Believe Housing Limited

Annual Report and Financial Statements
for the year ended 31 March 2025

Co-operative and Community Benefits Society registered number: 8076

Regulator of Social Housing registered number: 5071

Contents

Board Members, Executive Directors, Advisors and Bankers

Registration numbers

Co-operative and Community Benefit Society registration number	8076
Regulator of Social Housing registration number	5071
Registered office	Coast House Spectrum Business Park Seaham SR7 7TT

Board Members
The following individuals served as Board Members from 1 April 2024:

Hazel Dale (Chair until 3 October 2024)
John Marshall (Vice Chair and then Chair from 3 October 2024)
Kevan Joseph Wales
Robert Auty
David Clouston (until 31 December 2024)
Monica Burns
Kelly Henderson
Michelle Meldrum
Andrew Malcolm
Christopher White
Amy Mooney (from 1 May 2025)

The following individuals served as Executive Board members from 1 April 2024:

Robert Alan Smith
Faye Danielle Gordon

Chief Executive	Robert Alan Smith
Executive Directors	Faye Danielle Gordon, Executive Director of Finance and Investment Nicola Welsh, Executive Director of Communities and Customer Services Julie Brayson, Executive Director of Culture, Technology and Transformation (from 1 May 2024 until 31 August 2024) Lisette Nicholson, Executive Director of Culture, Technology and Transformation (from 2 January 2025) Louise Taylor, Executive Director of Governance and Strategy (from 1 May 2024)

Board Members, Executive Directors, Advisors and Bankers (continued)

Secretary	Andrew Coates
Solicitors	Trowers & Hamlins LLP 3 Bunhill Row London EC1Y 8YZ
Bankers	Lloyds Bank Grey Street Branch 4th Floor 102 Grey Street Newcastle upon Tyne NE1 6AG
Independent auditors	Beever and Struthers Chartered Accountants and Business Advisors One Express 1 George Leigh Street Manchester M4 5DL

Report of the Board

The Board of Believe Housing Limited are pleased to present the consolidated Annual Report and Financial Statements for the year ended 31 March 2025.

Strategic Report

Corporate structure and business model

Believe Housing Limited ('believe housing / the Association') is a charitable Co-operative and Community Benefit Society and is registered with the Financial Conduct Authority ('FCA'). believe housing is a registered provider of social housing and is regulated by the Regulator of Social Housing ('the Regulator'). It is parent to Believe Developments Limited ('Believe Developments'), a wholly owned subsidiary which was incorporated on 19 March 2021 under the Companies Act 2006. Further details of the group structure are set out in note 18.

The group meets the definition of a public benefit entity as set out in Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the Housing Statement of Recommended Practice 2018 ('SORP').

At the 31 March 2025, we owned and managed 18,334 homes (2024: 18,171) which represents around 40% of all social housing stock in the County Durham area with a turnover of £86.901m (2024: £80.178m) and a total tangible fixed asset base of £413.597m (2024: £368.053m).

Objectives and strategy

Our Corporate Plan

In March 2024 the Board approved the final year of the 2022 – 2025 Corporate Plan. This review of the plan considered our existing objectives and priorities considering the external environment we were operating in. As part of the review, we recognised that we were already embarking on some large scale projects of transformation across believe housing to improve the customer and colleague experience.

We identified the need to ensure that our plans and decisions were data and insight driven which were reflected in our updated priorities and we introduced our plan to create a Customer Strategy. This was to ensure that we keep a constant focus on our customers, their needs and our culture to deliver a great experience.

Our vision remained constant as:

We believe in life without barriers

We introduced our core purpose statement:

We improve our customers' lives by providing healthy and affordable homes, enhancing our communities

And our values remained:

do the right thing: for our colleagues; for our customers; for our business

Our Objectives and priorities

Everything we do is linked to our vision and values. Our objectives were:

create thriving, safe and sustainable places and homes that people want to live in	provide services that have the biggest impact in supporting our customers
create an employee offer that attracts the best people	create the simplest processes and ways of working
work together for the good of our customers	be a sound, secure and sustainable business

Our new Corporate Plan for 2025-2028 was approved by the Board in May 2025, further details are included in our future development overview on pages 25 to 26.

What we achieved in 2024/25

The year continued to be challenging due to the volatile external environment and increasing demand on our services. However, we continued to move forward with our plans so that we focus on delivering a positive experience for our customers and support a sustainable business.

The key achievements contributing to our strategic objectives for 2024/25 included:

- Delivery of 208 new homes in the year.
- Increasing the delivering of energy efficiency improvements to over 3,700 homes , taking us to over 62% of our properties being at EPC Band C and above.
- Improving on the positive satisfaction with our repairs service despite increased demand.
- Achieving £9.6m in social value across the business through community investment projects, employability support and repairs to improve energy ratings of homes.
- Used our community investment funding to support projects with 125 grants, providing over £251,000 of direct funding.
- Supporting 131 customers to access well paid, sustainable and secure employment opportunities.
- Continuing with our Volunteering Framework where we have taken part in a range of volunteering opportunities including beach cleans, supporting Forestry England and helping in community organisations providing support to customers such as cleaning packs.
- Delivering our annual Innovation Festival bringing colleagues together to focus on collective challenges and pitching ideas for support to a local community organisation.
- Worked with customers and colleagues to develop and deliver our first Customer Strategy.

Linking our strategic objectives and performance metrics

The delivery of our strategic objectives is monitored by the Senior Leadership Team, comprising of the Executive Management Team and other senior leaders. The corporate performance scorecard metrics are compared to targets set and discussed with the Senior Leadership Team and confirmed by the Board, before being reported through the quarterly performance reports to the Performance and Standards Committee and the Board.

Historic performance is reviewed as well as comparing performance with our peers to help identify trends in performance and drive development of our services. We have incorporated our Tenant Satisfaction Measures (TSM) into our Corporate Scorecard reporting, ensuring that TSM data and the customer experience is integral to our performance discussions. Our TSM results are shown on our website here tenant satisfaction measures.

Benchmarking of performance is done through Housemark to understand how our service areas compare to other organisations of a similar size and scope. The peer group used for benchmarking performance has been agreed with Housemark, taking into consideration a variety of factors such as number of homes, region, organisation type and services provided.

The criteria typically used is Housing Associations throughout England (excluding London), with homes numbering between 10,000 – 20,000. However, we can also use different groups or tailor who we compare ourselves to depending on the service area we are reviewing.

We also benchmark locally with landlords in the region to compare our performance and collaborate on ways to improve.

Performance indicators are developed to measure progress against the Corporate Plan objectives and are based on the following principles:

- Provide insight into the quality-of-service provision and outcomes for customers, communities and the business.
- Ensure that the health of the business is being monitored.
- Inform the scrutiny of services undertaken by the Customer Voices Group and formulation of recommendations to the Board.

We regularly review our Corporate Scorecard in line with our Corporate Plan objectives and associated activities to make sure that our measures are relevant, whilst also retaining some indicators year on year to provide consistency and allow performance to be tracked over longer time periods.

The value for money metrics are monitored and reported each quarter to the Performance and Standards Committee and the Board through the quarterly financial reporting and the performance report so that financial and operational performance is considered at the same time.

There is also a business scorecard which is reported to each meeting of the Performance and Standards Committee to summarise the operational performance of the business.

Our performance metrics 2024/25

The following performance indicators have been monitored during 2024/25 to assess our performance against the corporate objectives set out in our Corporate Plan.

These performance indicators are based on information taken from a number of different sources, including our housing management system, HR system and the HACT[1] Value Insight system. Some of these figures are reported based on the performance period end (for example the end of a rent week) rather than the financial year end.

Where available, information on the previous year's performance has been included.

[1] Housing Association's Charitable Trust

Performance Indicators	Target 2024/25	Actual 2024/25	Actual 2023/24	Actual 2022/23
Overall customer satisfaction	82%	77%	81%	79%
Customer satisfaction with repairs	87%	90%	84%	86%
Tenancy Turnover	No target – for information	7.6%	7.6%	8.2%
Proportion of complaints completed within timescale	85%	92%	68%	63%
New supply delivered	250	208	208	100
Social value from investment	£7m	£9.6m	£6.7m	£4.4m
Average number of days lost due to colleague sickness	8.0	8.4	8.6	9.1
Colleague turnover	11.3%	10.0%	11.3%	12.3%
Healthy [2]culture score	85	n/a	n/a	84
Best companies score	3 Star	3 Star	2 Star	2 star
% of repairs right first time	95%	97%	93%	93%
Average days to complete a repair	14 days	15 days	16 days	17 days
% of repairs completed in timescale	88%	91%	91%	88%
Total debt as a % of debt owed	5.5%	4.9%	5.5%	6.2%
Average relet time standard (excluding major works)	32 days	27.6 days	36.1 days	47.7 days
Average energy rating of properties	68.94	69.61	69.07	69.01
Carbon Footprint (tonnes of CO2)	17,013	18,393	20,785	New metric
Gas compliance	100%	99.98%	99.97%	99.97%
Electrical compliance	100%	100%	99.95%	99.78%

2024/25 continued to prove a challenging year with ongoing economic pressures and high demand for our services. However, we have invested additional resources to support direct customer services, including our neighbourhood teams, our teams dealing with damp and mould and complaints and reviewed how we deliver our services to ensure that we are able to meet our service standards and respond to customers in a timely way which has improved a number of our key performance indicators above.

The following paragraphs explain our performance for the year in further detail.

[2] The Culture Survey was deferred from 24/25 and is due to be undertaken later in 2025.

Customer

Of the six-customer metrics with a target set, five were achieved or were within tolerance of the target. There have been some positive results during the year including increasing our satisfaction with our repairs service and complaints completed within timescale, however our overall customer satisfaction score has reduced as noted below.

- Overall customer satisfaction is behind target and performance has fallen from the previous year. The proportion of our surveys completed online has increased this year and typically online surveys can be associated with a reduction in satisfaction scoring. Nevertheless, our perception surveys (TSMs) are now being carried out every quarter rather than twice yearly. The increased frequency allows more immediate review and analysis of the customer insight from the surveys to identify improvement activities, update our action plan and ensure we fully utilise customer voice to deliver improvement.

- Tenancy turnover has been consistent with last year's performance, ending on 7.6% which reflects the continued positive work being done to help customers to sustain their tenancies and offer support appropriate to their needs.

- Customer satisfaction with repairs ended the year at better than target and previous years at 89.6%. We are continuing to review our customer perception metrics and feedback to identify further improvements in our processes but also ensure our services meet customer expectations.

- Our complaints performance this year has improved following the prior year review and revised focus on taking a resolution-based approach to the complaints we receive. Our customer perception data continues to inform our approach to resolving complaints but also lessons learnt to improve our overall services to customers.

- Our supply of new homes is consistent with the prior year with 208 new homes delivered over the year. Delays due to onsite delivery and revisions to programmes due to grant funding availability meant we did not meet the 250 new home target set, however, plans are in place to meet the shortfall over the coming two years.

- We have outperformed our target for social value from investment achieving over £9m from our overall activities.

Colleague

Our engagement with our colleagues continues to be high. We achieved 3-star Best Companies status this year which demonstrates our continued focus on our colleagues and ensuring that we are an employer of choice.

Alongside this we monitor colleague turnover rates, and the average number of days lost due to absence. Our managers are trained to support colleagues when they are absent due to sickness and put plans in place to help people return to work. We monitor our turnover to understand the reasons why people may be leaving believe housing. This helps us to understand if we need to make any changes to ensure believe housing continues to be an attractive place for colleagues to come and work.

Business

Out of seven business indicators with targets set, five either met target or were within tolerance.

- Repairs completed within timescale and repairs completed right first time both performed well during the year, improving from the previous year's metrics. We commenced a full review of our repairs service in the previous year with improvements to our processes being implemented during 2024/25. Whilst our average days to complete a repair is still above target, we have worked to reduce this where possible, whilst also balancing increased demands on our repairs service.

- One of the areas out of target was gas compliance, however this is due to setting a target of 100% with no tolerance applied for all compliance areas. All instances where inspections were overdue were because of no access issues and are therefore placed into our no access process to ensure that we can make the appropriate checks at the earliest opportunity.

- Total debt as a proportion of debt owed performed strongly ending the year at 4.9% compared to a target of 5.5%.

- Our value for money metrics are explained on pages 11 to 19. Further information is included within the value for money metrics benchmarking section of this report.

Environment, Social and Governance metrics

We have environment, social and governance metrics and targets with two of our funders, which, if achieved, will result in a discount to our agreed funding costs. The metrics agreed are as follows:

- Average Energy Performance Certificate ('EPC') scores of our housing properties.

- Social value of our investments as determined by HACT.

- The Best Companies star rating.

As at 31 March 2025 we achieved the three targets set and have had these certified for confirmation with funders.

We have adopted the Sustainability Reporting Standard published in November 2020 and our ESG report can be found on our website.

New build development and our Development Strategy

During 2024/25 we have made good progress in delivering new homes with a total of 208 completed in the year across thirteen different development sites. At the end of March 2025, a total of 1,143 new homes have been completed since our development programme commenced.

A series of performance metrics capturing operational and financial performance information are reported to the Development and Investment Committee every quarter. The financial performance information is also included in the quarterly management accounts which are scrutinised by the Performance and Standards Committee and reported through to the Board.

Our 2021 – 2026 Development Strategy (approved by the Board in October 2020) set out our ambition to grow our development programme alongside our place-based approach to investment, to meet the housing needs of our communities. Our ambition over this period was to:

- Develop 250 homes a year.
- Provide a mix of property types and tenures, including homes for social rent, affordable rent, affordable home ownership and private sale.
- Develop our offer for homes for 2050, including our approach to renewable energy solutions, modern methods of construction and SMART homes technology.
- Develop an exemplar energy efficient SMART home scheme, testing a range of renewable energy solutions and other technologies in advance of the government's 2025 off-gas target for new build homes. This was achieved at our Lowlands Road scheme in Brandon which completed in January 2024.
- Develop an exemplar older persons scheme by 2025. This was our scheme at Tintern Road, St Helens Auckland which completed after the end of this financial year in May 2024.
- Continue to maximise the benefits from Believe Developments Limited and its joint ventures.
- Embed our development strategy as part of our wider place-based approach to asset management and investment in existing homes.

Our progress in delivering the Development Strategy is monitored by the Development and Investment Committee.

During 2022/23 we entered into a joint venture (JV) with Homes by Carlton to invest in their market sale development at Middleton St George which was approved by the Board on 7 December 2022 (Believe Carlton MSG LLP). A second JV with Homes by Carlton for a development at Witton Gilbert received final Board approval in March 2023 (Believe Carlton Witton LLP).

Believe Carlton MSG LLP has planning permission for 148 properties to be developed over the period to March 2028. Believe Carlton Witton LLP has planning permission for 29 properties, now due to be completed during 2025/26. The joint ventures have been funded via a loan from believe housing limited to Believe Development Limited with interest charged based on the agreed market rate. Profits arising from the JV's will be distributed between Believe Developments Limited and Homes by Carlton at the end of the development period.

JV performance in the year has been positive with good progress made across both sites, 26 homes have been sold, and a strong sale pipeline continues.

We are in the process of developing our next stage of the Development Strategy beyond 2026.

What does value for money mean to us

Value for money and optimising our resources underpins our Corporate Plan and is embedded into all policies and procedures, so it remains at the forefront of key decisions and forms an integral part of how we work.

Our approach to value for money is supported by our Performance Management and Added Value Framework which was reviewed and approved by Board in December 2023. This framework sets out our approach to both performance management and value for money in one document recognising that these two areas are inextricably linked.

The Performance and Standards Committee and the Board are updated throughout the year on value for money actions and achievements through the quarterly performance report as well as a mid-year review of the Corporate Plan.

Value for Money Metrics

In April 2018 the Regulator issued the value for money metrics alongside the Value for Money Standard and Code of Practice.

Our performance for each of the value for money metrics in the standard has been set out in the following table alongside a comparison against a bespoke peer group. Our peer group is determined based on providers matching our key defining characteristics of size, location and activities. Specifically, our peer group contains providers who:

- Own between 10,000 and 25,000 homes (believe housing: 18,334).
- Operate primarily in regions with an Annual Survey of Hours and Earnings (ASHE) regional wage index of 0.96 or below (believe housing: 0.91).
- Have less than 5.0% of their homes designated as housing for older people (believe housing: 0%).
- Have less than 1.0% of their homes designated as supported housing (believe housing: 0%).

This has given us a bespoke peer group containing the following registered providers:

- Beyond Housing
- First Choice Homes Oldham

- Incommunities
- Livv Housing Group
- One Manchester
- Ongo Homes
- Walsall Housing Group
- Wythenshawe Community Housing Group.

The comparison looks at our target and actual performance data for 2024/25 and our historic performance data for 2023/24 and 2022/23. In addition, where possible, we have compared our performance to the peer group data for 2023/24, which is the most current data publicly available.

The following metrics have been calculated based on the Annual Accounts ('FVA') return that is submitted to the Regulator.

	believe housing				Peer Group
Value for Money Metric	**Target 2024/25**	**Actual 2024/25**	**Actual 2023/24**	**Actual 2022/23**	**Actual 2023/24**
Reinvestment	17.0%	13.7%	16.3%	15.2%	12.1%
New supply delivered – social housing units	1.3%	1.1%	1.1%	0.6%	1.1%
New supply delivered – non-social housing units	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing	54.7%	53.4%	52.9%	48.7%	49.7%
Headline social housing cost per unit	£4,914	£4,653	£4,426	£4,371	£4,661
Management cost per unit	*£1,457*	*£1,304*	*£1,256*	*£1,384*	*£1,364*
Service charge cost per unit	*£110*	*£58*	*£62*	*£55*	*£335*
Maintenance cost per unit	*£1,348*	*£1,348*	*£1,321*	*£1,263*	*£1,413*
Major repairs cost per unit	*£2,000*	*£1,860*	*£1,689*	*£1,617*	*£1,452*
Other social housing cost per unit	*£0*	*£83*	*£98*	*£51*	*£97*

	believe housing				Peer Group
Value for Money Metric	**Target 2024/25**	**Actual 2024/25**	**Actual 2023/24**	**Actual 2022/23**	**Actual 2023/24**
EBITDA MRI[3] Interest cover	-5.6%	66.3%	7.9%	-33.1%	148.3%
Operating margin – social housing lettings	15.9%	24.5%	19.7%	13.9%	17.2%
Operating margin – overall	17.3%	24.4%	18.8%	13.7%	17.0%
Return on capital employed ('ROCE')	4.4%	5.4%	4.4%	4.2%	3.7%

Key factors impacting VFM metric performance

Investment in new homes

Expenditure on new build development has fallen by around £7.5m in 2024/25, when compared to 2023/24. The primary reason for this reduction in development expenditure has been the limited availability and uncertainty regarding grant funding from Homes England during 2024/25 that has directly affected our planned investment in new homes and contributed to delays in beginning work on new housing developments. The decreased expenditure on new properties has contributed to the observed decrease in the ***reinvestment*** metric in comparison to 2023/24. Prior to 2023/24, we had seen year-on-year increases in new build expenditure that had been debt funded and so impacted our ***gearing*** metric. While the level of new build expenditure has reduced in 2024/25, the expenditure we have incurred remains debt funded and so this has continued to increase our gearing metric, albeit at a slower rate than has been observed in prior years. The reduction in spending on new build properties has also meant a plateauing of the historic trend of an increasing ***social housing new supply delivered*** metric. While expenditure on new homes is lower in 2024/25, we had still seen a similar level of homes completed when compared to 2023/24 primarily because of the offset in timing between when expenditure to build new homes is incurred and when the new homes are completed, so our new homes in 2024/25 partly represent the fruition of expenditure incurred in previous financial years.

The actual expenditure on new homes reported for 2024/25 is around £14m lower than the forecast at the beginning of the year used to set our target metrics. The underspend has resulted from delays as a result of the problems accessing grant funding set out above, which were not anticipated when the target metrics were set at the beginning of 2024/25. These delays have impacted our performance against target for several VFM metrics including ***reinvestment*** and ***social housing new supply delivered***, both of which are below the target for the year. Changes in our development investment correlates closely to

[3] Earnings Before Interest, Tax, Depreciation and Amortisation with Major Repairs Included. Note – the calculation of this metric has been changed in 2025 to include major repairs capital grants. To aid comparability we have amended the prior year actual figures to reflect the updated definition.

changes in our borrowing and so also impacts our performance versus target for the ***gearing*** metric.

When compared to our peer group performance for 2023/24, our investment in new homes is lower than the median figure, both on an absolute and per unit basis. This has contributed to our ***reinvestment*** being lower than the peer group median for 2023/24. Our ***social housing new supply delivered*** has remained in line with the peer group median but, as explained above, this is partly as a result of the impact of investment in new homes made in previous years and the timing offset between expenditure on new housing and its completion.

Investment in existing homes

In 2024/25, we have also reported additional capital investment in our existing properties, and this has primarily been driven by increased expenditure on decarbonisation measures to improve the energy efficiency of our homes and ongoing spend on remediating damp, mould and condensation issues as well as other major repairs. The increased investment in these areas has contributed to the increase in our ***reinvestment*** metric since 2021/22, although it has not been sufficient to offset the reduction in expenditure on new homes set out above and so we have seen reinvestment fall in 2024/25. We can, however, see the impact of the greater expenditure on existing homes in the increased ***headline social housing cost per unit (HSHCPU)*** and, specifically, the increase in our major repairs cost per unit. It has also impacted our reported ***EBITDA MRI interest cover***, although the effect of this has now been partially offset by a change in the calculation basis to include the grant funding for capital major repairs, which, in our case, relates solely to grant funding for decarbonisation work.

Our capital investment in existing homes is also around 35% higher than the median for our peer group for 2023/24. It is difficult to identify the reason for this from the information publicly available for our peers but, as we continue to increase our investment in decarbonisation and energy efficiency work to our homes, it may be that this is contributing to the differential between our performance and that reported by our peers in 2023/24. In particular, this would help to explain our performance versus our peers for the ***EBITDA MRI interest cover*** and ***HSHCPU*** metrics (specifically the major repairs cost per unit element). The impact of capital investment on our HSHCPU is significant – while our performance for 2024/25 is higher than the peer group median, if capitalised investment costs are excluded from the analysis, our cost per unit would represent the lowest in our peer group.

Operating surplus

We have reported an increase in our operating surplus in 2024/25 and this has primarily been driven by a non-cash pension adjustment of £3.15m that is a credit to operating expenditure in the Statement of Comprehensive Income (SOCI) and so has increased our operating surplus for the year. This is similar to the prior year when we recognised a credit of £2.2m in the SOCI, although the impact of the credit in 2024/25 has been greater.

After discounting the impact of this pension adjustment, we have also seen an increase in our underlying operating surplus in 2024/25, with our operating turnover having increased by 8.4% in the year, which has exceeded the reported increase in our underlying operating expenditure (excluding pension adjustment) of 2.8%. The effect of our increased operating surplus is wide-ranging across several of our VFM metrics, with a positive impact on our ***EBITDA MRI interest cover*** metric, ***operating margin metric (both for social housing***

only and overall) and ***ROCE***, where the increase in surplus we have reported has exceeded the increase in our total assets less current liabilities reported on the statement of financial position. The effect of the pension adjustments in 2023/24 and 2024/25, in being credited to operating expenditure, have also meant that the management cost per unit element of our ***HSHCPU*** is reduced in these years when compared to prior years.

The forecast used to set our VFM metric targets for 2024/25 did not include the £3.15m pension credit adjustment and so this has a significant impact on our performance versus target for several metrics, most directly ***EBITDA MRI interest cover***, ***social housing and overall operating surplus*** and ***ROCE***. It has also improved our performance versus target for the management cost per unit element of ***HSHCPU***. Even after taking account of impact of the pension adjustment, we have reported a larger underlying operating surplus for 2024/25 than had originally been forecast when setting our targets for the year. This is because we've recorded turnover around 0.8% higher than forecast and operating expenditure (excluding pension adjustment) that is 2.2% lower, thus giving a higher operating surplus. Key reasons for the reduction in operating costs include reduced depreciation and bad debt charges following revisions to estimation policies applied.

The pension adjustment also impacts our performance for ***social housing and overall operating surplus*** and ***ROCE*** when compared to our peers. Both metrics are higher than the peer group median having been positively impacted by the £3.15m credit adjustment. Once the pension adjustment is excluded, our underlying operating surplus is still higher on a per unit basis than the peer group median. However, analysis of our turnover shows it is around £985 per unit lower overall than the peer group median, with social housing-only turnover also around £525 per unit lower than the median figure. There are various reasons for the lower turnover position, most of which are long-term legacy factors linked to our particular circumstances including our area of operations, mix of property sizes and timing of the stock transfer from Durham County Council. Given our turnover per unit is lower than the peer group median, our higher surplus per unit has been driven by a lower underlying revenue operating expenditure per unit.

Expenditure on planned and routine maintenance

We have reported an increase in expenditure on planned and routine maintenance in 2024/25, which represents a continuation of a multi-year trend of higher maintenance costs. This has been driven by both continuing increases in the volume of work due to greater demand for repairs, as well as an increased cost of repairs due a greater complexity of repairs jobs arising in our homes. The effect of the additional expenditure on planned and routine maintenance can be observed in the maintenance cost per unit element of our ***HSHCPU*** metric, with a year-on-year increases observed since 2021/22.

Other factors

We had no plans to develop non-social housing units during 2024/25, which was consistent with our core strategic aims that focus on the provision and development of social and affordable homes and so we continue to report no ***non-social housing new supply delivered***.

Forecast value for money metrics

The value for money metrics are part of the overall performance framework and targets set are based on the Business Plan (2025 – 2055), which was approved by the Board in May 2025.

	Actual 2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Reinvestment	13.7%	19.3%	17.7%	12.3%	8.8%	6.1%
New supply delivered - social housing units	1.1%	1.6%	1.5%	1.3%	1.0%	0.0%
New supply delivered - non-social housing units	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing	53.4%	55.1%	56.4%	57.3%	56.6%	56.1%
EBITDA MRI/Interest cover	66.5%	-43.4%	-17.0%	14.5%	31.3%	51.1%
Headline social housing cost per unit	£4,653	£5,308	£5,410	£5,404	£5,437	£5,472
Operating margin - social housing lettings	24.5%	12.3%	15.5%	17.3%	18.6%	19.7%
Operating margin - overall	24.4%	14.2%	17.5%	19.2%	20.4%	21.5%
Return on capital employed	5.4%	3.2%	3.3%	3.3%	3.9%	3.6%

Investment in properties

- The reinvestment ratio is highest in year one, when the comparative level of investment in new and existing homes is similar to the following years but is divided by a lower gross asset value in the first year of the Plan thus giving a higher ratio. The ratio generally reduces over time and closely follows the profile of our forecast expenditure on new development, which is focussed on the first four years of the Plan to 2028/29.

- The delivery of new supply of social housing units reflects the latest forecasts of completions on our ongoing and pipeline development schemes. We expect to see the highest level of new completions in 2025/26, although the number of completions is forecast to be at a relatively constant level throughout the first four years of the Plan.

- The Plan does not include any expenditure on non-social housing development and therefore the non-social housing new supply delivered metric is forecast to be zero for the entire period.

Financial performance

- Our gearing ratio is comparatively stable over the period, fluctuating around 55-57%. The ratio increases, from 55.1% in year one to 57.3% in year three, before falling back to 56.1% by year five. This profile mirrors our expenditure on continued investment in new properties, which is highest during the first few years of the Plan and requires an increase in our debt requirement over the same period to finance it. From year three the level of expenditure on new homes, in particular, reduces and so the borrowing requirement in our Business Plan also decreases, resulting in a corresponding reduction in gearing ratio.

- Our EBITDA MRI interest cover ratio is -43.4% in the first year of the Plan but then increases each year thereafter to reach 51.1% by year five. We're continuing to incur higher costs in a number of areas of our business, driven both by inflation as well as increased volume and complexity of needs and requirements of both our customers and other stakeholders and this continues to weigh on our EBITDA MRI metric in the period up to 2029/30. Future improvements in this metric reflect the impact of the plans we are continuing to develop to re-base and control our future operating costs, the removal of non-recurring costs included within the 2025/26 budget and additional rental income from properties reletting at formula rent.

- The headline social housing cost per unit is at its highest in 2029/30 although, when adjusted for the impact of inflation, the 2025/26 figure is the highest in real terms. As our property numbers increase, non-recurring cost pressures are removed and the impact of our financial strategy targets are realised, the cost per unit reduces in real terms and, after factoring in inflation, remains relatively stable between £5,050-£5,200 per unit.

- Our operating margin is lowest in 2025/26 due to the impact of non-recurring cost pressures included within the 2025/26 budget and the lower level of financial strategy efficiencies achieved earlier in the Plan. As these cost pressures are removed and the financial strategy targets achieved, we see a corresponding improvement in both our social housing lettings and overall operating margin.

- Return on capital employed (ROCE) is consistent around 3.0-4.0% for the first five years of the Plan, with the highest metric forecast in 2028/29. The peak in 2028/29 is linked to the forecast receipt of a share of profit from one of our joint ventures in that year and so this represents a one-off boost to the ROCE metric in that year.

What value for money achievements have we made in 2024/25?

We have maintained a close focus on delivering value for money throughout the course of 2024/25 and the hard work of our colleagues has resulted in some new and innovative ways of working. Some of the key value for money achievements over the course of this financial year include:

- Further development of Power BI reporting across the business, moving away from the manual collation of performance data towards an automated reporting tool that can provide up to date, accurate performance data on key operational areas of the business.

- Securing grant funding from the Social Housing Decarbonisation Fund in collaboration with Tees Valley Combined Authority to support works such as loft, cavity wall and external wall insulation, energy efficient lighting, Solar PV and new heating controls.

- Achieving our agreed Environmental, Social and Governance metrics and targets for our funding, which will reduce the cost of funding to the business in the future.

- We continue to support customers to sustain their tenancies – the number of customers that engaged with our sustainment service last year and reduced their rent arrears increased to 720, compared to 557 the year before.

- Reducing our relet times further to minimise lost on rental income and allow our customers to access their new home earlier. Relet days have reduced from 48 in 2022/23, to 36 in 2023/24 and further again to 28 in 2024/25.

- Looking at productivity improvements and delivering further repairs services in house.

- We entered into a data sharing agreement with Northumbrian Water last year so that all our customers in receipt of pension credit automatically qualified for water rates reductions, rather than having to re-apply. This significantly increased the number of customers in receipt of water rates reductions and meant less work for our income and sustainment teams.

- Re-procured our Tenant Satisfaction Measures and our transactional survey supplier to provide consolidated feedback for the business, reducing the need for manual input, improving our useable insight and reducing the overall cost of the contract.

- Implemented Salesforce and new processes within the Customer Insight Team increasing efficiency, record keeping and learning, reducing the overall cost per complaint to the business and improving our response time.

What did we do with the value for money achieved?

The efficiencies we have achieved have supported our investment in corporate projects and priorities as follows in 2024/25:

- Investment of £25.045m in building and acquiring new homes, contributing towards our Homes for 2050 project.

- Investment of £58.808m in our improving our existing homes.

- Investment in digital technology and software of £0.642m to improve our digital offering to both colleagues and customers and improve our ways of working.

- Supported our local community groups through our community grant fund.

Future investment priorities are linked to the future developments which are commented on further at pages 25 to 26.

The value for money impact of our Corporate Plan projects, including the progress made in achieving cost savings targets established are monitored through our performance scorecard our five year medium term financial plan.

Achievement of any cost savings identified is one of the key measures of success that will be monitored throughout the delivery of our Corporate Plan projects.

Review of the business

Reported surplus

For the year ended 31 March 2025 we report a surplus before taxation of £14.940m (2024: £9.362m) and total comprehensive income of £16.432m (2024: of £18.031m).

The reported surplus is impacted by the following:

- A rent increase of 7.7%.
- An increase in pay costs reflecting an agreed pay award for the year.
- Reduced current service costs associated with the LGPS as set out in note 27 of these accounts.
- One off costs associated with our placemaking plans at Petwell Crescent, Easington, which include the planned demolition of specific properties.
- Increased costs for property repairs, reflecting the higher volume and nature of the works required.
- A reduced surplus on sale of properties due to reduced volumes of right to buy sales completions compared to prior years.
- A reduction in our depreciation charges arising from a change in our estimated life for new build properties.

The remeasurement movement relating to the pension scheme impacts the reported total comprehensive income of £16.432m (2024: of £18.031m). For the year ended 31 March 2025 there was a gain of £1.492m (2024: gain of £8.669m) which increases the reported surplus for the year. The remeasurement movement is an accounting adjustment and does not represent cash or income.

Statement of Financial Position

The Statement of Financial Position reports a net current liabilities position of £4.086m (2024: £2.829m) and a total net assets position of £159.654m (2024: £143.222m).

The key balances within the Statement of Financial Position are fixed assets, pensions and loans which are commented on further below.

Fixed assets

Our fixed assets are stated at cost and at the 31 March 2025 are reported at a net book value of £414.496m (2024: £368.527m). This is made up of intangible assets, housing properties, investment assets and other fixed assets.

Housing properties are categorised as tangible fixed assets as their intended use is for the social benefit they provide. The net book value of housing properties, which is the main component of the fixed assets at 31 March 2025, is £411.021m (2024: £366.253m).

The increase in the value of our housing properties reflects both the investment in our existing homes and our new development programme.

Intangible fixed assets have a net book value of £0.899m at the 31 March 2025 (2024: £0.474m) and relate to our computer software, mainly our housing management system.

Pensions

The Statement of Financial Position incorporates the pension liability for the Durham County Council Pension Fund ('the Pension Fund') of £0.118m (2024: £4.709m).

This represents the actuarial estimation, prepared for the purposes of statutory accounts, in accordance with FRS102 if the present value of the scheme liabilities at the reporting date is less than the fair value of the plan assets at that date the plan has a surplus. For the year ended 31 March 2025 we recorded a pension surplus. However, the surplus can only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. These criteria were not considered to be met at 31 March 2025 and an asset has therefore not been recognised.

The latest triennial valuation of the Pension Fund was as at 31 March 2022. The triennial valuation as at the 31 March 2025 is currently underway and the outcome of this will be communicated later in the calendar year.

Loans

The Statement of Financial Position includes outstanding loans totalling £228.750m (2024: £201m).

The loans have been accounted for as basic financial instruments under FRS 102 and are therefore measured at amortised cost.

Interest rate risk

We manage our exposure to movements in interest rates by entering into fixed interest rate arrangements. Our Treasury Management Policy requires that a minimum of 60% of our drawn funding is at a fixed interest rate. At 31 March 2025, 70% of our drawn loans were at fixed rates (2024: 80%). Details of our funding arrangements are set out in note 25.

Our term loan and revolving credit facilities use the Sterling Overnight Index Average ('SONIA') as the reference rate.

Statement of Cash Flows

At 31 March 2025 we report a cash position of £6.486m (2024: £6.227m).

The key cash flow movements in the year have been:

- Capital investment totalling £57.637m.
- Loans to joint ventures totalling £2.576m.
- Grant received of £10.966m.

- Asset sales through right to buy transactions and other asset disposals have contributed £2.729m of cash to the business.

- Net loan drawdowns £27.750m.

Our cash surpluses will be used to invest in our existing housing properties and new developments.

Going concern

Our business activities are focussed on the provision of social and affordable housing to our customers and supporting our local communities. In March 2021 our 100% owned subsidiary company, Believe Developments Limited, was incorporated to support the delivery of our new homes strategy.

We have a mixture of short, medium and long-term debt facilities in place, which currently provide sufficient resources to finance committed reinvestment and development programmes, along with our day to day operations.

Our funding facilities at 31 March 2025 were as follows:

- £75m long term funding arrangement ending on 31 March 2040.

- £85m private placement ending on 30 September 2058.

- £50m ten year term loan facility.

- £90m five year revolving credit facility.

At 31 March 2025 we had drawn debt of £228.750m and had an available cash balance of £6.485m.

Our Statement of Financial Position reports a net current liabilities position at the end of March 2025 of £4.086m. This position is impacted by our social housing grant received in advance of £5.285m which is included within current liabilities and will be amortised over the life of the assets its funding supports.

We produce a five year medium term financial plan and a 30 year Business Plan each year which helps us to understand our medium and long term financial position. These plans are developed based on a number of key assumptions, including:

- Inflation rates.

- Voids, arrears and bad debts performance.

- Interest rates.

- Rent setting policy.

- Right to buy sales.

- Investment in our existing and new homes.

Our approved annual operating budget provides the starting position as year one of the 30 years. The budget incorporates the potential impact of the current economic environment, reflecting on factors such as cost inflation and the impact of supply chain challenges.

The latest financial plans were approved by the Board on the 14 May 2025 and reflect the latest economic assumptions along with our Development Strategy and Corporate Plan priorities. The plans show that we are able to service our debt facilities whilst continuing to comply with our financial covenants.

Our Business Plan was subjected to a series of stress test scenarios linked to our strategic risks which look at the financial impact of specific risks materialising and their impact on the Business Plan. These stress test scenarios help us to identify the areas of greatest sensitivity and the mitigating actions that would be required if a stress test scenario or something similar occurred.

We monitor our key economic assumptions that have the greatest impact on the Business Plan on a monthly basis to ensure prompt mitigating action can be taken, if necessary, in line with our Financial Disaster Recovery Plan. This is discussed with the Risk Management Working Group and reported to the Audit Committee and the Board.

We use a business scorecard to monitor key areas of operational performance across the business and this is monitored by the Senior Leadership Team and available to the wider business to provide insight into our performance. The business scorecard is also reported to the Performance and Standards Committee at each meeting alongside the Corporate Performance scorecard.

Cash flows are monitored through a daily and three day forecast and there are no concerns over the cash position or liquidity available to the business which would impact on the going concern assessment.

We have reviewed and updated our going concern assessment and reported it to the Audit Committee on the 4 June 2025 and Board on the 9 July 2025. This assessment has included consideration of the impact of the current economic climate and assessment of significant judgements, estimates and uncertainties that could impact on the long-term business plan and the going concern assumption.

There are no changes in assumptions or significant judgements, estimates and uncertainties identified from this work which impact on the going concern assumption basis for the preparation of the financial statements.

On the basis of this information, management and the Board have a reasonable expectation that there are 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. For this reason, the going concern basis has been adopted for the preparation of the financial statements.

Principal risks and uncertainties

The Risk Management Framework sets out our approach to risk management, including a policy statement, strategy, the Board risk attitude statement and roles and responsibilities for managing risk. The Risk Management Framework is reviewed bi-annually by the Risk

Management Working Group ('RMWG') and the Audit Committee before being recommended for approval by the Board.

Our strategic risk register is monitored and reviewed by the RMWG and reported to the Executive Management Team, Audit Committee and the Board on a quarterly basis.

During the year the RMWG has kept the strategic risk register under review, taking into consideration internal and external developments and the latest Sector Risk Profile published by the Regulator of Social Housing. A comparison was undertaken between the Regulator's Sector Risk Profile and our strategic risks to ensure there were no omissions in our risk register. It was agreed by the RMWG, the Audit Committee and the Board that the strategic risk register captures the risks relevant to us that are identified in the Regulator's Sector Risk Profile.

Our operational risk control self-assessment process creates a risk register of day to day operational activities and identifies and assesses the control framework that mitigates those risks. Where appropriate action plans are set out to improve the control framework. This is reviewed annually by each area of the business to ensure the self-assessment is up to date.

To ensure we are proactive and alert to detecting potential threats, opportunities and emerging developments in the external landscape, we have embedded horizon risk scanning as part of our approach to risk management.

We have a horizon risk radar which summarises emerging risks across the following sectors:

- Environmental / Developmental.
- Social / Political / Economic.
- Technological.
- Regulatory / Legal.

The horizon risks are rated based on their potential impact (categorised as high, medium or low) and the time horizon (already impacting, within one to five years or within five to ten years). The horizon risks support our business planning by anticipating risks and their impact and enabling mitigation plans to be developed before the risk materialises.

The horizon risk radar is discussed with the RMWG to identify the risks most relevant to our business and determine the actions required to mitigate these risks. This information is presented as part of the quarterly risk report to the Audit Committee and the Board. A new strategic risk has been recognised this year in relation to the cross functional programme governance of our transformation projects.

A review of the Strategic Risk Register confirmed the following 13 strategic risks:

- **People and Culture:** believe housing fail to attract, recruit and retain the right talent.
- **Global Uncertainty:** Failure to understand changes in Government policy and the effects of political and global uncertainty.

- **Asset Investment:** Inadequate business intelligence and due diligence leads to poor decision making on capital investment.

- **Cyber Threat & Business Resilience:** Poor control frameworks for IT governance, cybersecurity and cloud-based services leads to an increased threat of successful cyber-attacks, loss of data and business disruption.

- **Financial Performance:** Failure to monitor internal and external factors which impacts on our income collection and financial position.

- **Governance & Compliance:** Failure to comply with laws and regulations relevant to believe housing and inappropriate governance arrangements.

- **Data Quality:** Poor technology, data processing and information security lead to data integrity and quality risks.

- **Fraud:** Internal or external fraud leads to financial loss and / or regulatory downgrade where failure in the system of internal control occurs. Damage to believe housing brand and critical implications for viability and delivery of corporate plan objectives.

- **Health & Safety Building Compliance:** Failure to comply with consumer standards and statutory health, safety and environmental legislation.

- **Reputation:** Lack of organisational commitment to effective Board and Management oversight, strong communication, and focus on quality and operational performance exposes us to increased scrutiny from the media and hostile press.

- **Customer Experience:** failure to deliver excellent services and a great customer experience.

- **Development:** Inadequate business intelligence and due diligence leads to poor decision making on development ambitions.

- **Cross functional programme governance:** Failure to manage and have the correct governance in place to deliver expected outcomes.

The impact of these risks on our business have been monitored by the RMWG, the Audit Committee and the Board throughout the year. The risk associated with Financial Performance has been particularly heightened due to the economic uncertainty, alongside detailed discussions regarding our approach to ensure properties are safe and suitable homes for our customers and users. There are a series of controls in place to mitigate these risks which are highlighted within the Internal Controls Statement.

Governance arrangements

The Board consists of ten non-executives and two executive members. During 2024/25 there were four Board sub committees, the Audit Committee, the Performance and Standards Committee, the Development and Investment Committee and the Remuneration and Nominations and HR Committee. Membership of these committees is made up of non-executive and executive Board members. In addition, the Board approved the establishment of the Resilience Committee who would meet only in the event of emergency or business continuity issues when timely decisions are required.

The Customer Voices group has a direct link into our governance structure, consisting predominantly of customers with additional membership of independent and colleague members. This group has responsibility for customer insight, customer service and scrutiny reviews and ensuring assurance over health and safety and performance reports.

Our latest In Depth Assessment by the Regulator was concluded in 2023. The outcome of this was that we retained our a G1 (governance) / V2 (viability) rating.

Believe Developments Limited

On the 19 March 2021 Believe Developments Limited was incorporated under the Companies Act 2006 and registered with Companies House. Believe Developments Limited is a wholly owned subsidiary, established to support the delivery of our 2021 – 2026 Development Strategy. The principal activities of Believe Developments Limited are the development of new properties.

The results of Believe Developments Limited have been consolidated into our financial statements and are part of the Group information set out in this Annual Report and Financial Statements.

Future developments

Our new corporate plan

During 2024/25 we have developed our new corporate plan which will run from 2025 to 2028. In developing the plan, we have engaged with colleagues, customers and key stakeholders who have agreed that our vision, core purpose and values are still right for believe housing. They create a long-term ambition and aspiration whilst ensuring that the Customer, Colleague and Business are all crucial to the ongoing delivery and success.

The plan includes a new set of aims and objectives as set out below:

Our aims:

- Deliver excellence for our customers and play a positive role in our communities.
- Be a great place to work with a flexible, high performing workforce who do the right thing.
- Be financially secure, adapting to the next challenge, while meeting the evolving needs of our customers.

Our objectives:

- Be a purpose led, ethical organisation with strong values about what we deliver.
- Continually improve and innovate to deliver an enhanced experience for our customers and colleagues while streamlining the business.
- Have a strong voice on behalf of our customers and be trusted by our partners.

- Grow the number of our homes to support the demand across the Northeast.

Our objectives continue to be supported by our behaviours:

We have also identified measures that will monitor how we are performing against our strategic objectives. These metrics will be monitored and reported through our Corporate Scorecard which is reported each quarter to the Performance and Standards Committee and the Board alongside our Tenant Satisfaction Measures.

Internal controls statement

Assessment of the effectiveness of internal controls

The Board is our ultimate governing body and is responsible for the system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives will be met. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of our assets and interests. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk.

The Board delegates the oversight of internal controls to the Audit Committee and receives an annual report from the Audit Committee.

Day to day management of the business, including establishing and maintaining a system of internal control, is the responsibility of the Executive Management Team.

Scope of Assurance

The Board understands that the internal controls system is designed to manage rather than eliminate all risks. The internal control framework is designed to manage and mitigate, as far as possible, the significant risks that may threaten its ability to meet strategic objectives. It can only provide reasonable, not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks we face is ongoing and has been in place throughout the financial year commencing 1 April 2024 up to the date of approval of the Annual Report and Financial Statements.

Assurance on the efficiency, economy and effectiveness of our services and operations is obtained by placing reliance on the existing internal control framework, which encompasses the following key elements:

- A streamlined governance structure with clear, Board-approved terms of reference and a scheme of delegation for the Board and its sub-committees.

- Using Task and Finish Groups when appropriate to oversee specialist projects with clear terms of reference and delegation of authority from the Board.

- A Customer Voices Group predominantly made up of customers which reports into the Performance and Standards Committee and is responsible for customer insight, service or scrutiny reviews and ensuring assurance over health and safety, compliance and performance matters.

- A clear forward plan for each Board and Committee and a compliance calendar setting out regulatory and similar returns that must be submitted for monitoring by the governance team and reported through to the Board.

- Robust strategic business planning processes linked to our Corporate Plan and supported by detailed financial budgets and forecasts.

- A Risk Management Framework, which aligns to our objectives and is supported by a Board statement of risk attitude and tolerance, together with a risk management policy statement, principles, process and specific roles and responsibilities. The Framework is reviewed every 6 months by the RMWG, Audit Committee and the Board.

- A RMWG that meets on a quarterly basis throughout the year with a remit of monitoring strategic risks and scanning horizon risks to make recommendations to the Audit Committee and the Board.

- Clear strategic risks aligned to our strategic objectives.

- Quarterly review of strategic risks and mitigating actions and horizon risks by the Audit Committee and the Board.

- Consideration of the impact of Board discussions and decisions on strategic risks at each Board meeting.

- A robust approach to treasury management set out in the Treasury Management Policy which is reviewed annually.

- Monitoring and reporting of performance indicators by the Senior Leadership Team which consists of the Executive Management Team and Directors.

- Quarterly performance reports presented to the Performance and Standards Committee and the Board, setting out the progress of performance against targets and any issues or trends identified which require management focus.

- Up to date policies on whistle blowing, probity, anti-fraud and corruption and anti-money laundering approved by the Audit Committee.

- An Annual Fraud Report presented to the Audit Committee setting out the work done throughout the year in relation to fraud and fraud prevention and a standing item on the Audit Committee agenda to discuss fraud.

- Private meetings between the external auditors, internal auditors and Audit Committee members at least once a year to allow for discussion of matters without management present.

- A Board approved code of conduct for Board, Committee and Customer Voices members and employees and a probity policy for colleagues.

- An annual review of compliance against the adopted code of governance with actions identified for continual improvement.

- An annual effectiveness review of our governance arrangements and a formal review of governance arrangements every three years.

- Annual appraisal of Board and Committee members and implementation of a training and development plan for members.

- Summarised monthly financial reports focussing on key variances to budget and headroom on our tightest covenants and detailed quarterly financial reporting setting out the management accounts and a treasury report which provides a more detailed review of treasury activities and assurance over loan covenants and cash and liquidity of the business.

- A robust stress testing approach, developed in conjunction with the Audit Committee and Board, linking to the strategic risk register with a corresponding mitigation strategy.

- Regular scenario testing and stress testing of the Business Plan to understand the impact of different development opportunities.

- A Financial Disaster Recovery Framework, approved by the Board, which establishes our approach to identifying appropriate mitigating actions in the event of a financial stress situation.

- Financial Regulations which set out the overall control framework for all financial transactions supported by detailed policies and procedures in each service area.

- Board approval, due diligence and appraisal of all significant new initiatives, strategic decisions and capital commitments, such as the new development schemes.

- An outsourced internal audit service delivering a risk-based approach to develop the annual and three-year risk based internal audit plan which is approved and monitored by the Audit Committee.

- Ongoing monitoring of forthcoming legislative and regulatory changes to ensure compliance with any new requirements.

- A series of controls to manage cyber security risks, including two factor authentication, regular backups and patching of our IT systems, penetration testing at least annually and cyber security awareness training for all of our colleagues.

- An Assets and Liabilities Register which is updated quarterly by management, reviewed annually by the Audit Committee and supported by a Board approved policy and manual.

Effectiveness of the Key Control Framework

We draw upon a number of sources of assurance on an ongoing basis to establish the effectiveness of key controls which include:

- Internal and external audit reports.
- Assessment by external and regulatory bodies.
- Industry accreditations.
- Stakeholder feedback.
- Risk management reports.
- Performance management information.
- Financial performance information.
- Self-assessment against industry standards and best practice.

The Internal Audit Annual Report presented to Audit Committee on 4 June 2025 highlighted the results of the 2024/25 internal audit work on our system of governance, risk management and control.

The Internal Auditors stated that:

In our opinion, based on the reviews undertaken, the follow up review completed during the period, and in the context of materiality:

- *The risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements.*
- *Based on our sample testing, risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable assurance that the related risk management, control and governance objectives were achieved throughout the period under review.*

Internal audit recommendations are followed up internally by managers every quarter to provide assurance that actions are being implemented, and this is reviewed by the RMWG. The Audit Committee receive an annual, evidence based follow up review from the internal auditors to provide independent assurance on the progress of implementation of recommendations in the year.

There is an ongoing process to identify, evaluate and manage key strategic risk exposures and this has been in place throughout the 2024/25 financial year.

The Board has reviewed the effectiveness of the system of internal control for the accounting period commencing 1 April 2024 up to the date of approval of the Annual Report and Financial Statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

National Housing Federation Code of Governance

The adoption of the 2020 National Housing Federation Code of Governance (‘the Code’) was approved by the Board in May 2022. The latest assessment the Code took place in May 2025 where it was confirmed that there were no areas of non-compliance. At this meeting, the Board also reapproved the Code as the most appropriate Code of Governance for believe housing and therefore readopted it.

The Board oversees an action plan of areas to ensure ongoing compliance with the Code.

Merger, Group Structures and Partnerships Code

We have adopted the voluntary code for Mergers, Group Structures and Partnerships published by the National Housing Federation.

In 2024/25 there has been no activity to report under this code.

Compliance with Governance and Financial Viability Standard

The Regulator’s Governance and Financial Viability Standard (the Standard) was updated in April 2015. This is accompanied by a Code of Practice, which provides guidance to registered providers to ensure compliance with the Standard.

The Standard requires registered providers to assess their compliance with it at least annually and Boards are required to report their compliance with the Standard within their annual accounts.

Compliance with the Regulator’s revised Governance and Financial Viability Standard is monitored by management and is formally reviewed by the Board annually. The Board received a report setting out compliance with the Governance and Financial Standard on the 13 August 2025 alongside these financial statements.

The report confirmed our compliance with the requirements of the Governance and Financial Viability Standard.

Colleague engagement and involvement

We are committed to engaging and involving our colleagues and keeping them up to date with business developments. We use various different communication methods to ensure colleagues from all areas of the business have access to key information. This includes the use of our intranet site and quarterly business briefings from the senior leadership team.

There are also regular team meetings, our b-mag publication which is distributed to all colleagues and a monthly brief to share updates from teams across the business.

Our Wellbeing Policy sets out our approach to ensuring the wellbeing of our colleagues and building on the outputs of the wellbeing pilot project completely previously. We continue to provide access to occupational health services and have provided mental health awareness training and access to additional mental health support.

Our report on our gender pay gap can be found at our website.

In December 2022 we completed our fourth culture audit which showed we continued to have a healthy culture score of 84. This places us amongst the best performing organisations for culture compared to the global average of 50 and the industry average of 55. We are working on a plan of actions to take forward the remaining areas of entropy and will focus on how to maintain the great culture we have achieved going forward. WE have a further survey planned for later this year.

In May 2024 we took part in our fifth Best Companies engagement survey, giving us an opportunity to understand current levels of engagement with our people. The outcome of this was that we achieved a three star rating from Best Companies which was announced in June 2024 and makes us a world class organisation to work for.

High response levels were achieved for both our culture and Best Companies surveys.

Equity, diversity and inclusion

Embedding equality, diversity and inclusion across believe housing is a commitment within our Corporate Plan and is one of the principles set out for delivery of all corporate projects. This is demonstrated by our approach to recruitment and selection through to accessing training and career development.

Our Equality, Diversity and Inclusion framework supports our commitment to removing all direct and indirect discrimination and eradication of any harassment or victimisation that may occur.

We aim to ensure that prospective and current colleagues are afforded equal and fair treatment in relation to recruitment, selection, terms and conditions or employment, training and promotion. All recruitment, development and promotion opportunities are based on fair and equitable job related criteria.

In the last year we have achieved the Disability Confident Employer status in order to demonstrate our commitment to supporting and attracting colleagues with disabilities to apply and work for believe housing. We also became an accredited Mindful Employer underlying our commitment to the mental health and wellbeing of our colleagues.

Statement of Board members' responsibilities

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and apply them consistently.

- make judgements and estimates that are reasonable and prudent.

- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018, have been followed, subject to any material departures disclosed and explained in the financial statements.

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditors

In case of each Board member in position at the date the Report of the Board is approved, that:

(a) in so far as each member is aware, there is no relevant audit information of which the auditors are unaware.

(b) each member has taken all the steps that he/she ought to have taken as a member to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

The Report of the Board, including the Strategic Report, reporting on Value for Money and the Statement of Board members responsibilities, was approved on the 13 August 2025 and signed on behalf of the Board by:

John Marshall

Chair of the Board

Independent auditor's report to the members of Believe Housing Limited

Opinion

We have audited the financial statements of Believe Housing Limited ('the Association') for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 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 31 March 2025 and of its income and expenditure for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the 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 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, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept proper accounting records; or
- the 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 Board

As explained more fully in the Statement of Board's Responsibilities set out on pages 32 and 33, 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 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 Association or to cease operations, or has 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. This description forms part of our auditor's report.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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 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 regulated nature of the Association's activities.

- We reviewed financial statements disclosures and 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.

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 our report

This report is made solely to the members of the Association, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers.

Beever and Struthers
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 18 August 2025

Consolidated Statement of Comprehensive Income

	Note	2025	2024
		£'000	£'000
Turnover	3	86,901	80,178
Cost of Sales	3	-	(428)
Operating expenditure	3	(65,674)	(64,705)
Gain on disposal of fixed assets	3/7	1,902	1,731
Operating surplus	6	23,129	16,776
Interest receivable	8	1,271	944
Interest and finance costs	9	(9,460)	(8,358)
Surplus on ordinary activities before taxation		14,940	9,362
Tax on surplus on ordinary activities	13	-	-
Surplus for the year		14,940	9,362
Remeasurement income in respect of pension scheme	27	1,492	8,669
Total comprehensive income for the year		16,432	18,031

The results relate wholly to continuing activities.

The accompanying notes on pages 43 to 85 form part of these financial statements.

The financial statements on pages 38 to 85 were approved and authorised for issue by the Board on 13 August 2025 and signed on its behalf by:

John Marshall Chair of the Board	Kevan Wales Vice Chair of the Board	Andrew Coates Secretary

Association Statement of Comprehensive Income

	Note	2025	2024
		£'000	£'000
Turnover	3	86,867	80,178
Cost of Sales	3	(0)	(428)
Operating expenditure	3	(65,588)	(64,635)
Gain on disposal of fixed assets	3/7	1,902	1,731
Operating surplus	6	23,181	16,846
Interest receivable	8	1,253	941
Interest and finance costs	9	(9,460)	(8,358)
Surplus on ordinary activities before taxation		14,974	9,429
Gift aid distribution		55	-
Tax on surplus on ordinary activities	13	-	-
Surplus for the year		15,029	9,429
Remeasurement income in respect of pension scheme	27	1,492	8,669
Total comprehensive income for the year		16,521	18,098

The results relate wholly to continuing activities.

The accompanying notes on pages 43 to 85 form part of these financial statements.

The financial statements on pages 38 to 85 were approved and authorised for issue by the Board on 13 August 2025 and signed on its behalf by:

John Marshall
Chair of the Board

Kevan Wales
Vice Chair of the Board

Andrew Coates
Secretary

Consolidated Statement of Changes in Reserves

	Note	Income and Expenditure Reserve £'000 2025	Income and Expenditure Reserve £'000 2024
Balance at the beginning of the year		143,222	125,191
Surplus for the year		14,940	9,362
Other comprehensive income for the year	27	1,492	8,669
Balance at the end of the year		159,654	143,222

The accompanying notes on pages 43 to 85 form part of these financial statements.

Association Statement of Changes in Reserves

	Note	Income and Expenditure Reserve £'000 2025	Income and Expenditure Reserve £'000 2024
Balance at the beginning of the year		143,293	125,195
Surplus for the year		15,029	9,429
Other comprehensive income for the year	27	1,492	8,669
Balance at the end of the year		159,814	143,293

The accompanying notes on pages 43 to 85 part of these financial statements.

Group and Association Statement of Financial Position

	Note	Group		Association	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible fixed assets	14	899	474	899	474
Tangible fixed assets – housing properties at cost	15	411,021	366,253	411,025	363,835
Tangible fixed assets – other	16	1,757	1,800	1,757	1,800
Investment properties	17	819	0	0	0
Total fixed assets		414,496	368,527	413,681	366,109
Debtors: amounts falling due after more than one year	20	17,438	14,862	18,083	14,862
Current assets					
Stock	19	932	173	932	173
Debtors	20	7,530	9,130	7,579	11,682
Cash at bank and in hand		6,485	6,227	5,802	4,855
		14,947	15,530	14,313	16,710
Creditors: amounts falling due within one year	21	(19,032)	(18,359)	(18,070)	(17,050)
Net current (liabilities) / assets		(4,086)	(2,829)	(3,756)	(340)
Total assets less current liabilities		427,850	380,560	428,077	380,631
Creditors: amounts falling due after more than one year	22	(268,078)	(232,629)	(268,078)	(232,629)
Provision for liabilities					
Pension provision	27	(118)	(4,709)	(118)	(4,709)
Total net assets		159,654	143,222	159,814	143,293
Reserves					
Income and expenditure reserve		159,654	143,222	159,814	143,293
Total reserves		159,654	143,222	159,814	143,293

The accompanying notes on pages 43 to 85 form part of these financial statements. The financial statements on pages 38 to 85 were approved and authorised for issue by the Board on 13 August 2025 and signed on its behalf by:

John Marshall
Chair of the Board

Kevan Wales
Vice Chair of the Board

Andrew Coates
Secretary

Consolidated Statement of Cash Flows

	Note	2025 £'000	2024 £'000
Net cash generated from operating activities	28	27,710	21,176
Cash flow from investing activities			
Purchase of intangible fixed assets		(642)	0
Purchase of tangible fixed assets		(57,637)	(60,038)
Proceeds from sale of tangible fixed assets		2,729	2,379
Grant received		10,966	10,662
Interest received		1,271	944
		(15,603)	(24,873)
Cash flow from financing activities			
Interest paid		(9,312)	(7,796)
New secured loans		27,750	41,000
Repayment of borrowings		0	0
Loans to Joint Ventures		(2,576)	(6,662)
		259	1,669
Net change in cash and cash equivalents		259	1,669
Cash and cash equivalents at beginning of the year		6,227	4,558
Cash and cash equivalents at end of the year		6,486	6,227

The accompanying notes on pages 43 to 85 form part of these financial statements.

Notes to the financial statements

1. Legal status

Believe Housing Limited is registered under the Cooperative and Community Benefit Society Act 2014 and is a registered provider of social housing.

Believe Developments Limited is a company incorporated under the Companies Act 2006.

The country of incorporation for both Believe Housing Limited and Believe Developments Limited is the United Kingdom and their registered address is Coast House, Spectrum Business Park, Seaham, SR7 7TT.

2. Accounting policies

Basis of accounting

These financial statements of the group and association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for registered social housing providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008.

The financial statements are presented in sterling (£).

The financial statements are prepared on the historical cost basis of accounting.

Going concern

Our business activities are focussed on the provision of social and affordable housing to our customers and supporting our local communities. In March 2021 our 100% owned subsidiary company, Believe Developments Limited, was incorporated to support the delivery of our new homes strategy.

We have a mixture of short, medium and long-term debt facilities in place, which provide sufficient resources to finance committed reinvestment and development programmes, along with our day to day operations.

Our funding facilities at 31 March 2025 are as follows:

- £75m long term funding arrangement ending on 31 March 2040.
- £85m private placement ending on 30 September 2058.
- £50m ten year term loan facility.
- £90m five year revolving credit facility.

At 31 March 2025 we had drawn debt of £228.750m and had an available cash balance of £6.485m.

Our Statement of Financial Position reports a net current liabilities position at the end of March 2025 of £4.086m.

We produce a five year medium term financial plan and a 30 year Business Plan each year which helps us to understand our medium and long term financial position. These plans are developed based on a number of key assumptions, including:

- Inflation rates.
- Voids, arrears and bad debts performance.
- Interest rates.
- Rent setting policy.
- Right to buy sales.
- Investment in our existing and new homes.

Our approved annual operating budget provides the starting position as year one of the 30 years. The budget incorporates the potential impact of the current economic environment, reflecting on factors such as cost inflation and the impact of supply chain challenges.

The latest financial plans were approved by the Board on the 14 May 2025 and reflect the latest economic assumptions along with our Development Strategy and Corporate Plan priorities. The plans show that we are able to service our debt facilities whilst continuing to comply with our financial covenants.

Our Business Plan was subjected to a series of stress test scenarios linked to our strategic risks which look at the financial impact of specific risks materialising and their impact on the Business Plan. These stress test scenarios help us to identify the areas of greatest sensitivity and the mitigating actions that would be required if a stress test scenario or something similar occurred.

We monitor our key economic assumptions that have the greatest impact on the Business Plan on a monthly basis to ensure prompt mitigating action can be taken, if necessary, in line with our Financial Disaster Recovery Plan. This is discussed with the Risk Management Working Group and reported to the Audit Committee and the Board.

We use a business scorecard to monitor key areas of operational performance across the business and this is monitored by the Senior Leadership Team and available to the wider business to provide insight into our performance. The business scorecard is also reported to the Performance and Standards Committee at each meeting alongside the Corporate Performance scorecard.

Cash flows are monitored through a daily and three day forecast and there are no concerns over the cash position or liquidity available to the business which would impact on the going concern assessment.

We have reviewed and updated our going concern assessment and reported it to the Audit Committee on the 4 June 2025 and Board on the 9 July 2025. This assessment has included consideration of the impact of the current economic climate and assessment of significant judgements, estimates and uncertainties that could impact on the long-term business plan and the going concern assumption.

There are no changes in assumptions or significant judgements, estimates and uncertainties identified from this work which impact on the going concern assumption basis for the preparation of the financial statements.

On the basis of this information, management and the Board have a reasonable expectation that there are 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. For this reason, the going concern basis has been adopted for the preparation of the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. However, the nature of estimation means that actual outcomes could differ from those estimates.

The items in the financial statements where these judgements and estimates have been made include the following:

Significant management judgements

- Categorisation of property assets: the categorisation of property assets as investment properties or fixed assets is a matter of judgement and is based on the intended use of the property. Where the property is used for social benefit it is categorised as a fixed asset. Only property which is intended to be used for commercial return or capital appreciation is categorised as an investment property.

- Allocation of components for new development: the allocation of components for newly developed properties is a matter of judgement and has been based on an analysis of components for different property sizes obtained from an independent third-party expert.

- Accounting for pension liabilities: management have reviewed the assumptions set out by the actuary in the calculation of the pension liability and have determined that they are both reasonable and appropriate.

- Accounting for loans as basic financial instruments: Loans are accounted for at amortised cost. The judgement applied is in interpreting the guidance set out in FRS 102 in the context of each funding agreement in place. Management have undertaken a review of the terms of each funding agreement alongside the criteria to be considered in classifying loans. In management's judgement all of the loans meet the criteria of a basic financial instrument and are therefore accounted for at amortised cost.

- Assessment of impairment: a review of the indicators of impairment set out in applicable accounting standards has been undertaken to understand if there is any impairment of housing property assets to be recognised in the financial statements. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. There are no indicators of impairment identified. This assessment applies management judgement in whether the indicator of impairment is applicable, and the key indicator of impairment has been identified as void performance.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Management consider individual schemes to be cash generating units when assessing the recoverable amount for impairment purposes. Voids and void performance have been reviewed alongside consideration of the impact of relevant external factors. Judgement has been applied as to whether there is any impairment of housing properties based on this information. This is considered to be a reasonable approach to assessing impairment of our social housing properties.

Estimation uncertainty

- Useful lives of depreciable assets: the annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investment, economic utilisation and the physical condition of the assets.

- Defined benefit obligations: there is an obligation to pay pension benefits to employees. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends.

- Recoverability of debtors: an estimate of the recoverable value of rental, trade and other debtors is made in determining the bad debt provision. When assessing the recoverability of these balances, management considers factors including the ageing profile of debtors, performance information and historical experience of recovering outstanding balances. See the debtors note for the net carrying amount of debtors and the associated bad and doubtful debt provision.

- Provisions: an estimate of any provisions at the end of the financial year is made based on the information available to management. When assessing any potential liability management considers the latest information from third parties, the method of calculation of the liability and historical evidence to determine the balance.

Basis of consolidation

The group accounts consolidate the accounts of the association and all of its subsidiaries at 31 March using the purchase method.

The consolidated financial statements incorporate the financial statements of the association and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiary are included in total comprehensive income for the year 1 April to 31 March. The subsidiary applies accounting policies that are consistent with the Group accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investment in subsidiaries

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

Associates and joint ventures

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

An entity is treated as a joint venture where the Group is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control. The joint venture is accounted for using the cost model, where the investment is at cost less any accumulated impairment and any distributions are recognised as income when received.

The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Turnover and revenue recognition

Turnover comprises rental income receivable in the year and other services included in the invoiced value (excluding VAT where recoverable) of goods and services supplied in the period and grants receivable in the year.

Rental income is recognised from the point when a property becomes available for letting, net of any voids.

Service charges

Service charge income and costs are recognised on an accruals basis.

Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model. Government grant for housing properties is only allocated to an individual component if it relates specifically to that individual component.

Grants relating to revenue are recognised in income over the same period as the expenditure to which they relate once reasonable assurance has been gained that grant conditions have been complied with and that the funds will be received.

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

Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position within creditors until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

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

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The association has charitable status and therefore is outside the scope of corporation tax on its charitable activities by virtue of Part 11 Corporation Tax Act 2010 and from capital gains tax by virtue of Section 256 Taxation of Chargeable Gains Act 1992.

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the end of the reporting period is included as a current liability or asset.

Interest payable

Interest payable is charged to income and expenditure in the period to which it relates.

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, less capitalised issue costs of debt. Where loans are redeemed during the year, any redemption penalty and any connected loan finance costs are recognised in the statement of comprehensive income account in the year in which the redemption took place.

Financial instruments

Financial instruments are accounted for in accordance with sections 11 and 12 of FRS 102.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

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 the Statement of Comprehensive Income.

Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans, 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 receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan, to the extent that it is probable that some or all of the facility will be drawn down.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Debtors

Short term debtors are measured at transaction price, less any impairment. Debtors on agreed payment plans are incorporated into the bad and doubtful debt provision; therefore there is no additional discounting of these balances.

Creditors

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Employee benefits

Short term employee benefits are recognised as an expense in the period in which they are incurred.

Pensions

The Group participates in the Durham County Council Pension Fund (‘DCCPF’) which is a defined benefit local government pension scheme. Scheme assets are measured at their fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. A net surplus is only recognised to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in the Statement of Comprehensive Income.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that could result in an increase in net rental income over the lives of the properties, or reduce future maintenance costs, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover and the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Investment properties

Investment properties are properties not held for their social benefit or for use in the Association. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Fair value measurement

Management uses valuation techniques to determine the fair value of non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the asset.

Management bases its 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 17 for more details.

Assets under construction

Housing properties under construction are stated at cost. Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements.

No depreciation is charged during the period of construction.

Disposal of fixed assets

The gain or loss on disposal of fixed assets is recognised in the Statement of Comprehensive Income as a separate line above the operating surplus / deficit.

Depreciation of housing properties

From 1 April 2024, the structure component for all new build homes are depreciated at 100 years.

Major components which comprise its housing properties are separately identified, and depreciation charged so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

Depreciation rates of the major components of housing properties on a straight line basis as follows:

- Structural – new builds	100 years
- Structural	50 years
- Garage blocks	50 years
- Roof	50 years
- Bathroom	30 years
- Environmental works	30 years
- Lifts	30 years
- Windows & Doors	30 years
- Electrical Installation (Partial or Full)	30 years
- Solar panels (PVSP)	25 years
- Air source heat pumps	20 years
- Kitchen	20 years
- Heating Installation	15 years
- Vehicle charging points	10 years

Freehold land is not depreciated. Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Intangible fixed assets

Intangible fixed assets; computer software is measured at cost. Computer software is amortised over its estimated useful life of 5 years, on a straight-line basis. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired. Amortisation is charged to operating expenditure within the Statement of Comprehensive Income.

Other tangible fixed assets

Other tangible fixed assets are measured at cost. Depreciation is provided on a straight-line basis to write down the cost of the asset to its estimated residual value over its expected useful life. Depreciation is provided as follows:

- Furniture, fixtures and fittings	3 - 15 years
- Vehicle charging points	10 years
- Computers and office equipment	5 years
- Motor vehicles	5 years
- Other plant and equipment	5 years
- Stores – fit out	5 years

No depreciation is charged on freehold land.

Donated land and other assets

Donated land or other donated assets are recognised on donation and measured at their market value, taking into account any restriction on the use of that asset.

Where the asset is donated by a government source, the market value of the asset donated is accounted for as a government grant and recognised to income over the life of the asset.

Where the asset is donated by a private, non-government organisation, the market value of the asset donated is recognised as income once any associated performance-related conditions have been met.

Provisions for liabilities

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that there will be a requirement to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised as the present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost within expenditure in the period it arises.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset.

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.

All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the annual rent expense is recognised in equal amounts owed to the lessor as expenditure.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Capitalisation of interest and administration costs

No interest is capitalised.

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 or other asset into its intended use.

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Group

2025

	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on disposal of fixed assets £'000	Operating surplus £'000
Social housing lettings	84,506	-	(65,567)	1,902	20,841
Activities other than social housing activities					
First tranche low cost shared ownership sales	-	-	-	-	-
Lettings	189	-	-	-	189
Other	2,206	-	(107)	-	2,099
	2,395	-	(107)	-	2,288
	86,901	**-**	**(65,674)**	**1,902**	**23,129**

2024

	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on disposal of fixed assets £'000	Operating surplus £'000
Social housing lettings	76,988	-	(64,101)	1,731	14,618
Activities other than social housing activities					
First tranche low cost Shared ownership sales	482	(428)	-	-	54
Lettings	167	-	-	-	167
Other	2,541	-	(604)	-	1,937
	3,190	-	(604)	-	2,158
	80,178	**(428)**	**(64,705)**	**1,731**	**16,776**

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Association

2025

	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on disposal of fixed assets £'000	Operating surplus £'000
Social housing lettings	84,506	-	(65,494)	1,902	20,914
Activities other than social housing activities					
First tranche low-cost home ownership sales	-	-	-	-	-
Lettings	155	-	-	-	155
Other	2,206	-	(94)	-	2,112
	2,361	-	(94)	-	2,267
	86,867	**-**	**(65,588)**	**1,902**	**23,181**

2024

	Turnover £'000	Cost of sales £'000	Operating costs £'000	Gain on disposal of fixed assets £'000	Operating surplus £'000
Social housing lettings	76,988	-	(63,972)	1,731	14,747
Activities other than social housing activities					
First tranche low-cost Home ownership sales	482	(428)	-	-	54
Lettings	167	-	-	-	167
Other	2,541	-	(663)	-	1,878
	3,190	(428)	(663)	-	2,099
	80,178	(428)	**(64,635)**	1,731	**16,846**

4. Particulars of income and expenditure from social housing lettings

Group

	General needs Housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2025 Total £'000	2024 Total £'000
Rent receivable net of identifiable service charges	83,193	-	-	83,193	75,956
Service charges receivable	436	-	-	436	441
Amortised government grants	877	-	-	877	591
Turnover from social housing lettings	**84,506**	**-**	**-**	**84,506**	**76,988**
Management	(25,658)	-	-	(25,658)	(25,029)
Service charge costs	(1,069)	-	-	(1,069)	(1,121)
Routine maintenance	(19,834)	-	-	(19,834)	(19,237)
Planned maintenance	(4,878)	-	-	(4,878)	(4,769)
Major repairs expenditure	(2,652)	-	-	(2,652)	(3,446)
Bad debts	(10)	-	-	(10)	(396)
Depreciation	(11,451)	-	-	(11,451)	(9,531)
Impairment of housing properties	(15)	-	-	(15)	(572)
Operating costs on social housing lettings	**(65,567)**	**-**	**-**	**(65,567)**	**(64,101)**
Gain on disposal of fixed assets	**1,902**	**-**	**-**	**1,902**	**1,731**
Operating surplus on social housing lettings	**20,841**	**-**	**-**	**20,841**	**14,618**
Void losses (being rental income lost as a result of the property not being let, although it is available for letting)	(1,468)	-	-	(1,468)	(1,454)

Particulars of turnover from non-social housing lettings

	2025 £'000	2024 £'000
Non-social housing		
Commercial units	154	164
	154	**164**

4. Particulars of income and expenditure from social housing lettings

Association

	General needs Housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2025 Total £'000	2024 Total £'000
Rent receivable net of identifiable service charges	83,193	-	-	83,193	75,956
Service charges receivable	436	-	-	436	441
Amortised government grants	877	-	-	877	591
Turnover from social housing lettings	**84,506**	**-**	**-**	**84,506**	**76,988**
Management	(25,585)	-	-	(25,585)	(24,900)
Service charge costs	(1,069)	-	-	(1,069)	(1,121)
Routine maintenance	(19,834)	-	-	(19,834)	(19,237)
Planned maintenance	(4,878)	-	-	(4,878)	(4,769)
Major repairs expenditure	(2,652)	-	-	(2,652)	(3,446)
Bad debts	(10)	-	-	(10)	(396)
Depreciation	(11,451)	-	-	(11,451)	(9,531)
Impairment of housing properties	(15)	-	-	(15)	(572)
Operating costs on social housing lettings	**(65,494)**	**-**	**-**	**(65,494)**	**(63,972)**
Gain on disposal of fixed assets	**1,902**	**-**	**-**	**1,902**	**1,731**
Operating surplus on social housing lettings	**20,914**	**-**	**-**	**20,914**	**14,747**
Void losses (being rental income lost as a result of the property not being let, although it is available for letting)	(1,468)	-	-	(1,468)	(1,454)

Particulars of turnover from non-social housing lettings

	2025 £'000	2024 £'000
Non-social housing		
Commercial units	154	164
	154	**164**

5. Accommodation in management and development

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

Group and association

	No. of units as at 1 April 2024 (restated)	**No. of additions**	**No. of disposals**	**No. of demolition**	**No. of units as at 31 March 2025**
Social housing					
General needs housing					
- social rent	17,267	5	(50)	(1)	17,221
- affordable rent	496	144	(1)	-	639
- intermediate rent	394	63	-	-	457
Low cost home ownership	16	1	-	-	17
Total owned and managed	**18,173**	**213**	**(51)**	**(1)**	**18,334**

The opening social rent unit number has been restated due to two properties, which were acquired during the year ended 31 March 2024 to facilitate demolition as part of a wider regeneration scheme, not having been included within the unit numbers reported in the prior year.

The Association does not own or lease any supported housing units.

6. Operating surplus

Group and association

	2025 £'000	2024 £'000
This is arrived after charging/crediting:		
Depreciation of social housing properties	9,827	8,955
Impairment of social housing properties	15	572
Depreciation of non-social housing properties	1,068	38
Depreciation of other tangible fixed assets	342	313
Depreciation on intangible assets	213	225
Gain on disposal of fixed assets	1,902	1,731
Operating lease rentals	-	-
• land and buildings	264	264
• other	1,132	1,288
Auditors' remuneration (excluding VAT)		
• Fees payable for the audit of the financial statements	44	42
• Tax compliance work	-	-
Total amount payable to the auditors	44	42

The auditor's remuneration is allocated in full to believe housing. No auditor's remuneration has been allocated to the subsidiary company.

7. Gain on disposal of fixed assets

Group and association

	RTB/RTA[4] £'000	Other disposals £'000	2025 Total £'000	2024 Total £'000
Disposal proceeds	2,195	534	2,729	2,379
Carrying value of Fixed Assets	(717)	(78)	(795)	(648)
	1,478	456	1,934	1,731
Recycled capital grant fund	(32)	-	(32)	-
Gain on disposal of fixed assets	**1,446**	**456**	**1,902**	**1,731**

[4] RTB/RTA refers to right to buy / right to acquire

8. Interest receivable and other income

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Bank interest receivable and similar income	543	447	520	445
Intercompany interest receivable – Believe Developments	-	-	733	496
Intercompany interest receivable – joint ventures	728	497	-	-
	1,271	**944**	**1,253**	**941**

9. Interest payable and finance costs

Group and association

	2025	2024
	£'000	£'000
Loans interest payable:		
• Loans repayable < 5 years	3,265	1,513
• Loans repayable > 5 years wholly or in part	5,544	5,364
	8,809	6,877
Fees and charges	598	919
Net finance costs for pensions (note 27)	53	562
	9,460	8,358
Interest payable capitalised on housing properties under construction	-	-
	9,460	**8,358**

No interest payable has been capitalised in the year (2024: £nil).

10. Employees

Group and association

Average monthly number of employees:	**2025 Number**	**2024 Number**
Administration	174	165
Housing, support and care	473	471
	647	**636**

Expressed as full-time equivalents:

Administration	170	160
Housing, support and care	462	460
	632	**620**

Full time equivalents are calculated based on a standard working week of 37 hours.

Employee costs:

	2025 £'000	**2024 £'000**
Wages and salaries	25,610	23,955
Social security costs	2,669	2,464
Other pension costs	6,634	6,142
	34,913	**32,561**

Employees are members of either the Durham County Council Local Government Pension Fund or the People's Pension Fund.

Further information on the Durham County Council Local Government Pension Fund is given in note 26.

At 31 March 2025 unpaid pension contributions totalled £1k (2024: £0k).

10. Employees (continued)

Group and association

The full-time equivalent number of colleagues whose remuneration payable in the period was greater than £60,000 (including Executive Directors and Directors) is:

	2025 Number	2024 Number
£60,001 to £70,000	44	14
£70,001 to £80,000	32	33
£80,001 to £90,000	7	0
£90,001 to £100,000	2	9
£100,001 to £110,000	12	2
£110,001 to £120,000	1	2
£120,001 to £130,000	1	0
£130,001 to £140,000	3	6
£140,001 to £150,000	1	0
£150,001 to £160,000	0	0
£160,001 to £170,000	0	0
£170,001 to £180,000	1	0
£180,001 to £190,000	0	0
£190,001 to £200,000	0	0
£200,001 to £210,000	0	2
£210,001 to £220,000	2	0
£220,001 to £230,000	0	0
£230,001 to £240,000	0	1
£240,001 to £250,000	1	0
	107	**69**

11. Board and committee members remuneration

Group and association

The following table shows the salary and expenses paid to non-executive Board members of believe housing during the year in their role as Board and Committee members:

		2025		2024
	Salary	**Expenses**	**Total**	**Total**
	£	**£**	**£**	**£**
Robert Auty	9,655	410	10,065	7,452
Monica Burns	8,000	1,014	9,014	7,502
David Clouston	4,500	-	4,500	6,000
Judith Common	-	-	-	8,083
Hazel Dale	7,609	1,480	9,089	12,648
Kelly Henderson	6,957	-	6,957	6,000
Gurpreet Singh Jagpal	-	-	-	4,061
Andrew Malcolm	6,000	-	6,000	3,014
John Marshall	13,204	840	14,044	8,689
Michelle Meldrum	6,000	-	6,000	2,977
Douglas Ross	-	-	-	5,817
Kevan Joseph Wales	9,339	291	9,630	8,160
Christopher White	6,000	-	6,000	2,977
	77,264	**4,035**	**81,299**	**83,380**

The total amount of remuneration (i.e. salary) paid as a percentage of turnover was 0.09% (2024: 0.10%). Individual and collective performance appraisals, including 360-degree feedback, are carried out each year to assist in determining whether payment to Board and Committee members remains appropriate.

Executive Board members, Robert Alan Smith and Faye Danielle Gordon (appointed 1 April 2023) are not remunerated in their role as Board members.

Robert Alan Smith and Faye Danielle Gordon (appointed 1 April 2023) are also Board Directors of Believe Developments Limited, the wholly owned subsidiary company of believe housing. They are not remunerated for this role.

Members of our Board Trainee Programme received total remuneration of £7,500 (2024: £10,000) in the financial year.

Members of our Customer Voices group received total remuneration of £7,085 (2024: £8,502) in the financial year.

12. Key management personnel

Group and association

Key management personnel

Key management personnel are defined as Board members and the Executive Directors and Directors.

Total compensation payable to key management personnel in the year was £1,848k (2024: £1,752k).

Executive Directors and Directors

Total compensation payable to Executive Directors and Directors is as follows:

	2025 £'000	2024 £'000
Wages and salaries	1,399	1,314
Benefits in kind	0	0
Pension contributions	367	354
	1,766	**1,668**

	Basic salary £'000	Benefits in kind £'000	Pension Contributions £'000	Total Emoluments £'000
R A Smith	196	0	51	247

Robert Alan Smith, the Chief Executive, as the highest paid executive, received aggregate emoluments of £246k (2024: £238k). The Chief Executive is an ordinary active member of the Durham County Council Local Government Pension Scheme and took up the post from 1 April 2023.

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2024: £nil).

13. Tax on surplus on ordinary activities

Group and association

	2025 £'000	2024 £'000
Current tax		
UK corporation tax on surplus for the year	-	-
Tax on surplus on ordinary activities	**-**	**-**

Factors affecting tax charge for the current year

On the basis that current income and gains are applied for charitable purposes, believe housing should fall within the tax exemptions available to charitable entities.

The tax charge for the year differs from the standard rate of corporation tax in the UK of 25%. The differences are explained below:

	2025 £'000	2024 £'000
Surplus on ordinary activities before taxation	14,940	9,362
Tax on profit at standard UK tax rate of 25% (2024: 25%)	3,735	2,341
Effects of:		
Non-taxable expense	(3,735)	(2,341)
Current tax charge for the year	**-**	**-**

Factors that may affect future tax charges

On the basis that future income and gains will be applied for charitable purposes, believe housing should fall within the tax exemptions available to charitable entities.

14. Intangible fixed assets

Group and association

	Assets under construction £'000	Software £'000	Total £'000
Cost			
At 1 April 2024	-	2,980	2,980
Additions	642	-	642
Completions	(206)	206	-
Disposals	-	(14)	(14)
At 31 March 2025	436	3,172	3,608
Accumulated depreciation			
At 1 April 2024	-	2,506	2,506
Charged in the year	-	213	213
Released on disposal	-	(10)	(10)
At 31 March 2025	-	2,709	2,709
Net book value			
At 31 March 2025	**436**	**463**	**899**
At 31 March 2024	-	474	474

15. Tangible fixed assets – housing properties

Group

	Social housing properties held for letting £'000	Non-social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Shared ownership housing under construction £'000	Total housing properties £'000
Cost						
At 1 April 2024	385,756	3,838	21,452	982	-	412,028
Additions	10,222	-	13,991		832	25,045
Works to existing properties	31,345	99		-	-	31,444
Schemes completed	17,573	-	(17,573)	-	-	-
-Disposals	(2,225)	(75)	-	-	-	(2,300)
Transfers between classes	(85)	85				-
Transfer to current assets	-	-	-	-	-	-
At 31 March 2025	442,586	3,947	17,870	982	832	466,217
Depreciation and impairment						
At 1 April 2024	(45,601)	(151)	-	(23)	-	(45,775)
Depreciation charged in the year	(10,850)	(27)	-	(19)	-	(10,896)
Impairment loss	(15)	-	-	-	-	(15)
Depreciation released on disposal	1,479	11	-	-	-	1,490
At 31 March 2025	(54,987)	(167)	-	(42)	-	(55,196)
Net book value						
At 31 March 2025	**387,599**	**3,780**	**17,870**	**940**	**832**	**411,021**
At 31 March 2024	340,155	3,687	21,452	959	-	366,253

15. Tangible fixed assets - housing properties (continued)

Association

	Social housing properties held for letting £'000	Non-social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Shared ownership housing under construction £'000	Total Housing Properties £'000
Cost						
At 1 April 2024	385,756	3,838	19,034	982	-	409,610
Additions	10,222		16,413	-	832	27,467
Works to existing properties	31,345	99	-	-	-	31,444
Schemes completed	17,573		(17,573)	-	-	-
Disposals	(2,225)	(75)		-		(2,300)
Transfer between classes	(85)	85	-	-	-	-
At 31 March 2025	442,586	3,947	17,874	982	832	466,221
Depreciation and impairment						
At 1 April 2024	(45,601)	(151)	-	(23)	-	(45,775)
Depreciation charged in the year	(10,850)	(27)	-	(19)	-	(10,896)
Impairment loss	(15)	-	-	-	-	(15)
Depreciation released on disposal	1,479	11	-	-	-	1,490
At 31 March 2025	(54,987)	(167)	-	(42)	-	(55,196)
Net book value						
At 31 March 2025	**387,599**	**3,780**	**17,874**	**940**	**832**	**411,025**
At 31 March 2024	340,155	3,687	19,034	959	-	363,835

15. Tangible fixed assets - housing properties (continued)

Housing properties book value, net of depreciation

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Freehold land and buildings	411,021	366,253	411,025	363,835

Expenditure on works to existing properties
Group and association

	2025	2024
	£'000	£'000
Components capitalised	31,444	27,245
Amounts charged to income and expenditure	27,364	27,452
	58,808	**54,697**

Finance costs

There are no finance costs included in the cost of housing properties (2024: £nil).

Impairment

The Association considers individual schemes to be separate cash generating units when assessing for impairment in accordance with the requirements of FRS 102 and the SORP 2018.

The impairment charge of £15k (2024: £572k) relates to assets that are considered to be obsolete due to their current condition.

Capitalised overheads

Support costs relating to development and home improvement works are capitalised based on the following rates:

New builds	2% of scheme costs
s106 acquisitions	1% of scheme costs
Improvements to existing homes	6% of scheme costs

16. Tangible fixed assets - other

Group and association

	Furniture fixtures and ICT/other equipment £'000	Other Plant and equipment £'000	Total £'000
Cost			
At 1 April 2024	4,096	57	4,153
Additions	329	-	329
Disposals	(62)	-	(62)
At 31 March 2025	4,363	57	4,420
Accumulated depreciation			
At 1 April 2024	(2,346)	(7)	(2,353)
Charged in the year	(337)	(5)	(342)
Release on disposal	32	-	32
At 31 March 2025	(2,651)	(12)	(2,663)
Net book value			
At 31 March 2025	**1,712**	**45**	**1,757**
At 31 March 2024	1,750	50	1,800

17. Investment properties

Group

	2025 £'000	2024 £'000
At 1 April	0	-
Additions	819	-
Disposal	-	-
Gain(loss) from adjustment in fair value	-	-
	819	-

The investment properties are two show homes which Believe Developments lease to Believe Carlton MSG LLP. The lease term is for three years with an option to extend for a further two years and is accounted for as an operating lease. (See note 31). The two show homes will be sold at the end of the development on the open market.

The fair value of the properties has been assessed through review of recent sales of the same property types as the show home at the Middleton St George development. The recent sales values demonstrate that the purchase price in May 2024 still reflects the fair value as at 31 March 2025. The purchase price in May 2024 was based upon a third-party valuation undertaken by a qualified external valuer.

18. Investment in subsidiaries and joint ventures

Group and association

As required by FRS 102 and the Housing SORP, the financial statements consolidate the results of Believe Developments Limited.

Believe Developments Limited is a wholly owned subsidiary company with the association having operational control and approval of all activities undertaken by the subsidiary.
Believe Developments Limited is a non-regulated company incorporated under the Companies Act 2006. The registered office is the same for all the group entities. The investment in Believe Developments Limited totalled £2 at 31 March 2025.

Investments are held in two joint ventures – Believe Carlton MSG LLP and Believe Carlton Witton LLP to develop new properties.

Believe Developments Limited has a 50% members interest in both joint ventures, and as such they are considered to be jointly controlled entities and are accounted for using the cost model. The capital cost of each of the joint ventures was £1.

There have been no distributed profits to the end of 31 March 2025 (2024: £nil). The Group’s share of profit or loss for the period will be recognised within the consolidated accounts. To date, this has been immaterial at £217 for 2024/25.

19. Stock

Group and association

	2025 £'000	2024 £'000
Raw materials and consumables	173	173
Work in progress	759	-
	932	**173**

20. Debtors

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Due after more than one year				
Joint Venture loan– Believe Carlton MSG LLP	11,980	12,730	-	-
Joint Venture loan – Believe Carlton Witton LLP	5,458	2,132	-	-
Intercompany loan – Believe Development Ltd	-	-	18,083	14,862
	17,438	**14,862**	**18,083**	**14,862**

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	4,726	5,539	4,726	5,539
Less: provision for bad and doubtful debts	(1,545)	(2,122)	(1,545)	(2,122)
Net rental debtors	3,181	3,417	3,181	3,417
Trade debtors	823	3,340	819	3,294
Social Housing Grant Receivable	958	45	958	45
Prepayments and accrued income	2,530	2,303	2,587	4,522
Other debtors	38	25	34	25
Amounts owed by group undertakings	-	-	-	379
	7,530	**9,130**	**7,579**	**11,682**

The intercompany loan with Believe Developments are drawdowns from an intra group loan facility with a limit of £40m. Interest is charged at 4.5% and 7.0%. The facility expires in March 2026.

Believe Developments has a loan agreement with both Believe Carlton MSG LLP and Believe Carlton Witton LLP ("Joint Ventures"). The loans provided are secured over the land assets held within the Joint Ventures and are provided at an interest rate of 4.5% and 7.0%.

The maximum facilities and terms are as follows:

	Believe Carlton MSG LLP	**Believe Carlton Witton LLP**
Maximum facility	£14m	£7.25m
Maximum loan term	72 months to 27 Jan 2029	40 months to 29 July 2027

The maximum facility available to Believe Carlton Witton LLP was increased in March 2025, from £5.25m to £7.25m, following Board approval. The additional £2m of borrowing is charged at a higher rate of interest than the initial approved amount. The recoverability of the loans has been assessed as at 31 March 2025 and no issues have been identified. There has been no change to the valuation of the land provided as security.

21. Creditors: amounts falling due within one year

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade creditors	1,130	1,618	1,130	1,618
Rent and service charges received in advance	2,527	2,134	2,527	2,134
Recycled capital grant fund (note 24)	32	-	32	-
Social housing grant received in advance	4,199	6,079	3,272	4,783
Deferred grant income (note 23)	1,086	707	1,086	707
Pension creditor	1	1	1	1
Other taxation and social security	610	569	610	569
Other creditors	230	442	230	429
Accruals and deferred income	7,550	6,809	6,673	5,865
Amounts owed to group undertakings	-	-	842	944
Amounts payable in respect of borrowings (note 25)	1,667	-	1,667	-
	19,032	**18,359**	**18,070**	**17,050**

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

Group and association

	2025	2024
	£'000	£'000
Debt (note 25)	227,083	201,000
Borrowing costs unamortised	(1,205)	(893)
	225,878	200,107
Deferred grant income (note 23)	42,200	32,522
	268,078	**232,629**

23. Deferred Grant Income

Group and association

	2025 £'000	2024 £'000
At 1 April	33,229	23,158
Grant received in the year	10,966	10,662
Released to income in the year	(877)	(591)
At 31 March	43,318	33,229
Amounts to be released within one year	1,118	707
Amounts to be released in more than one year	42,200	32,522
	43,318	**33,229**

The amounts to be released within one year includes grants received for assets under construction until they are completed.

24. Recycled Capital Grant Fund

Group and association

	2025 £'000	2024 £'000
At 1 April	-	-
Grants recycled	31	50
Interest accrued	1	1
Recycling of grant: new build	-	(51)
At 31 March	32	-
Amounts 3 years or older where repayment may be required	**-**	**-**

2025: capital grant from the RTB sale of 69 West End Villas recycled for inclusion on June's HE submission. Scheme to be reinvested in yet to be determined. 2024: the recycled capital grant fund capital was used to help fund the development of 28 new homes at Delves Lane, Consett during 2022/23.

25. Debt analysis

Group and association

	2025 £'000	2024 £'000
Drawn debt profile		
Bank and building society loans at fixed rates of interest		
• Loans repayable < 1 years (note 21)	-	-
• Loans repayable > 1 years (note 22)	160,000	160,000
Bank and building society loans at variable rates of interest		
• Loans repayable < 1 years (note 21)	1,667	-
• Loans repayable > 1 years (note 22)	67,083	41,000
	228,750	**201,000**

During the year ended 31 March 2025, the revolving credit facility was extended by £40m and the term extended by three years to March 2029.

As at 31 March 2025 the funding arrangements are as follows:

- £75m long term facility ending 31 March 2040.
- £85m private placement ending 30 September 2058.
- £50m ten year term loan facility.
- £90m six year revolving credit facility.

Fixed interest rates on borrowings range from 2.56% to 4.14%.

Variable rate loans are referenced to the Sterling Overnight Index Average (‘SONIA’) plus 1.0% – 1.6%.

All loans are secured by fixed charges over housing properties.

As at 31 March 2025 believe housing had undrawn loan facilities of £71.25m (2024: £59m).

26. Non-equity share capital

Shares of £1 each issued and fully paid

	2025 No.	2024 No.
At 1 April	10	10
Shares issued/(surrendered) during the financial year	(2)	-
As at 31 March	**8**	**10**

The shares provide members with the right to vote at general meetings but do not provide any rights to interest, dividends, bonuses, or distributions on winding-up.

Only Board Members defined in the rules are eligible to be shareholders and a closed shareholding regime is therefore in place.

27. Pensions

Group and association

The Association is an admitted body of the Durham County Council Local Government Pension Scheme. The disclosures below relate to the funded liabilities within the Durham County Council Pension Fund (the 'Fund') which is part of the Local Government Pension Scheme (the 'LGPS').

The LGPS is a funded defined benefit plan with benefits earned to the 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earning Scheme.

Details of the benefits earned over the year covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

In accordance with FRS102 if the present value of the scheme liabilities at the reporting date is less than the fair value of the plan assets at that date the plan has a surplus. For the year ended 31 March 2025 believe housing recorded a pension surplus. However, the surplus can only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. These criteria were not considered to be met at 31 March 2025 and an asset was therefore not recognised.

Funding/Governance Arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

Information on the framework for calculating contributions to be paid is set out in the LGPS regulations 2013 and the Fund's Funding Strategy Statement.

27. Pensions (continued)

The last triennial valuation of the LGPS was at 31 March 2022 which determines the employer contribution levels from April 2023 to March 2026.

The Fund Administering Authority, Durham County Council, is responsible for the governance of the Fund.

McCloud/Sargeant judgement and GMP equalisation

The pension liability calculations include an estimate of the potential impact of the McCloud/Sargeant case and Guaranteed Minimum Pension equalisation on the reported pension figures.

The amounts recognised in the Statement of Comprehensive Income as required by FRS 102 are as follows:

	2025 £'000	2024 £'000
Amounts charged to operating expenditure:		
Current service cost	(3,944)	(4,047)
Past service cost	(191)	-
Settlement costs	-	-
Employer contributions paid	7,287	6,316
Total operating credit / (debit)	3,152	2,269
Amounts included in interest payable:		
Interest on net defined benefit liability	(53)	(562)
Remeasurement gain recognised on defined benefit pension Scheme	1,492	8,669
Total credit to the Statement of Comprehensive Income	**4,591**	**10,376**

The amounts recognised in the Statement of Financial Position as required by FRS 102 are as follows:

Present values of provision	2025 £'000	2024 £'000
Present value of funded obligations	(105,596)	(123,710)
Fair value of scheme assets	105,596	119,132
	-	(4,578)
Present value of unfunded obligations	(118)	(131)
Net pension liability	**(118)**	**(4,709)**

27. Pensions (continued)

Reconciliation of opening and closing provisions

Changes in the present value of the defined benefit obligation scheme are as follows:

	2025 £'000	2024 £'000
Opening defined benefit obligation	(123,841)	(120,150)
Current service cost	(3,944)	(4,047)
Past service cost	(191)	-
Interest on scheme liabilities	(5,871)	(5,626)
Actuarial gain / (loss)	24,930	4,988
Contributions by scheme participants	(1,681)	(1,529)
Benefits paid	4,884	2,523
Settlement costs	-	-
Closing defined benefit obligation	**(105,714)**	**(123,841)**

The defined benefit obligation may be analysed between wholly unfunded and wholly or partly funded schemes as follows:

	2025 £'000	2024 £'000
Funded	(105,596)	(123,710)
Unfunded	(118)	(131)
Closing defined benefit obligation	**(105,714)**	**(123,841)**

Changes in the fair value of scheme assets are as follows:

	2025 £'000	2024 £'000
Opening fair value of scheme assets	119,132	105,065
Interest on scheme assets	5,818	5,064
Remeasurement (losses) / gains on assets	(23,438)	3,681
Contributions by employer	7,287	6,316
Contributions by scheme participants	1,681	1,529
Benefits paid	(4,884)	(2,523)
Settlements	-	-
Closing fair value of scheme assets	**105,596**	**119,132**

27. Pensions (continued)

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

	2025	2024
	%	%
Equities	54.8	54.3
Property	6.6	6.6
Government bonds	10.9	10.3
Corporate bonds	8.9	9.6
Multi Asset Credit	15.5	15.2
Cash	2.2	1.8
Other	1.1	2.2

The principal actuarial assumptions as at the reporting date were:

	2025	2024
	%	%
Discount rate	5.8	4.8
Rate of increase in pensions in payment	2.5	2.6
Rate of pension accounts revaluation rate	2.5	2.6
Inflation (consumer price index)	2.5	2.6
Salary increase	3.5	3.6

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on future lifetime (years) from retirement age 65 are:

	2025	2024
Males		
Future lifetime from age 65 (aged 65 at accounting date)	21.3	21.7
Future lifetime from age 65 (aged 45 at accounting date)	22.5	23.0
Females		
Future lifetime from age 65 (aged 65 at accounting date)	23.9	24.0
Future lifetime from age 65 (aged 45 at accounting date)	24.7	25.1

28. Capital commitments

Tangible fixed assets

	2025 £'000	2024 £'000
Capital expenditure		
Expenditure contracted for, but not provided for in the financial statements	39,832	51,676
Expenditure authorised by the Board, but not contracted	41,081	39,930
	80,913	**91,606**

Expenditure for future development schemes is included within capital commitments where the individual scheme has been approved by Board.

The above commitments will be financed through future cash generation from operating activities, existing borrowing facilities and social housing grant of £6.974m (2024: £7.902m).

29. Net cash inflow from operating activities

	2025 £'000	2024 £'000
Surplus for the year	14,940	9,362
Adjustments for non-cash items:		
Pension adjustment	(3,152)	(1,707)
Depreciation of intangible fixed assets	213	225
Depreciation of tangible fixed assets	11,238	9,306
Impairment of tangible fixed assets	15	572
Amortisation of social housing grant	(877)	(591)
Recycled capital grant	(31)	(50)
Surplus on sale of housing properties	(1,902)	(1,731)
Other disposals	-	410
(Increase)/decrease in stock	(759)	133
Decrease/(increase) in debtors	1,193	(2,059)
Increase/(decrease) in creditors	(1,357)	416
Increase/(decrease) in provisions	-	-
Adjustments for investing or financing activities:		
Interest payable	9,365	7,796
Interest received	(1,271)	(944)
Amortisation of loans	95	42
Net cash flow from operating activities	**27,710**	**21,176**

30. Analysis of changes in net debt

	At 1 April 2024 £'000	Cash flows £'000	Other non-cash movements £'000	At 31 March 2025 £'000
Cash	6,227	258	-	6,485
Bank loans due greater than one year	200,107	27,750	(313)	227,545
Total	**206,334**	**28,008**	**(313)**	**234,030**

The other non-cash movement relates to amortisation of borrowing cost and the release of borrowing costs previously held within prepayments on the balance sheet.

31. Operating leases

Group and association

As Lessee
The future minimum lease payments that believe housing is committed to make under non-cancellable operating leases are as follows:

	2025 £'000	2024 £'000
Within one year	264	264
Between two and five years	1,111	1,076
Greater than five years	1,202	1,501
	2,577	**2,841**

Group

As Lessor
The future minimum lease income that believe housing is due to receive under non-cancellable operating leases is as follows:

	2025 £'000	2024 £'000
Within one year	54	-
Between two and five years	73	-
Greater than five years	-	-
	127	**-**

The Group leases two show homes on a new development scheme to Believe Carlton MSG LLP under an operating lease with a three-year non-cancellable term, with an option to extend the lease for a further two years. There is no option to purchase included within the lease and no contingent or variable lease payments.

32. Related party transactions

Group and association

The Association has taken advantage of the exemption available under FRS 102 (paragraph 33.1A) which allows transactions between the group entities not to be disclosed as related party transactions.

The group consists of the following entities:

Entity	Description	Position within the group	Nature of business
Believe Housing Limited	Registered provider with the Regulator of Social Housing	Parent	Social landlord and provides central services
Believe Developments Limited	Limited company not registered with the Regulator of Social Housing	Subsidiary	Provides development services to Believe Housing Limited
Believe Carlton MSG Limited Liability Partnership	Limited liability partnership between Believe Developments Limited and Homes by Carlton Limited. Not registered with the Regulator of Social Housing.	Joint Venture	Development of a new build housing scheme
Believe Carlton Witton Limited Liability Partnership	Limited liability partnership between Believe Developments Limited and Homes by Carlton Limited. Not registered with the Regulator of Social Housing.	Joint Venture	Development of a new build housing scheme

The Directors of Believe Developments Limited are also members of the Board of Believe Housing Limited and therefore related party disclosures for the association are the same as for the group.

32. Related party transactions (continued)

There was one customer board member during the financial year. There were also six customers and one leaseholder who served as members of the Customer Voices group during the financial year.

The tenancies and lease are on normal commercial terms and the members were not able to use their position to their advantage.

Aggregate rent and service charges received from serving customer and leaseholder board and committee members during the year totalled £33,294 (2024: £39,353). There was £392 owed at 31 March 2025 by customer and leaseholder board and committee members (2024: £174).

Durham County Council Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) which is administered by Durham County Council. The Fund provides post-employment benefits to colleagues of believe housing and therefore represents a related entity. During the year £646,980 was paid to Durham County Council Pension Fund by believe housing representing administrative costs and pension deficit contributions (2024: £249,618). There was an outstanding balance owed of £39,295 at 31 March 2025 (2024: £5,839). Separately, during the year believe housing also made payments to Durham County Council Pension Fund totalling £6,631,248 (2024: £6,137,081) relating to employer pension contributions for colleagues employed by believe housing who are members of the Fund. All expenditure with the Fund was incurred on a normal commercial basis.

John Marshall, who served as Vice Chair of the Board until 2 October 2024 and as Chair of the Board from 3 October 2024, is also Chair of the Board of North East England Chamber of Commerce. During the year £2,754 was paid to North East England Chamber of Commerce by believe housing for membership services (2024: £2,460). There was no balance outstanding at 31 March 2025 (2024: £nil). The expenditure was incurred on a normal commercial basis and John Marshall was not able to use his position to the advantage of either party.

Nicola Welsh, the Executive Director of Communities and Customer Services, is also Chair of the Board of Constructing Excellence in the North East Limited. During the year £3,684 was paid to Constructing Excellence in the North East Limited by believe housing for membership services (2024: £594). There was no balance outstanding at 31 March 2025 (2024: £nil). The expenditure was incurred on a normal commercial basis and Nicola Welsh was not able to use her position to the advantage of either party.

33. Contingent liabilities

Group and association

Grants

The stock transfer from Durham County Council included 95 properties located within Durham City and the Wear Valley that had been originally developed using grant provided by Homes England[5]. The value of the government grant funding provided by Homes England was £5.034m. The original grant agreement contains an obligation, in the event of one of the

[5] Previously the Homes and Communities Agency

properties being disposed of, to repay the original grant attributable to the property along with an additional payment relating to the proceeds received for the property.

Having taken ownership of these properties, believe housing is now responsible for the repayment of the grant in the event of the housing properties being disposed. The timing and value of any repayment is uncertain as they depend upon the specific circumstance of any future disposal. As such, no estimate of the total value of this contingent liability can be made at the current time. In the event of a disposal being agreed but not completed prior to the end of the reporting period, a provision will be recognised in the financial statements for the full value of the repayment to be made to Homes England. Two properties from the original 95 properties that were funded by this grant have been sold and their grant recycled and invested in new Homes as agreed with Homes England.

VAT Shelter arrangement

Group and association

A VAT sharing arrangement from the established VAT shelter agreed with HMRC was set up through the transfer agreement with Durham County Council in April 2015. At transfer Durham County Council were contracted to acquire the benefit of the agreed qualifying works (£318.689m) plus the housing properties at a price equal to the agreed value of the properties in their existing condition (£114.4m).

This arrangement has enabled VAT to be recovered on qualifying works relating to repair and improvement costs that would otherwise have been expensed. This arrangement is in place until March 2030.

At 13 April 2015 an amount of £114.4m was paid over to Durham County Council, which represented the value of the properties transferred in their current condition, plus the value of the qualifying works of £318.689m, less the amount due to be incurred under the Development Agreement in relation to the anticipated cost of the qualifying works. The impact of these two transactions is that whilst Durham County Council has a legal obligation to complete the improvement works; this work has been contracted back to believe housing who are also legally obligated. The underlying substance of the transaction is therefore that believe housing acquired the housing properties in their existing condition at their agreed value and will complete certain qualifying works in repairing and improving properties as necessary and in line with commitments to customers which will be accounted for when incurred or committed to.

At the 31 March 2025 £3.2m (2024: £3.1m) has been received by believe housing under the VAT shelter scheme, of which 50% (minus administration fee) has been paid to Durham County Council.

34. Grants and financial assistance

Group and association

	Social housing grant £'000	Other grants £'000	Total 2025 £'000	Total 2024 £'000
At 1 April	33,229	-	33,229	23,158
Grants received in the year	10,924	10	10,934	10,662
Grants recycled from the recycled capital grant fund	32	-	32	-
Amortised in the year	(867)	(10)	(877)	(591)
At 31 March	**43,318**	**0**	**43,318**	**33,229**

35. Intra-group transactions

Believe Developments Limited is a company incorporated under the Companies Act 2006, registered number 13278183. Believe Developments Limited is a wholly owned subsidiary of believe housing.

There has been no apportionment, recharge or allocation of any turnover, costs, assets or liabilities between believe housing and Believe Developments Limited.

During the year, Believe Developments undertook works on behalf of believe housing for the development of properties. As at the 31 March 2025, 58 properties have completed, and 78 properties reached golden bricks and been transferred to believe housing. Payments on account from believe housing have been accounted for as a prepayment in believe housing £0.229m (2024: £2.515m). At the 31 March 2025, believe housing owed Believe Developments £0.842m (2024: £0.944m).

There is an intragroup loan agreement facility in place between Believe Developments Limited and believe housing which allows Believe Developments to draw down loan funding from believe housing up to a facility limited of £40m.

In the period to 31 March 2025, £17.438m (2024: £14.862m) has been drawn down under the arrangement to provide loans from Believe Development Limited to Believe Carlton MSG LLP (£11.980m) and Believe Carlton Witton LLP (£5.458m).

The loans are provided at a rate of 4.5% and 7.0% and secured on the land and assets in the joint ventures.

36. Ultimate parent undertakings and controlling party

There is no ultimate parent undertaking and controlling party.