

Company Registration No. 09353468 (England and Wales)

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

COMPANY INFORMATION

Directors	R J McCarthy CBE G H C Howie J A Histon D Dhananjai A Ravat
Company number	09353468
Registered office	73 Cornhill London EC3V 3QQ
Auditors	Gerald Edelman LLP 73 Cornhill London EC3V 3QQ

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

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FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2025

The directors present their annual report and financial statements for the year ended 30 June 2025.

Principal activities

Funding Affordable Homes Housing Association Limited ("the association") is a registered provider of social housing ("Registered Provider" or "RP") and as such its principal activities are the provision of accommodation for people who are in housing need, the provision of low-cost residential accommodation for long-term rent, sales under shared ownership arrangements and specialist accommodation where additional support is required. The association's typical business model is to own affordable homes but to outsource the management to local Registered Providers.

The association's business plan is in accordance with the financial model shared with the Regulator of Social Housing.

Results for the Year

The Operating surplus for the year before impairment losses, interest and revaluation totalled £2,870,229 (2024: surplus of £2,248,131), compared to an overall deficit for the year of £7,242,932 (2024: £2,940,533 deficit), this consists of the following:

	£
Operating Surplus	2,870,229
Interest on bank deposits	3,532
Interest on bank loans	(1,388,293)
	<hr/>
	1,485,468
Revaluation of fixed assets	(8,764,203)
Impairment of assets held for sale	(112,387)
Deferred taxation adjustment	2,191,051
	<hr/>
	(5,200,071)
Other interest	(43,021)
Corporation tax charge	(47,641)
Interest on intragroup loans	(1,952,199)
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Loss for the year	(7,242,932)
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Borrowings and Interest costs

During the year the Deutsche Bank loan was transferred to Aviva with no changes to the terms of the loan. At the end of the FY2025, the Fund had loans outstanding with Aviva with a total principal balance of £30.3m.

The closing cash balance as at 30 June 2025 was £3.89m (30 June 2024: £2.68m).

The facility, is a long-term (20-year) inflation-linked structure, with a day one coupon of 4.25%, which was approximately half the weighted average cost of debt from the outgoing lenders. All covenants under the debt facility have been satisfied.

Cashflow

As at 30 June 2025, the closing cash balance was £3.89m held as Cash and cash equivalents, an increase from the prior year balance of £2.68m.

Revaluation of fixed assets

During the year, the association recognised a loss of £8.8m on its fixed assets. This is primarily the result of softened discounts to reflect market conditions across the association's fixed assets. The ongoing remediation work at the Aldershot site has resulted in a revaluation loss of £3.9m specifically to that fixed asset. The remediation work has largely been completed subsequent to the year end and, therefore, further deteriorations to the value of the Aldershot site are not expected in the forthcoming periods.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

Development and performance

The association is currently evaluating a number of additional projects for completion in its next Business Plan. All of these potential projects are expected to require government subsidy from either a Local Authority or a Homes England ("HE") grant and will include social rented, Affordable rented and shared ownership properties. Within the existing portfolio, further shared ownership properties were sold at the Freshwater, Landmark Pinnacle and Island Point schemes.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R J McCarthy CBE

G H C Howie

J A Histon

D Dhananjai

K Cooksley

(Resigned 22 September 2025)

A Ravat

Results

The results for the year are set out on pages 1 and 12.

Auditors

The directors have approved the reappointment of Gerald Edelman as auditors to the association under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit of the association for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

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

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the association's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the association's auditors are aware of that information.

Public benefit entity

As a Public Benefit Entity, the association has applied, where applicable, the Public Benefit Entity 'PBE' prefixed paragraphs of FRS 102.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

Compliance with Regulator of Social Housing Governance and Financial Viability Standard

In November 2024 the association's Governance & Compliance Committee (G&CC) carried out the annual Board Self-Assessment against the Regulator of Social Housing (RSH) Governance and Financial Viability Standard, with no actions arising. It was subsequently decided to re-allocate this and some of the regular G&CC self-assessments to the June G&CC each year, which better supports FAHHA's Annual Report and Financial Statements with its June year end. An updated self-assessment was therefore undertaken in June 2025 with no actions arising.

Customer service

The association remains committed to providing good quality homes and an excellent service and as part of its continued commitment to transparency and accountability monitors and reports on the Tenant Satisfaction Measures (TSMs) introduced by the RSH. These measures provide valuable insight into how well the association is performing from the perspective of residents and helps it to identify areas for improvement.

The full TSM results for the year ended 31 March 2025 were published on FAHHA's website following approval at the June 2025 G&CC. The association is required to publish TSM data for homes where it is the direct landlord, and relies on data collected by its managing partners in order to do so. That data is interrogated and then analysed by the association in accordance with the RSH's technical requirements. A decline in satisfaction with repairs, as well as complaints and ASB handling has been discussed by the G&CC, with the lower figures attributed to initial teething problems at the association's new scheme in Newbury. Efforts have since been made to address the concerns raised by residents there through closer monitoring of the association's managing agent and increased resident engagement. The association recognises that meaningful engagement relies on hearing from as many residents as possible and will therefore explore the implementation of targeted actions to increase response rates in the coming year.

In September 2025 the G&CC reviewed FAHHA's Self-Assessment against the RSH Consumer Standards. The self-assessment evidenced compliance with the Consumer Standards but identified some areas for improvement, which will be monitored by the G&CC. Further assurance in this area will also be obtained from an internal audit on "Property Compliance" to be undertaken by Forvis Mazars. The audit will focus primarily on the Newbury scheme and be undertaken post the year end.

FAHHA is required to undertake a Rent Standard Self-Assessment in relation to schemes where it is the direct landlord. In November 2025 a Self-Assessment against the Rent Standard was therefore undertaken in relation to Newbury. A review of the original Newbury rent setting data, submitted as part of the Homes England grant bid, and a subsequent annual rent increase, were completed. The Self-Assessment concluded that FAHHA is compliant with The Rent Standard.

The association's Self-Assessment against the Housing Ombudsman Complaints Handling Code for the year to 31 March 2025 was published on FAHHA's website in accordance with the RSH requirements following approval by the Board in October 2025.

The annual statements of compliance with the RSH Standards by the association's three managing RP partners (Plexus, Poplar HARCA and Southern Housing) were noted by the G&CC at the September 2025 meeting.

Governance

In March 2025, the annual Self-Assessment against the EcoDa Code of Governance was undertaken and presented to the G&CC. The Self-Assessment (including for the first time the Phase 2 Principles) concluded that the association is compliant with the principles of the Code of Governance and the next Self-Assessment will take place in March 2026. A "dummy-run" self-assessment against the British Property Federation Code of Governance for for-profit RPs has been deferred to 2026.

The board is not aware of any non-compliance.

Financial Reporting

The financial reporting and associated narrative have been prepared in accordance with the Accounting Direction for Private Registered Providers of Social Housing 2022 ("Accounting Direction"), the Housing Statement of Recommended Practice 2018 ("SORP") and the Companies Act 2006.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

Value for Money

There are a number of measures through which the association seeks to ensure that Value for Money ("VfM") considerations are embedded in its business. These include a robust governance & business planning framework which helps deliver good governance and excellent leadership for the organisation from its directors and executive team, and enables the association to make well informed, well-judged and transparent decisions and to monitor the performance of its service delivery.

A comprehensive VfM monitoring report was prepared for the directors by the executive team in May 2025 and this, together with a review of the outcomes and targets in October 2025, has assisted the preparation of this section of the Annual Report on VfM performance and the setting of forward-looking targets that demonstrate the association's continuing commitment to VfM.

In preparing this report the executive team have considered VfM benchmarking advice from an external consultant, as well as data from a national benchmarking network for smaller housing providers, a pool of other for-profit RPs funded by the private sector, and the Regulator's VfM reporting published in March 2025. On the whole it is considered that any direct comparisons are misleading - the strategic objectives of the larger for-profit RPs are often focussed on rapid growth and development at scale, while data for the smaller for-profit RPs is often determined by a variety of different funding strategies. The association therefore prefers to place greater emphasis on tracking performance against its own strategic targets and objectives, which arguably provide a more accurate measure of its effectiveness and efficiency within the context of its operating model. The association is a founding member of a for-profit benchmarking group and will explore further opportunities for VfM benchmarking in that forum.

The key elements of the association's model are set out below and in the table that follows:

- a) A social impact approach to investment is a key aspect of the association's business and VfM strategy. All funding applications are screened against specific social impact criteria to decide which projects will proceed. Once a project passes this initial assessment an independent organisation prepares a report to confirm the project's eligibility against the social screening criteria and provide a more in-depth understanding of the nature of the impact to be created.
- b) The association's funding and delivery model has very different characteristics to the standard financing and management of affordable homes by other RPs. A key aspect of the business model is the separation of asset ownership from service provision. The association typically partners with local managing RPs. In the majority of cases it enters into long-term (20 to 30 year) leases with the managing RPs who provide a full suite of housing management and maintenance services. The model reduces the association's direct exposure to potential operating risks and losses, which in turn drives financial stability and viability, the baseline for VfM issues. Management fees paid by the association provide VfM and have been demonstrated to be good value compared to other Registered Providers. The association continues to review the customer satisfaction led VfM metrics/targets by monitoring the services provided by local managing Registered Providers by reference to KPIs for items such as resident satisfaction and emergency response repairs.
- c) The association owned 559 operational homes at the year-end (142 social rent, 262 affordable rent and 155 shared ownership homes) and, as more homes are occupied, the social impact that the association is achieving is becoming more evident. The directors have been particularly pleased with the positive and often unsolicited feedback from residents at the association's new scheme in Newbury, many of whom have previously spent long periods living in unsuitable temporary accommodation. In addition to the reporting in the annual report and financial statements, The Good Economy produce an independent impact report for investors and the FAH Group's wider stakeholders. The assessment comprises an evaluation of achievements during the year, results and lessons learned.

The directors note that the association continues to benefit from the overall approach to VfM within the FAH Group. Examples include legal procurement, where ongoing access to a panel of legal advisors and bespoke template legal documents ensures the association receives competitive quotes for legal services and is able to resource transactions efficiently.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

The table below lists the association's own social impact metrics (1 to 5) and the Regulator's VfM metrics (6 to 12) and shows how the association has performed in 2024/25 and its targets for 2025/26.

No.	Metric ¹	Actual 2023/24	Target 2024/25	Actual 2024/25	Target 2025/26
1.	Social need (out of 125)	92	96	92	93
2.	Additionality (out of 125)	121	118	121	121
3.	Affordability (out of 100)	77	74	77	77
4.	High quality Sustainable developments (out of 75).	58	58	58	56
5.	Quality of management (out of 75)	55	56	55	56
6.	Reinvestment	32%	21%	3%	0%
7.	New supply delivered % (social housing units)	21%	15%	0%	0%
	New supply delivered % (non-social housing units)	N/A	N/A	N/A	N/A
8.	Gearing %	102%/27%	102%/21%	101%/27%	99%/25%
9.	EBITDA MRI as a % of interest (cash surplus)	86%	95%	74%	70%
10.	Headline social housing cost per unit (£'000)	£2.19	£2.10	£3.01	£3.07
11.	Operating margin (social housing lettings) %	85%	83%	78%	86%
	Operating margin (overall) %	56%	58%	45%	41%
12.	Return on capital employed (ROCE) %	2.5%	2.5%	4.0%	4.4%

[1] A summary of each metric is set out on page 6.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

Summary of VfM metrics:

The summary of metrics 1 to 5 is based on the impact assessment criteria as at 30 June 2025. The targets for those metrics made assumptions around investment in a scheme which was not delivered. However, because that scheme has a slightly lower than average overall social impact score than other existing schemes (primarily as a result of lower additionality and affordability), the association still met or exceeded its targets for social impact metrics 2 to 4 in 2024/25.

1. **Social need:** Are the properties being funded supplying accommodation to families or individuals from Local Authority and/or housing association waiting lists or who have been identified by a public authority as having a specific housing need? Organisations serving vulnerable or disadvantaged groups, such as the homeless, disabled, people with mental health needs or the elderly, will score most highly.
2. **Additionality:** To what extent does FAH Group funding enable new, affordable homes to be built that would not have been built otherwise?
3. **Affordability:** Are rents genuinely affordable in the local market context and for individual tenants? Assess the proportion of social, Affordable and market rent. Affordable rent is defined by the government as up to 80% local market rent. Social rent is typically 50% or less of local market rent.
4. **Fund high quality sustainable developments:** To what extent will the project deliver sustainability, for example through energy efficiency; energy generation; low water usage; effective waste management; and opportunities to engender wider community involvement.
5. **Quality of management:** Is there good quality RP or private sector management provision which will deliver high quality services to the residents, encouraging tenant and leaseholder engagement. The association monitors services provided by managing RPs/agents by reference to KPIs which specify targets and minimum/maximum threshold figures for items such as resident satisfaction and emergency repairs response time.
6. **Reinvestment:** This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the total value of properties held. The association invests in new build homes which require a relatively low level of investment compared to association's with older homes. As at 30 June 2025 there were six operational housing schemes against a target of seven. There has been no requirement for significant re-investment in the association's properties in 2024/25 other than for the cladding remediation work at Aldershot which reached completion subsequent to the year end in December 2025. There has been no investment in new properties in 2024/25.
7. **New supply delivered % (social and non-social):** These metrics set out the number of new units (social or non-social) that have been acquired or developed in the year as a proportion of the total units owned at period end. No new social housing units were acquired in the year against a target of 100.
8. **Gearing:** This metric measures net loans (including finance lease obligations) as a percentage of the total value of housing properties. Net loans include both external debts and amounts owed to group undertakings. To give a true picture of the association's gearing we have included two percentage outcomes, one including and one disregarding intercompany debt. Because the association is a company limited by guarantee and doesn't have any share capital, most of its funding is by way of intercompany loans (some interest bearing, some income sharing). Gearing without intercompany debts reduces the percentage from 99% to 25%. These figures are within Board-approved parameters and are monitored closely through robust treasury management and stress testing.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

9. EBITDA MRI: This measures the level of operating surplus (including expenditure on capitalised major repairs but excluding depreciation and amortisation) compared to total interest payable. The Regulator sees this as a key indicator for liquidity and investment capacity as it excludes non-cash items such as depreciation and amortisation and capitalised interest. In terms of mitigating factors, it should be noted that the definition of EBITDA-MRI excludes sales of fixed assets, such as shared ownership staircasing receipts, which would considerably improve the association's reporting of its financial position.
10. **Headline social housing cost per unit:** This metric assesses the annual costs that the association incurs to manage social housing properties divided by the number of units it manages. These costs can vary for a range of reasons. In particular, most of the costs of maintaining shared ownership homes are borne by the residents whereas, for low cost rental homes, this is the landlord's responsibility. The current cost per unit remains substantially lower than the sector average due to the structure of the FAH Group model and the effectiveness of the outsourcing arrangement with local RPs at five out of six of the association's schemes.
11. **Operating margin:** This measures the profitability of operating assets as a percentage of turnover. In assessing this ratio, consideration is given to the association's purpose and objectives (including social objectives). The target overall operating margin for 2025/26 is increased as a result of the fixed costs being spread over a wider asset base.
12. **Return on capital employed (ROCE):** This metric compares operating surplus to total assets less current liabilities as at the balance sheet date and is used to assess the efficient investment of capital resources.

Customer experience

The association is committed to providing good quality homes and an excellent service and it self-assesses annually against the Housing Ombudsman's Complaint Handling Code (the "Code"). The Code is most relevant in the context of the Newbury scheme and any shared ownership properties where the association remains the direct landlord. Where properties are managed by a managing Registered Provider, or where the matter relates to care services, residents' point of contact for complaints will be the relevant managing Registered Provider or care provider, who will handle any complaints in accordance with their own policies and procedures.

The association did not receive any complaints in respect of its directly managed rented properties at Newbury or its shared ownership properties at Ryde and Landmark Pinnacle during the year ended 30 June 2025.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate. The association's parent, Funding Affordable Homes SICAV SIF S.A., has provided the association with an undertaking (through the "Ringfencing Agreement") that they will, for the foreseeable future and at least 12 months from the date of the approval of these financial statements, continue to make available such funds as are needed by the association.

In light of the ongoing economic uncertainty that the property market has experienced, the directors have also considered the potential impact that this could have on the association's future prospects. There is a risk that this will delay the completion of projects from which income will be realised and may also lead to a decline in the valuation of the projects. Following consideration the directors have noted that the association has the continued support of the parent undertaking and that they consider the valuation of the investment properties to be reasonable.

This should enable the association to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements for the year ended 30 June 2025. Further details regarding adoption of the going concern basis can be found in note 1.2 to the financial statements.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

On behalf of the board

Signed by:


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G H C Howie

Director

18 December 2025

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Funding Affordable Homes Housing Association Limited (the 'association') for the year ended 30 June 2025, which comprise the Income and Expenditure Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies in note 1.1. 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 association's affairs as at 30 June 2025 and of its deficit 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 Accounting Direction, the Housing SORP and the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 company'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
 - the Directors' Report has been prepared in accordance with applicable legal requirements.
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FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

Responsibilities of directors

The directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

We planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations.

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

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- Enquiring of management of whether they are aware of any non-compliance with laws and regulations.
- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.
- Enquiring of management about the internal controls established to mitigate risk related to fraud or non-compliance with laws and regulations.
- Discussions amongst the engagement team on how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Obtaining understanding of the legal and regulatory framework the group operates in focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations. The key laws and regulations that we identified included the the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
 - Audited the risk of management override of controls, including through testing journal entries for appropriateness and reviewing large and unusual bank transactions.
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FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED (CONTINUED)

In response to the risk of irregularities and non compliance with laws and regulations, we designed procedures which included, but are not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation.
- Enquiring of management as to actual and potential litigation claims.
- 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.
- Reviewing relevant profit and loss account items for evidence of litigation.

The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK). Furthermore, the further removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the association and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors.

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

Use of our report

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditors' 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.

DocuSigned by:



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Hiten Patel FCCA

Senior Statutory Auditor

For and on behalf of Gerald Edelman LLP

18 December 2025

Chartered Accountants

Statutory Auditor

73 Cornhill

London

EC3V 3QQ

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	Other Operations £	Rental Income £	30 June 2025 £	Other Operations £	Rental Income £	30 June 2024 £
Income	4	1,311,934	4,274,877	5,586,811	681,918	3,369,735	4,051,653
Cost of sales		(925,512)	(1,087,553)	(2,013,065)	(479,864)	(642,755)	(1,122,619)
Gross surplus		386,422	3,187,324	3,573,746	202,054	2,726,980	2,929,034
Administrative expenses		(386,955)	(336,217)	(723,172)	(267,165)	(456,056)	(723,221)
Impairment losses on properties held for sale	12	(112,387)	-	(112,387)	(1,100,790)	-	(1,100,790)
Other operating income		25,398	-	25,398	42,318	-	42,318
Operating surplus	3	(87,522)	2,851,107	2,763,585	(1,123,583)	2,270,924	1,147,341
Interest receivable and similar income	6	3,532	-	3,532	12,605	-	12,605
Interest payable and similar expenses	8	(48,764)	(3,340,492)	(3,389,256)	(688,842)	(3,149,626)	(3,838,468)
Surplus/(deficit) before taxation		(132,754)	(489,385)	(622,139)	(1,799,820)	(878,702)	(2,678,522)
Tax on surplus/(deficit)	10	(47,641)	-	(47,641)	-	-	-
Surplus/(deficit) for the year		(180,395)	(489,385)	(669,780)	(1,799,820)	(878,702)	(2,678,522)

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	2025 £	2024 £
Surplus/(deficit) for the year	(669,780)	(2,678,522)
Other comprehensive loss		
Revaluation of tangible fixed assets	(8,764,203)	(349,348)
Deferred tax relating to losses on the revaluation of tangible fixed assets	2,191,051	87,337
Other comprehensive loss for the year	(6,573,152)	(262,011)
Total comprehensive loss for the year	(7,242,932)	(2,940,533)

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 30 JUNE 2025

	Notes	2025	£	2024	£
Fixed assets					
Tangible assets	9	114,108,751		113,193,851	
Current assets					
Debtors	11	1,876,316		5,344,321	
Properties held for sale	12	2,494,353		9,729,261	
Cash at bank and in hand		3,887,737		2,684,217	
		<u>8,258,406</u>		<u>17,757,799</u>	
Creditors: amounts falling due within one year	13	<u>(5,341,879)</u>		<u>(5,886,882)</u>	
Net current assets		<u>2,916,527</u>		<u>11,870,917</u>	
Total assets less current liabilities		<u>117,025,278</u>		<u>125,064,768</u>	
Creditors: amounts falling due after more than one year	15	(118,246,141)		(116,851,648)	
Provisions for liabilities	17	<u>(672,626)</u>		<u>(2,863,677)</u>	
Net (liabilities)/assets		<u><u>(1,893,489)</u></u>		<u><u>5,349,443</u></u>	
Reserves					
Revaluation reserve		2,017,875		8,591,027	
Income and expenditure account		<u>(3,911,364)</u>		<u>(3,241,584)</u>	
Members' funds		<u><u>(1,893,489)</u></u>		<u><u>5,349,443</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 18 December 2025 and are signed on its behalf by:

Signed by:

Graham Howie

BA10C6A73BEA486...

G H C Howie

Director

Company Registration No. 09353468

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	Revaluation reserve	Income and expenditure account	Total
	£	£	£
Balance at 1 July 2023	8,853,038	(563,062)	8,289,976
Year ended 30 June 2024:			
Total deficit for the year	-	(2,678,522)	(2,678,522)
Other comprehensive loss:			
Revaluation of tangible fixed assets	(349,348)	-	(349,348)
Deferred tax relating to losses on the revaluation of tangible fixed assets	87,337	-	87,337
Total comprehensive loss for the year	(262,011)	(2,678,522)	(2,940,533)
Balance at 30 June 2024	8,591,027	(3,241,584)	5,349,443
Year ended 30 June 2025:			
Total deficit for the year	-	(669,780)	(669,780)
Other comprehensive loss:			
Revaluation of tangible fixed assets	(8,764,203)	-	(8,764,203)
Deferred tax relating to losses on the revaluation of tangible fixed assets	2,191,051	-	2,191,051
Total comprehensive loss for the year	(6,573,152)	(669,780)	(7,242,932)
Balance at 30 June 2025	2,017,875	(3,911,364)	(1,893,489)

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025	2024
Cash flows from operating activities			
Cash generated from operations	24	5,181,574	28,619,606
Interest paid		(1,318,430)	(3,917,367)
Income taxes paid		(106,574)	-
Net cash inflow from operating activities		<u>3,756,570</u>	<u>24,702,239</u>
Investing activities			
Development of housing properties		(3,449,852)	(33,760,914)
Proceeds from disposal of housing properties		848,362	261,116
Development of housing properties held for sale		2,337	(2,214,371)
Proceeds from disposal of housing properties held for sale		42,571	173,875
Interest received		3,532	12,605
Net cash used in investing activities		<u>(2,553,050)</u>	<u>(35,527,689)</u>
Financing activities			
Proceeds from government grants		-	11,041,500
Proceeds from borrowings		-	30,301,523
Repayment of borrowings		-	(29,128,072)
Net cash (used in)/generated from financing activities		<u>-</u>	<u>12,214,951</u>
Net increase in cash and cash equivalents		<u>1,203,520</u>	<u>1,389,501</u>
Cash and cash equivalents at beginning of year		<u>2,684,217</u>	<u>1,294,716</u>
Cash and cash equivalents at end of year		<u><u>3,887,737</u></u>	<u><u>2,684,217</u></u>

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

1 Accounting policies

Company information

Funding Affordable Homes Housing Association Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 73 Cornhill, London, EC3V 3QQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Accounting Direction for Private Registered Providers of Social Housing 2022, the Housing Statement of Recommended Practice 2018 and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate. The association's parent, Funding Affordable Homes SICAV SIF S.A., has provided the association with an undertaking (through the "Ringfencing Agreement") that they will, for the foreseeable future and at least 12 months from the date of the approval of these financial statements, continue to make available such funds as are needed by the association.

In light of the ongoing economic uncertainty that the property market has experienced, the directors have also considered the potential impact that this could have on the association's future prospects. There is a risk that this will delay the completion of projects from which income will be realised and may also lead to a decline in the valuation of the projects. Following consideration the directors have noted that the association has the continued support of the parent undertaking and that they consider the valuation of the investment properties to be reasonable.

The directors have also assessed the ongoing cashflows of the association for the next twelve months from the date of approval of the financial statements. The cash balances are expected to remain robust from existing operations.

This should enable the association to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Income and expenditure

Income and expenses are included in the financial statements as they become receivable or due. Income represents amounts receivable for the rent charged to tenants and amounts receivable for the partial disposal of shared ownership properties.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

1 Accounting policies

(Continued)

1.4 Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties include affordable homes, which are principally properties available for rent, as well as properties held for sale under shared-ownership agreements.

Expenditure on shared ownership properties is split proportionally between current and fixed assets, based on the element relating to expected first-tranche sales. The proportion of shared-ownership property costs relating to the first-tranche portion is classified as a current asset. Costs include the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. Sales proceeds relating to the first-tranche portion of shared-ownership properties are classified as turnover.

Completed and under-construction affordable homes and the fixed asset element of shared-ownership properties are stated at fair value at the reporting date, less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure the carrying amount does not materially differ from the fair value of the properties as at the reporting date.

1.5 Impairment of fixed assets

At each reporting period end date, the association reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

1 Accounting policies

(Continued)

1.7 Financial instruments

The association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the association's balance sheet when the association becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the association transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the association after deducting all of its liabilities.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the association's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the association are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the association.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The association's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the association has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

1 Accounting policies

(Continued)

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Government grants

Government grants include grants received from HE, local authorities, and other government organisations. A grant which does not impose specific future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specific future performance-related conditions on the association is recognised only when these conditions are irreversibly satisfied. A grant received before the revenue recognition criteria are satisfied is recognised as a liability. To the extent that certain decisions by management could result in a clawback of the grants, such as sale of the properties, the association continues to hold these grants as long-term liabilities, regardless of the intentions of the association.

Grants due from government organisations or received in advance are included as current assets or liabilities.

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

2 Judgements and key sources of estimation uncertainty

In the application of the association's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuations of properties

The association's properties which are properties held to earn rentals and/or capital appreciation are measured using the fair value model and stated at their fair value as at the reporting date. The directors have based their assessment of value on formal valuations advice from suitably qualified chartered surveyors.

Accruals for remediation works

The association has recognised accruals for remediation work in relation to the defects claims at the Aldershot site. These accruals are based on management's best estimates which have been calculated with reference to advice provided by their external property experts.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

3 Operating surplus/(deficit)

	2025 £	2024 £
Operating surplus/(deficit) is stated after charging:		
Fees payable to the association's auditor for the audit of the association's financial statements	40,000	35,000
Costs on disposal of properties	890,933	434,991
Operating lease charges	3,881	63,130
	<u> </u>	<u> </u>

4 Income

The total turnover of the association for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

5 Directors' remuneration

	2025 £	2024 £
Remuneration for qualifying services	66,760	68,958
	<u> </u>	<u> </u>

6 Interest receivable and similar income

	2025 £	2024 £
Interest income		
Interest on bank deposits	3,532	12,605
	<u> </u>	<u> </u>

Investment income includes the following:

Interest on financial assets not measured at fair value through surplus or deficit	3,532	12,605
	<u> </u>	<u> </u>

7 Employees

The average monthly number of persons (including directors) employed by the association during the year was:

	2025 Number	2024 Number
Directors and staff	6	6
	<u> </u>	<u> </u>

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

7 Employees (Continued)

Their aggregate remuneration comprised:

	2025 £	2024 £
Wages and salaries	186,020	175,362
Social security costs	16,012	13,149
Pension costs	4,546	4,093
	<u>206,578</u>	<u>192,604</u>

8 Interest payable and similar expenses

	2025 £	2024 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,388,293	1,413,888
Interest payable to group undertakings	1,952,199	1,486,300
	<u>3,340,492</u>	<u>2,900,188</u>
Other finance costs:		
Amortisation	29,626	482,599
Break fees	-	270,093
Exit fees	-	185,588
Other interest	19,138	-
	<u>3,389,256</u>	<u>4,108,561</u>

9 Tangible fixed assets

	Affordable and Social Homes	Shared Ownership	Total
Cost			
At 1 July 2024	88,509,780	24,684,071	113,193,851
Additions	2,967,413	482,439	3,449,852
Disposals	-	(848,362)	(848,362)
Revaluation	(7,268,050)	(1,496,153)	(8,764,203)
Transfers	-	7,077,613	7,077,613
	<u>84,209,143</u>	<u>29,899,608</u>	<u>114,108,751</u>
At 30 June 2025	84,209,143	29,899,608	114,108,751
Depreciation and impairment			
At 1 July 2024 and 30 June 2025	-	-	-
Carrying amount			
At 30 June 2025	<u>84,209,143</u>	<u>29,899,608</u>	<u>114,108,751</u>
At 30 June 2024	<u>88,509,780</u>	<u>24,684,071</u>	<u>113,193,851</u>

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

10 Taxation

	2025 £	2024 £
Current tax		
UK corporation tax on surplus for the current period	-	-
Adjustments in respect of prior periods	47,641	-
	<u>47,641</u>	<u>-</u>
Total UK current tax	<u>47,641</u>	<u>-</u>

The actual charge for the year can be reconciled to the expected credit for the year based on the surplus or deficit and the standard rate of tax as follows:

	2025 £	2024 £
Loss before taxation	(622,139)	(2,678,522)
Expected tax charge based on the standard rate of corporation tax in the UK of 25% (2024: 25%)	(155,535)	(549,097)
Unutilised tax losses carried forward not recognised as a deferred tax asset	155,535	549,097
Under/(over) provided in prior years	47,641	-
Taxation charge for the year	<u>47,641</u>	<u>-</u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2025 £	2024 £
Deferred tax arising on:		
Revaluation of property	(2,191,051)	(87,337)

11 Debtors

	2025	2024
Amounts falling due within one year:		
Service charges due	36,435	95,984
Corporation tax recoverable	58,933	-
Amounts owed by group undertakings	119,828	-
Other debtors	1,150,077	4,690,998
Prepayments and accrued income	511,043	557,339
	<u>1,876,316</u>	<u>5,344,321</u>

The other debtors account includes £875,805 (2024: £4,569,272) for insurance monies receivable at the Aldershot properties to compensate for the costs incurred on remedial works at that site.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

12 Properties held for sale

	Total £
Shared ownership properties:	
At 1 July 2024	9,729,261
Additions	(2,337)
Transfer of properties held for sale to investment properties	(7,077,613)
Disposals	(42,571)
Impairment losses	(112,387)
	<hr/>
As at 30 June 2025	2,494,353
	<hr/> <hr/>

13 Creditors: amounts falling due within one year

	Notes	2025 £	2024 £
Bank loans and overdrafts	14	479,388	-
Trade creditors		307,875	150,921
Other taxation and social security		6,288	9,980
Amounts due to related parties		1,288	-
Other creditors		2,039,343	1,645,990
Accruals and deferred income		2,507,697	4,079,991
		<hr/>	<hr/>
		5,341,879	5,886,882
		<hr/> <hr/>	<hr/> <hr/>

14 Loans and overdrafts

	2025 £	2024 £
Current bank loans	479,388	-
Loans from group undertakings	66,019,849	64,202,650
Non-current bank loans	29,317,942	29,740,648
	<hr/>	<hr/>
	95,817,179	93,943,298
	<hr/> <hr/>	<hr/> <hr/>
Payable within one year	479,388	-
Payable after one year	95,337,791	93,943,298
	<hr/> <hr/>	<hr/> <hr/>

During the year the Deutsche Bank senior facilities agreement was transferred to Aviva with no changes to the terms of the loan with the total principal balance remaining at £30,301,523. The loan is repayable in accordance with the repayment terms in the loan agreement until the termination date of the loan in 2043. The facilities bear interest at 4.25% per annum. The loans are secured by fixed charges on the properties owned by the association.

As at 30 June 2025 the long-term loan agreements with Funding Affordable Homes Finance Company Sarl totalled £66,019,849, taking the form of Income Sharing Loans of £37,723,033 and Interest Bearing Loans of £28,296,816 and are repayable in accordance with the repayment terms of the loan agreements until the termination date of the loans in 2043.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

15 Creditors: amounts falling due after more than one year

	Notes	2025	2024
Bank loans	14	29,317,942	29,740,648
Loans from group undertakings		66,019,849	64,202,650
Other creditors		22,908,350	22,908,350
		<u>118,246,141</u>	<u>116,851,648</u>

The other creditors relate to government grants which have various performance conditions attached to them, which the association is committed to meeting.

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the association and movements thereon:

	Liabilities 2025 £	Liabilities 2024 £
Balances:		
Property	<u>672,626</u>	<u>2,863,677</u>
Movements in the year:		2025 £
Liability at 1 July 2024		2,863,677
Credit to other comprehensive loss		(2,191,051)
Liability at 30 June 2025		<u>672,626</u>

The deferred tax liability set out above relates to revaluation gains in respect of the association's housing properties. The deferred tax liability is expected to reverse in future periods as the association recovers the carrying amount of the building through use over time.

17 Provisions for liabilities

	Notes	2025 £	2024 £
Deferred tax liabilities	16	<u>672,626</u>	<u>2,863,677</u>

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

18 Retirement benefit schemes		
	2025	2024
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	4,546	4,093
	<u> </u>	<u> </u>

The association operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the association in an independently administered fund.

19 Members' liability

The association is limited by guarantee, not having a share capital, and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the association on winding up such amounts as may be required, not exceeding £1.

20 Related party transactions

The association's parent company is Funding Affordable Homes Finance Company Sarl and its ultimate controlling party is Funding Affordable Homes SICAV SIF S.A. Both of these entities are incorporated in Luxembourg.

As at 30 June 2025 a non-current loan balance of £66,019,849 is payable to Funding Affordable Homes Finance Company Sarl with interest accrued on the original loan amounting to £1,952,199 for the year.

21 Contingent liability

The association has recognised £2,312,981 of accruals for remediation work at the Aldershot site. These accruals are based on management's best estimates which have been calculated with reference to advice provided by their external property experts. However, as these figures are estimates, a potential contingent liability exists at the year end for any potential cost overruns related to the project which may however be offset by additional insurance receipts.

On the basis that the directors are unable to reliably estimate the quantum of any such potential costs overruns and any further insurance receipts it has been agreed that no contingent liability is to be recognised.

22 Members' funds

As the association is a company limited by guarantee, it does not have any share capital. Funding from the FAH Group have therefore been historically classified as 100% debt, which is included within creditors on the association's balance sheet. This has the direct impact of reducing the association's net assets. For companies which are able to issue share capital, such inter-company funding typically includes an element of equity which serves to bolster a company's capital base.

Therefore, such inter-company group funding from the FAH Group could be considered as quasi-equity, contributing to a positive capital base.

FUNDING AFFORDABLE HOMES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

23 Analysis of changes in net debt

	1 July 2024 £	Cash flows £	30 June 2025 £
Cash at bank and in hand	2,684,217	1,203,520	3,887,737
Borrowings excluding overdrafts	(93,943,298)	(1,873,881)	(95,817,179)
	<u>(91,259,081)</u>	<u>(670,361)</u>	<u>(91,929,442)</u>

24 Cash generated from operations

	2025	2024
Deficit for the year after tax	(669,780)	(2,678,522)
Adjustments for:		
Taxation charged	47,641	-
Finance costs	3,389,256	3,838,468
Investment income	(3,532)	(12,605)
Impairment of properties held for sale	112,387	1,100,790
Decrease in provisions	-	(480,000)
Movements in working capital:		
(Increase)/decrease in debtors receivable from related parties and group undertakings	(119,828)	478,768
(Increase)/decrease in other debtors	3,646,766	(4,609,812)
Increase/(decrease) in creditors due to related parties and group undertakings	1,818,487	28,235,463
Increase/(decrease) in other creditors	(3,039,823)	2,747,056
Cash generated from operations	<u>5,181,574</u>	<u>28,619,606</u>