermediate rent	13	-	-	1	14
Affordable rent	733	16	-	-	749
Shared Ownership accommodation	317	39	(2)	(2)	352
	<b>4,561</b>	<b>117</b>	<b>(39)</b>	<b>-</b>	<b>4,639</b>
<b>Non-social housing</b>					
Market rent	12	-	-	-	12
<b>Units owned and managed</b>	<b>4,573</b>	<b>117</b>	<b>(39)</b>	<b>-</b>	<b>4,651</b>

During the year, 117 new homes came into management.

In addition to the housing properties, Two Rivers Housing owns 781 garages.

## Notes to the Financial Statements continued

### 24. Related party transactions

Tenant representative Board Members who have served during the year on the Group or subsidiary Board rent properties from the Group under the same terms and conditions as all tenants in similar properties. The tenant representative for Two Rivers Housing is Audrey James.

The aggregate amount of rent and service charges received from Tenant Board Members in the year was £6,274 (2023/2024 £11,103). The value of rent arrears at year-end from Tenant Board Members was £nil (2023/2024: £nil).

Two Rivers Housing, which is registered in England and Wales is the ultimate parent undertaking of:

- ▶ Two Rivers Developments Limited – a company limited by shares and registered in England and Wales.

The table below details the intra-group transactions:

Non-regulated subsidiary	Transfers	Cost in year £'000	Income in year £'000	Balance at year end £'000
<b>Two Rivers Developments Limited</b>	Recharge of development staff and admin costs from Two Rivers Housing.			
	Provision of design and build services from Two Rivers Developments to Two Rivers Housing in accordance with contract fees.	883	81	-
	Intercompany creditor	883	81	-

Two Rivers Housing has taken the exemption in section 33.1A of Financial Reporting Standard 102 not to disclose any further transactions with other Group members aside from those disclosed above in accordance with the Accounting Direction for Private Registered Providers of Social Housing 2022.

### 25. Merger Accounting

On 31 March 2025, the business assets of Centigen Facilities Management Limited were transferred into Two Rivers Housing.

The Board are satisfied that the business assets transfer meets the criteria of a merger and so merger accounting has been applied to the 2024/2025 accounts and the comparatives have been restated to include the results of the combining entities for 2023/2024.

Any expenses relating to the merger have been expensed.

The table on page 133 contains summary information relating to the entities as at 31 March 2025.

## Notes to the Financial Statements continued

### 25. Merger Accounting continued

	Two Rivers Housing £'000	Centigen Facilities Management Limited £'000	Intercompany £'000	Total £'000
Turnover	33,507	4,972	(5,129)	33,350
Cost of sales	(2,518)	-		(2,518)
Operating expenditure	(25,780)	(4,783)	5,129	(25,434)
Surplus on disposal of property, plant and equipment	1,021	-		1,021
Interest receivable	925	-	(35)	890
Interest and financing costs	(4,426)	(36)	35	(4,427)
<b>Surplus before tax</b>	<b>2,730</b>	<b>152</b>	<b>-</b>	<b>2,882</b>
Actuarial gain in respect of pension scheme	(528)	-		(528)
<b>Total comprehensive income for the year</b>	<b>2,202</b>	<b>153</b>	<b>-</b>	<b>2,355</b>



## Notes to the Financial Statements continued

### 25. Merger Accounting continued

	Two Rivers Housing £'000	Centigen Facilities Management Limited £'000	Intercompany £'000	Total £'000
Housing properties	225,675	-	-	225,675
Other tangible fixed assets	3,641	323	-	3,964
Intangible assets	22	-	-	22
Investment properties	480	-	-	480
	<b>229,818</b>	<b>323</b>	<b>-</b>	<b>230,141</b>
<b>Current assets</b>				
Properties held for sale	1,777	-	-	1,777
Inventories	71	71	-	142
Debtors	1,149	241	-	1,390
Cash and cash equivalents	12,799	4	-	12,803
	<b>15,796</b>	<b>316</b>	<b>-</b>	<b>16,112</b>
<b>Creditors: Amounts falling due within one year</b>	(19,833)	(890)	251	(20,472)
<b>Net current assets</b>	(4,037)	(574)	251	(4,360)
<b>Total assets less current liabilities</b>	225,781	(251)	251	225,781
<b>Creditors: Amounts falling due after more than one year</b>	(157,627)	-	-	(157,627)
<b>Defined benefit pension liability</b>	(222)	-	-	(222)
<b>Net assets</b>	<b>67,932</b>	<b>(251)</b>	<b>251</b>	<b>67,932</b>
<b>Capital and reserves</b>				
Revenue reserve	67,932	(251)	251	67,932
<b>Total reserves</b>	<b>67,932</b>	<b>(251)</b>	<b>251</b>	<b>67,932</b>

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