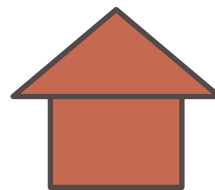


MOR



**MORhomes PLC**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**



Registered office and headquarters:  
Future Business Centre  
Kings Hedges Road  
Cambridge  
CB4 2HY  
England

Company Registration No. 10974098

MORhomes PLC  
CONTENTS PAGE

---

**Contents**

	PAGE
OFFICERS AND ADVISORS .....	2
MISSION AND OBJECTIVE.....	3
CHAIR’S STATEMENT .....	4
STRATEGIC REPORT .....	6
DIRECTORS’ REPORT .....	14
GOVERNANCE REPORT.....	18
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORHOMES PLC .....	27
FINANCIAL STATEMENTS .....	33
FINANCIAL STATEMENTS NOTES .....	37

MORhomes PLC  
OFFICERS AND ADVISORS

---

## **OFFICERS AND ADVISORS**

### **DIRECTORS**

N J Hadden (Chair – resigned 30 September 2024)  
M C Cooper (Chair since 1 October 2024)  
M T Hinch  
G L Howley  
A D Morton  
J E Pilcher  
A Thomas

### **SECRETARY**

Allia Bond Services Ltd

### **REGISTERED OFFICE**

Future Business Centre  
Kings Hedges Road  
Cambridge  
CB4 2HY  
England

### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

## MISSION AND OBJECTIVE

***Our mission is to support the provision of Social and Affordable Housing in the United Kingdom by acting as a central borrowing vehicle designed to facilitate access to the capital markets by not for profit, registered social housing providers.***

The following Objective is enshrined in our Articles of Association:

***To act as a central borrowing vehicle or financial intermediary for Candidate Borrowers in order to facilitate access to the capital markets by Candidate Borrowers in the furtherance of their own objectives, in accordance with the company's business plan from time to time. The company anticipates achieving its Objective by way of issuing listed and unlisted debt securities and the entry into borrowing agreements.***

"Candidate Borrowers" means registered providers of social housing, social landlords and housing associations (or equivalent) anywhere in the United Kingdom which do not distribute profits to members (referred to in this report as 'housing associations'). Subsidiary undertakings of the parent entity within the group of which a Candidate Borrower is a member are also included.

MORhomes PLC  
CHAIR'S STATEMENT

---

## CHAIR'S STATEMENT

Having been involved in the early stages of the company, I was pleased to be appointed to succeed our founding Chair, Neil Hadden, on his retirement at the end of September 2024. In writing this introduction to the company's sixth annual report which covers the fifth full year of operations since issuing our initial bond, I wanted to pay tribute to Neil's vision in creating a lending business dedicated to the social housing sector which continues to offer a unique solution in the market.

We started the process of creating the company with the support of around 20 housing associations. In the event over 60 associations provided the initial capital to set up a platform to facilitate access to the capital markets. We have now established a company with a proven platform that offers many unique features and advantages, not only for our housing association borrowers but also for investors, with over half a billion pounds of lending.

The financial year has seen continuing market turbulence and global instability. While UK inflation fell back briefly below the Bank of England's target rate, it has risen again and interest rates remain significantly higher than Housing Associations became used to in the preceding decade and more. The effect of this has been that public bond issuance has continued to be limited. In general housing association borrowers have significant liquidity available to them, and are therefore either able to wait for interest rates to start falling again or to secure short-term facilities while rates are high, with consequent impact on providers of long-term funding including but not limited to the company. Nevertheless, the company successfully extended two new loans during the year (2024: nil) – one in December for £13.2m to Soho Housing, and one in March for £13.0m to Elim Housing. The associated public bond issuances were both executed at record low issuance spreads.

Following the rent cap in England for the 2023/24 financial year, this year saw rent rises return to the long-term CPI+1% rent settlement, though from a lower base than would have been the case without the rent cap. This cumulative impact adversely affects the returns from future investment in social housing, whether that be through the development of new homes or through increasing the quality and energy-efficiency of the existing stock. As a result, housing associations continue to reassess their plans and phase their investments carefully in order to maintain their financial strength.

The strength and resilience of the company's business model has continued to be demonstrated throughout the year, with tight management and strong cost control, combining with the two new loans, to bring the net loss close to a breakeven position (excluding valuation losses on gilts held with a view to make any potential early repayments in case they arise). With additional equity from the two new borrowers, total equity has grown by 2% during the year. When the coronavirus pandemic seriously disrupted markets in 2020 the company was there for its borrowers, amongst the first to issue debt in April 2020 as the markets returned to more normal conditions. In 2022, when market conditions became more challenging as the war in Ukraine continued, the company enabled a new borrower to act quickly in August 2022 to raise funds in a few weeks, shortly before gilt yields increased by over a percentage point. In 2024/25 we have twice demonstrated an ability to price within 48 hours of receiving the mandate, and at record low issuance spreads on each occasion.

The company has continued to receive prompt and regular financial updates from each of its borrowers and published updated views of the credit strength of its loan portfolio throughout the year, which has remained strong. The strength of the credit has been recognised by S&P, who affirmed our A- credit rating in December 2024, and the company continues to take steps proactively to address the reasons given for the negative outlook. The company continues to be an important option for housing associations raising longer-term fixed interest debt.

The company enjoys a sound financial position and with each new loan becomes more firmly established, more attractive to investors and more attractive to borrowers as pricing becomes more competitive to add to the range of other advantages on offer. The company has a corporate strategy for future growth based on three key strands:

1. Building the loan book by marketing the borrowing proposition to housing associations and their advisors
2. Building investor confidence by good communication and making investors aware of the benefits of the company's model
3. Maintaining strong governance and improving operational efficiency and cost-effectiveness, in particular while market volumes are subdued.

## MORhomes PLC

### CHAIR'S STATEMENT

The company is committed to very high standards of corporate governance and social responsibility. All loans are social bonds, complying with the ICMA Social Bond principles 2018. Taking this one step further, in February 2021 the company became the only UK aggregator at that point to issue a Sustainable Bond Framework, and in November 2021 launched its first Sustainable Bond – others have followed. The company intends that all future maturities will be Sustainable Bonds. Following the year-end the company has updated its Sustainable Bond Framework to ensure that future issuance will be aligned with the updated Social Bond Principles 2023, Sustainability Bond Guidelines 2021 and Green Bond Principles 2021 as appropriate, with an updated Second Party Opinion provided by Sustainalytics. In parallel with this Annual Report, the company is also issuing a powerful Sustainability Impact Report showing what has been achieved with the funds raised. Examples of sustainability impact are shown throughout this report.

The company has a Board comprising members with long experience of both the financial world and the housing association sector. I am grateful to my Board colleagues for all the work they have done over the past year.

We believe that the company is in a good position to maintain its credit strength and consequently continue to provide an alternative source of new loans to shareholders. The anticipation is that housing associations see the benefit to the sector of having access to a financial intermediary with the advantages described in this report and use it to an ever greater extent. The more it is used the greater the benefits it will offer to the sector as it plays its part in meeting the government's targets for new quality housebuilding, achieving 'net zero' and responding to economic challenges.

Malcolm Charles Cooper, Chair of the Board

*MORhomes borrower, The Elim Housing Group, has committed to delivering 120 new homes for affordable rent and ownership by 2026. These will be equally split between homes for affordable rent and shared ownership properties.*



*Elim's recent completed projects in Bristol, North Somerset and Gloucestershire are testament to the variety and breadth of the organisation's development programme. They include homes for single people who are ready to move on from supported accommodation, general needs family homes and homes for the Gypsy and Traveller community. And it has delivered a range of tenures including social, intermediate and affordable rent, and shared ownership.*

*The image to the left shows Tiltdown Gardens, a development of 4 affordable homes.*

STRATEGIC REPORT

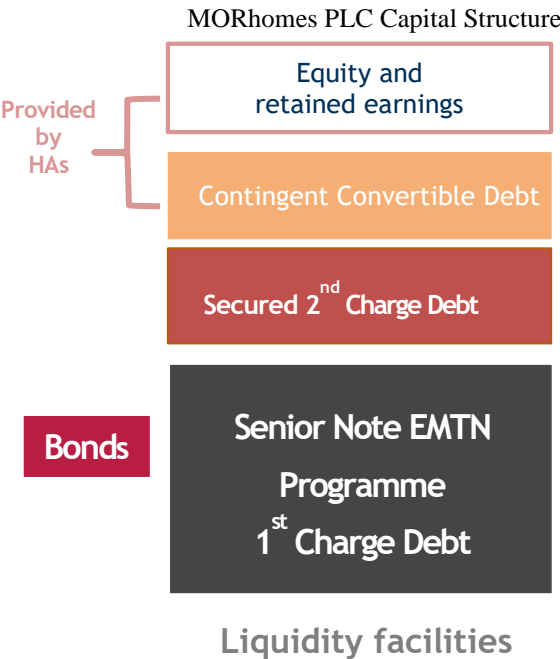
OUR BUSINESS MODEL AND HOW WE GENERATE VALUE

The principal way that the company furthers its mission and objective is by establishing borrowing demand from its housing association shareholders and potential new shareholders and by issuing debt on the capital markets to meet that demand. The company’s policy is to match the debt issued to the loans made both in amount and term so that it minimises the risk of being unable to meet its liabilities for interest and capital repayment.

Issuance costs are recovered from the borrower (with a margin to cover administration costs) and a small intermediation fee is added to the interest paid by the borrower.

The company offers a strong proposition to its shareholder borrowers by making the finance available on a range of terms that compare favourably with what might otherwise be available to them. Advantages include the cost, efficiency and speed of access to the market, flexibility in the amounts that can be borrowed, transparency of the credit process and efficiency of security required. The attractiveness of the interest rate offered will depend on the alternatives available to the particular borrower in question and the performance of the company’s bonds in the market over time. As a platform set up by housing associations for the purpose of lending to housing associations it is a company that borrowers can rely on to serve their needs.

The company also offers a strong proposition to its investors. Senior and Second Secured debt holders have a charge on the company’s assets, which are primarily loans to regulated housing associations, a strong sector in which there has never been reported any default of capital repayment on loans. The capital structure (illustrated in the diagram below) provides three further layers of risk bearing capital to bond investors / senior noteholders as well as standby liquidity facilities. The company also offers a robust credit management process including surveillance, monitoring and remediation, benchmark sized issuance with responsible regular repeat issuance, with all bonds either ‘Social Bonds’ in accordance with the Social Bond Principles 2018, or ‘Sustainable Bonds’ in accordance with the Sustainability Bond Guidelines 2018.



Share capital is subscribed in two ways. Firstly, to become eligible to be borrowers, housing associations must subscribe ‘membership’ share capital. 60 housing associations became shareholders prior to the inaugural issue, and this capital was used to set up the platform and provide initial equity in the capital structure. Further housing associations have become shareholders since launch and we had 68 shareholders at year-end (2024: 66). Secondly, borrowers are required to use a fixed percentage of their loan to subscribe to further shares in the company and contingent convertible debt, thus maintaining the proportional level of these risk bearing capital buffers as lending grows.

## MORhomes PLC

### STRATEGIC REPORT (continued)

The company's strategic ambition is to take a meaningful share of the market for housing association capital markets debt issuance subject to maintaining its credit strength. Even at low levels of issuance the fees the company earns would be sufficient to cover the minimum required operating costs, though the company continues to invest to grow the business further. By continuing to issue new loans while carefully managing the credit risk, the economies of scale will help the company to make a profit in the foreseeable future, providing a return to shareholders.

The company's platform in itself also provides value to existing shareholders who are able to use it to access the debt capital markets. There are up to around 180 more housing associations who may wish to buy into the company and use the platform, generating further value for the existing shareholders.

*"We are delighted to work with MORhomes and have been impressed with the ease and speed of the whole process. Efficient use of security, including commercial property, is a key factor. The proceeds will support our acquisition of new homes in the centre of London and continuing investment in our existing properties, further strengthening our asset base."*

Jane Harrison – Finance Director, Soho Housing

### PROMOTION OF COMPANY SUCCESS

The directors have a duty to promote the success of the company for the benefit of its members as a whole. In so doing the directors have regard to:

- The likely consequences of any decisions in the long term, with long-term planning undertaken to reflect the impact of decisions;
- The interests of the company's employees, with employees having regular opportunity for engagement both with senior executives and with the Senior Independent Director without the Chief Executive Officer present;
- The need to foster the company's business relationships with suppliers, customers and others, with a Borrowers Advisory Group meeting regularly and with regular dialogue with key suppliers and other stakeholders;
- The impact of the company's operations on the community and the environment, with attention paid including to the company's ESG rating with MSCI;
- The reputation for a high standard of business conduct, with the company having regard to applying the UK Corporate Governance Code; and
- The need to act fairly as between members of the company, with regular dialogue with shareholders throughout the year.

### REVIEW OF THE YEAR

While the financial year has seen the headline rate of inflation drop briefly below the Bank of England's target rate, continued inflationary pressures persist, with interest rates remaining at elevated levels in an attempt to limit inflation. There have also been fluctuating levels of tariffs globally. Given the company's UK focus, these are not expected to have direct impact, though there will be limited secondary impact through the effect on inflation.

Nevertheless the strength and resilience of the company's business model has continued to be demonstrated throughout the year. It more than doubled the size of its business since launch, with lending amounting to £538.6m as at 31 March 2025 (£512.4m as at 31 March 2024) following the extension of two new loans during the year (2024: nil).

The company has maintained on-going dialogue with and received regular financial reporting from all its borrowers. This engagement has continued to highlight the counter-cyclical nature of the housing association sector, as well as the sector's ability to manage its liquidity through the phasing of development programmes.

Achievements over the course of the year include:

- Building a pipeline of potential borrowers with 57 housing associations having gone through our credit process
- Building on the 'standby liquidity agreement' product whereby borrowers get all their documentation ready and on standby to borrow at a few days' notice, thereby enhancing their available liquidity. 32 such agreements have been entered into to date, with 15 utilised, and continuing renewals.



## MORhomes PLC

### STRATEGIC REPORT (continued)

- 
- Generating significant income to be recognised over time from documentation fees, issuance fees and security fees. This includes £146k in Other Income recognised during the year (2024:110k).
  - Continuing to review the loan portfolio, providing regular on-going investor updates
  - Affirmation of an A- credit rating by S&P, with steps taken to address the negative outlook
  - Issuing its latest Sustainability Impact Report (unaudited) demonstrating significant impact achieved from the loans made
  - Continuing to engage positively and imaginatively with the sector's key influencers and decision makers, including the Regulator of Social Housing.

Conditions in the capital markets have been challenging throughout the year. The benchmark gilt yield on the company's 2038 bond exceeded 5% in January 2025, above levels seen during 2023/24, having been 4.30% at the start of the year, and as low as 0.75% in August 2021. This has required housing associations to adjust the phasing of their investments, with a knock-on impact on funding needs. Nevertheless, two new loans were completed successfully during the year (2024: nil). The company has become established as an option for housing associations, many of whom only borrow infrequently. Its credit rating with S&P Global was affirmed as A- and actions taken to address the negative outlook. Looking to the future, the company considers that this positions it well to secure an increasing share of housing association lending as volumes recover. As it continues to consolidate its position the company expects to benefit from a 'virtuous circle' of increased lending leading to a stronger investment proposition leading to increased attractiveness for more lending (see 'future strategy' below).

The financial result for the year was a loss after tax of £67k (2024: £1,077k profit) driven principally by revaluation losses on gilts held with a view to make any potential early repayments in case they arise. Excluding revaluation, the net loss was almost eliminated, reducing to £13k (2024: £59k) following strong management and tight cost control, combined with the two new loans extended during the year. By raising debt and on-lending at an interest rate that includes an intermediation fee the company has established a regular source of income for the life of the bonds, which will increase as it increases its loan book.

The company has established a sound financial position. As at 31 March 2025 shareholders' funds were £5.0m (2024: £4.9m). Of this, £2.8m (2024: £2.7m) was equity that borrowers were required to subscribe at the point of borrowing. Company policy is to retain this as cash at the point of borrowing and it is part of the capital structure designed to reduce the risk for investors. A further £0.6m (2024: £0.5m) is the equity value of contingent convertible loans provided by borrowers. The remaining £1.6m (2024: £1.7) represents the 'membership' equity from the 68 housing association members, plus profits to date.

The company's credit management systems, which are a key part of its operations, are based on its deep understanding of its housing association borrowers and have been operating effectively during the year. Its proprietary credit model uses historic data and forecast financial projections, which are based on data supplied by borrowers to the Regulator of Social Housing. All borrowers' credit models were updated and reviewed during the year and their financial performance monitored quarterly. The loan documentation enables the company to call for cash in an interest reserve account if a borrower were to exceed its borrowing limit as a result of a weakening of its credit status, though this has never been required to date.

The company has established a performance management system including a corporate scorecard to monitor achievement of key financial and non-financial indicators against target, which is reported to the Board. The key items reported to the Board include:

- Lending volume – growth in loan assets leads to increases in net interest income
- Relative bond performance – comparison of spread to that of peers is a measure of price-competitiveness
- Operating costs – tight cost control plays an important role in driving the net financial result
- Loan security – borrowers have up to a maximum of 12 months to perfect security charging
- Credit rating – the company maintains a public credit rating with S&P, the level of which impacts on price-competitiveness

The Board's assessment of the position of the company's business at the end of the year is given below.

MORhomes PLC  
STRATEGIC REPORT (continued)

---

FUTURE STRATEGY

The company's long-term strategy is based on the business model described above with an objective of taking a meaningful share of the addressable market for housing association debt capital markets (DCM) issuance while maintaining its credit strength.

The company's success is dependent on borrowing demand from housing associations. It can offer loans to housing association shareholders or potential shareholders in amounts from £10m upwards, either individually or in groups. The company has developed a 'Standby Liquidity Agreement' product which takes advantage of the speed and efficiency of access to the market which it can offer. For a fixed fee it will approve credit and prepare all the necessary documentation for a borrower to go to the market, held ready to execute on the borrower's instruction. This gives the borrower access to the market at a few days' notice for much less than the cost and resources required to access the market through most other routes.

The company's medium-term strategy concentrates on:

- **Building the loan book** – by marketing its borrowing proposition and benefits to shareholders and potential shareholders, including working closely with their advisors to support their clients. Current shareholders represent around one third of the housing association DCM issuance market (by borrowing requirement and number) which puts the company in a good position to achieve its market share objectives. The remaining two thirds are also potential shareholders and borrowers and the company is also marketing to these.
- **Building investor confidence** – by good communication and making investors aware of the benefits of the company's model, maintaining a strong credit rating, attracting more investors and progressively improving their return by reducing the spread to gilts at which its bonds trade. The company's innovative Sustainability Bond Framework is an important part of its appeal to investors.
- **Building governance and operational excellence** - maintaining strong governance, including risk management and good internal control, improving its operational efficiency and providing its services cost-effectively, in particular while levels of borrowing in the market in general are subdued.



*Selwood Housing invested some of its MORhomes funding towards new homes for social rent and shared ownership in McDonogh Court, Trowbridge.*

*They have been built on a previously derelict site which has now been completely transformed, supporting the regeneration of the local area.*

*It includes a range of 10 one-bedroom apartments, 4 two-bedroom homes and 4 three-bedroom homes. All have been sensitively designed to complement the surrounding properties in the conservation area including a number of listed heritage buildings.*

*These new homes are a significant achievement for Selwood Housing, reflecting its commitment to working with local partners to take on the challenge of hard-to-develop brownfield sites and helping to revitalise our local communities. Homes England provided grant funding of £1.28m.*

MORhomes PLC  
STRATEGIC REPORT (continued)

## RISK MANAGEMENT AND PRINCIPAL RISKS

The Board has established an effective framework of risk management. This starts with the Governance framework and includes robust systems of internal financial control. Key features include:

- A strong Board with skills in the company's key business areas including credit management, bond issuance, corporate finance, audit, corporate governance and the housing association market (see details of directors below)
- Dedicated specialist committees covering key risk areas (see description of committees below)
- A risk management process and risk register overseen by the Audit and Risk Committee and regularly reviewed by the Board
- A capital structure and treasury management policy that minimises liquidity risk. Bond liabilities are matched 'back to back' with loans, with interest and capital from loans receivable 10 days before bond payments are due. Risk to bondholders is minimised by equity and contingent convertible loans provided by borrowers, second secured debt and standby liquidity facilities
- Effective credit management systems overseen by the Credit Committee
- A long-term financial business plan stress tested and independently verified
- An operating manual identifying all key operational risks and related control systems
- A performance reporting system including KPIs and a corporate scorecard reported monthly to the Board
- An internal audit programme testing key controls where the Audit and Risk Committee deems it necessary.

The Board has responsibility for and carries out a review of the effectiveness of the company's risk management and internal control systems. Further details are given in the report on the work of the Audit and Risk Committee below. No significant weaknesses were identified by the Board, cognisant of points raised by the auditors.

The Board has agreed the following high-level approach to risk management:

- A risk is defined as anything that threatens the company's ability to achieve the corporate strategy
- A corporate risk register is maintained that identifies key corporate risks, controls currently in place and sources of assurance for the Board
- The current status of the risk is monitored with reference to the level of threat to corporate strategy or objectives
- 'Critical actions', defined as the most important actions to enable risks to achieving the corporate strategy to be mitigated, are identified and monitored by the Board
- The risk register is reviewed by Audit and Risk Committee and reported to the Board
- It is recognised that the opposite of a risk is an opportunity, and it is equally important to identify where an opportunity might exist.

The Board has carried out a comprehensive assessment of the principal risks (financial and non-financial) facing the company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks, and how they are being managed, are as follows:

Principal risks	Management of risks
Credit risk on individual borrowers and housing association sector	Credit policy including exposure limits; credit management and monitoring process, including regular review of the impact of climate change, interest rates and inflation; capital structure to withstand losses. See comments under 'Our Business Model' above.
Lack of borrowing demand from housing associations including due to changes in their business plans, market conditions, and pricing/competition from alternative sources of funding	Marketing approach described above; tight cost control including reduced Board size; contingency plans to establish that costs can be met from assured income
Operational risks including control over cash and payments and meeting bond obligations	Operating manual defining all key controls and relevant procedures in place; accounting functions outsourced to reputable firm (Allia Bond Services Ltd).

MORhomes PLC  
STRATEGIC REPORT (continued)

Other risks	Management of risks
Interest rate or pricing risk	Interest payable on bonds is at a fixed rate and matched over the term of the bonds by the interest receivable from loans.
Liquidity and cash flow risk	Interest receivable from loans is due 10 business days before interest payments are due. The company's capital structure (see diagram in strategic report on page 6) has been stress tested under a range of credit loss scenarios and is designed to maintain liquidity with (1) equity including a subscription by borrowers equal to 0.5% of loans made, retained from bond proceeds as cash (2) conditional convertible loans from borrowers equal to 1.15% of loans made which convert to equity under certain circumstances (3) a structure of first and second secured debt and (4) standby liquidity facilities
Global operating environment risk	Principal risks around climate change and global operating environment more broadly relate to borrower credit risk, and are covered in the Climate Change section of this Strategic Report.

The Board confirms that there have been no events subsequent to the balance sheet date up to the date of this report, or likely future developments, that affect its assessment of the principal risks.

## CLIMATE CHANGE

While not mandatory, the company voluntarily reports in line with the Taskforce on Climate-Related Financial Disclosures, including Streamlined Energy and Carbon Reporting.

### *Governance*

Responding to climate-related issues is fundamental to the company's business strategy, including issuing all its bonds within Social and Sustainability Bond Frameworks and maintaining high profile public leadership on sustainability issues. Accordingly, and in line with its approach more generally, the Board considers climate-related issues periodically throughout the year, including through discussion at the Audit and Risk Committee, Socially Responsible Investment Committee and Credit Committee. The Strategic Plan and long-term financial plans reflect climate-related strategies and the corresponding targets and activities are integral to the corporate plan and budgets which the Board uses to monitor business performance on a monthly basis. Climate related risks are systematically assessed via the risk management framework, and they are regularly considered by the Board throughout the year.

At management level, climate-related responsibilities rest with the Chief Executive Officer who assesses, monitors and manages climate-related issues, reporting both to the Board and to the Audit and Risk Committee, Socially Responsible Investment Committee and Credit Committee.

### *Strategy*

Under its Articles of Association the company is only permitted to lend to registered UK not-for-profit housing associations, and 100% of its business is concentrated in this sector. It currently cannot, does not and has no intention in the future of having any exposure to consumer lending or to financing related to fossil fuels, forestry, water, or any other sector other than social housing. The company has a remote operating model, with no office building and with staff being home-based and conducting the vast majority of business remotely by digital means.

The company's principal assets are long-term loans to registered UK not-for-profit housing associations with maturities between 2038 and 2051. The principal climate-related issue facing the company is the impact climate-related issues have on borrowers' ability to make interest payments during the life of the loans and capital repayments on maturity of loans extended to them. Housing associations will be required to invest in their existing housing stock in order to improve their performance to the required standards, and new build homes will need to be built to a higher standard. The Credit Committee reviews the credit level it assigns to each borrower on at least an annual basis, looking at 5 years of historic audited financial statements (where available) and the 5 years of forward business plan submitted to the regulator.

Identified climate-related issues led to the incorporation of climate-related issues into the credit model, and climate-related issues form an important part of the Credit Committee's consideration when determining borrower

## MORhomes PLC

### STRATEGIC REPORT (continued)

and potential borrower credit levels. In addition, identified climate-related issues led the company to develop a Sustainable Bond Framework which was launched in February 2021, with the first Sustainable Bond issued under the Framework in November 2021. The company is an early adopter of the Sustainability Reporting Standard for Social Housing, and encourages borrowers and shareholders alike to adopt the standard. Participation in the company's Sustainable Bond requires prospective borrowers first to undertake a Sustainable Housing Assessment which the company has created in conjunction with real estate consultancy Ritterwald, aligned with the Sustainability Reporting Standard for Social Housing, with the assessment being independently verified by Ritterwald.

Although there is uncertainty about the pace of development of technology and therefore the ultimate cost to housing associations of addressing climate-related issues, as well as uncertainty about future government regulatory requirements and funding policy, housing associations generally have the ability to adjust the level of their development activity to enable them to fund climate-related work on their existing housing stock. The Board therefore considers the company's strategy currently to be resilient to climate-related issues.

#### *Risk Management*

The assessment of climate-related risks is undertaken by the Audit and Risk Committee with input from the Socially Responsible Investment Committee and Credit Committee as appropriate and overseen by the Board. This approach considers a range of different factors including existing and emerging regulatory requirements and provides a relative risk-weighting for climate-related risks in relation to other risks. Specific credit-related risks are considered in more detail by the Credit Committee in so far as they relate to each borrower and prospective borrower.

At an organisational level, climate-related risks are managed by the Audit and Risk Committee with input from the Socially Responsible Investment Committee and Credit Committee as appropriate and overseen by the Board. Specific climate-related risks that impact on borrower creditworthiness are managed in more detail by the Credit Committee in so far as they relate to each borrower and prospective borrower.

Processes for identifying, assessing and managing climate-related risks are an integral part of the company's holistic approach to risk management.

#### *Metrics and Targets*

As the principal climate-related risk faced by the company is the impact of physical and transition risks on the credit worthiness of counterparties hence the principal means of measuring and managing impact on the company is through the impact on the composition of the lending portfolio by credit level. The company has made and intends to continue to make commitments within its EMTN programme documentation to ensure a skew of exposure to stronger credits. The company discloses composition of the portfolio on a quarterly basis by means of quarterly business updates released through Regulatory News Service (RNS). As at 31 March, the composition of the company's portfolio by credit level was:

Credit Level	Portfolio Limit	2025	2024
Level 1 (strongest)	Unlimited	4%	4%
Level 2	60% (plus balance of Levels 3/4)	61%	61%
Level 3	30% (plus balance of Level 4)	33%	29%
Level 4	20%	2%	6%
Level 5 (fail)	0%	0%	0%

In addition, the company also produces an unaudited Annual Sustainability Impact report which sets out the impact of funds lent, the most recent of which is released at the same time as this Annual Report covering the impact of all funds lent up until 31 March 2025. The report includes data on key criteria defined in the Sustainability Reporting Standard. A summary of the use of proceeds is shown in note 14.

The company includes climate-related objectives in the plans of relevant staff members including all members of senior management. Individual performance is assessed against those plans, with appropriate steps taken in relation to performance against plan. The Board does not currently consider it appropriate to offer performance-related incentives to staff while the company builds towards underlying profitability. Should performance-related incentives be introduced in the future, it would be the Board's intention to incorporate an assessment of performance against climate-related objectives when determining the appropriate incentive level for each member of staff.

## MORhomes PLC

### STRATEGIC REPORT (continued)

Given the nature of the company's business being financial services and its operating model being remote, with no office building and with staff being home-based and conducting the majority of business remotely by digital means, Greenhouse Gas Scope 1 (direct) emissions are considered to be nil (2024: nil) and Scope 2 (indirect) emissions are considered to be 0.043 tCO<sub>2</sub>e (2024: 0.035 tCO<sub>2</sub>e). Scope 3 emissions (from assets not owned or controlled by the company) that the company can influence relate primarily to housing funded by its loans, where the company seeks to have a strong positive impact via its Sustainability Bond Framework, as described above and under 'Corporate Social Responsibility' in the Directors' report below<sup>1</sup>.

The company intends to continue to minimise Greenhouse Gas emissions in the same way in future, with an ambitious target to maintain zero Scope 1 and de minimis tCO<sub>2</sub>e Scope 2 emissions.

Similarly, the company does not:

- produce any electronic or hazardous waste;
- produce any emissions of sulphates, phosphates, cadmium, lead, nickel, benzene, naphthalene or pesticides of any kind;
- emit any inorganic pollutants; or
- emit any ozone-depleting substances.

The company also has an ambitious target not to produce or emit any of the aforementioned items in the future either.

### ASSESSMENT OF BUSINESS POSITION AND FUTURE PROSPECTS

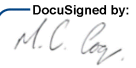
At the end of the year the company has continued to build on the strong platform it has established in previous years, with a 2% increase in total equity. The terms of the loans made to date give the company a solid base and future income stream. In addition, the loan agreements allow the company to recover a wide range of administration costs from borrowers if necessary. The Board has assessed the potential credit losses from its loans and calculated an impairment provision in line with IFRS 9, noting that all loans are performing and all payments are up-to-date. The Board has also considered the impact of macro-economic conditions including those arising from the wars in Ukraine and the Middle East, and those relating to trade. It engages regularly and proactively with borrowers to gain comfort on their financial position. The Board therefore has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due, even in the event that it does no further new business.

The Board believes that it is in a good position to continue to maintain the credit strength of the business and consequently provide an alternative source of new loans to our shareholders.

The flexible operating structure in place means that the business can scale up its operations to meet the demand for new loans and increase its profitability as it wins new business.

Following the end of the financial year, the company issued an updated Sustainable Bond Framework aligned with the Social Bond Principles 2023, Sustainability Bond Guidelines 2021 and Green Bond Principles 2021. It incorporates an updated Sustainable Housing Assessment, developed in conjunction with Ritterwald, with more stretching criteria as we seek to raise the bar on sustainability over time. The updated Sustainable Bond Framework can be found on the company's website, along with a link to an independent second party opinion from Sustainalytics. The Second Party Opinion concludes that the Framework aligns with the Social Bond Principles 2023, Sustainability Bond Guidelines 2021 and Green Bond Principles 2021, and is considered to have 'Significant' sustainability impact. The company also received an unsolicited ESG rating from MSCI of AA.

Signed on behalf of the Board

DocuSigned by:  
  
 8E9671A26B5346F...

**Malcolm Charles Cooper**

Director

18 July 2025

<sup>1</sup> See US Environmental Protection Agency for definitions of GHG emissions:  
<https://www.epa.gov/climateleadership/scope-1-and-scope-2-inventory-guidance>

MORhomes PLC  
DIRECTORS' REPORT

---

## DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 March 2025.

### PRINCIPAL ACTIVITIES

The principal activity is to facilitate access to capital markets by UK not for profit registered social housing providers by provision of a central borrowing vehicle.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 33.

A review of the results is included in the Strategic Report.

No dividends are proposed for the year (2024: £Nil).

### DIRECTORS

Details of directors who served in the year and up to the date of this report are set out in the section on directors below.

### CORPORATE SOCIAL RESPONSIBILITY

The company's mission is to support the provision of Social and Affordable Housing in the United Kingdom by acting as a central borrowing vehicle designed to facilitate access to the capital markets by not for profit, registered social housing providers. It therefore has an inherently social purpose.

All of the company's bonds are Social Bonds in accordance with the Social Bond Principles 2018<sup>2</sup>, or Sustainable Bonds in accordance with the Sustainability Bond Guidelines 2018<sup>3</sup>. The core components of these principles are: the use of proceeds (for social purposes); the process for project evaluation and selection; management of proceeds; and reporting.

In 2018, prior to initial launch, the company established a Social Bond Framework following these principles, which can be found on its website. It also obtained an independent second party opinion from Sustainalytics who conclude that they 'are of the opinion that the MORhomes PLC Social Bond Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2018'. A link to the full report on the Sustainalytics website is also available from the company's website.

In 2021 the company went further by issuing a Sustainable Bond Framework in accordance with the Sustainability Bond Guidelines 2018<sup>3</sup>. This can also be found on the company's website, along with a link to an independent second party opinion from Sustainalytics also concluding that the Framework is 'credible and impactful and aligns with the Sustainability Bond Guidelines 2018'. This Framework has been applied to the 2051 bond and the company intends that it will be applied to future new bonds. This makes the bonds more attractive to investors interested in the bonds' impact on all three strands of the 'ESG' agenda (environmental, social and governance).

In parallel with this Annual Report the company publishes its sustainability impact report. This comprehensive report showed that the funds were being used to develop 4,504 new homes of a variety of tenures in 66 local authorities. In addition to supporting jobs, these new homes were enabling more people and families to put down roots, helping people to get a foot on the property ladder, supporting people to become more independent and generating surpluses which will be invested back into neighbourhoods, communities, and more social housing. More detail and stories of the company's sustainability impact can be read in the full report which is available from the company's website. The company intends to continue to produce a sustainability impact report for each year in which there are new loan projects or further usage of funds to report on.

---

<sup>2</sup> Social Bond Principles - <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

<sup>3</sup> Sustainability Bond Guidelines - <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>



## MORhomes PLC

### DIRECTORS' REPORT (continued)

In 2020 the company also won the Environmental Finance award for Corporate Social Bond of the year.

The funds raised up to the balance sheet date were simultaneously on-lent to housing associations and the funds will all be used for social housing or related projects. Examples of these projects are shown throughout this report, and in the annual sustainability impact report.



The company's wider corporate social responsibility is underpinned by its regard for the UK Corporate Governance Code issued by the Financial Reporting Council on 16 July 2018 (the UK CGC), as updated in January 2024. This includes governance structures and commitment to the principles of contributing to wider society and to meeting its responsibilities to shareholders and stakeholders.

The company operates its business in a way that minimises its impact on the environment. It is an entirely digital business which minimises the use of paper and other resources. Staff are home-based and wherever possible communication is electronic, by telephone or by video conference. These arrangements minimise travel and usage of energy and other resources used by offices as well as contributing to overall efficiency. In addition, as a consequence no workdays have been lost to injuries sustained at work.

The company's culture reflects our social purpose and the ethos of its not-for-profit shareholders. The review of Board effectiveness (see Governance report) concluded that the Board has established an effective culture. The Board is satisfied that policy, practices and behaviour throughout the business are aligned with the company's purpose, values and strategy.

The Board has approved an Anti-Bribery Policy outlining its position on preventing and prohibiting corruption in all its forms, and a Modern Slavery Policy setting out a zero tolerance approach including through contractual arrangements where appropriate. There have been no cases of bribery or corruption identified.

### STAKEHOLDER ENGAGEMENT

All the shareholders in the company are registered providers of social housing (or equivalent, see Mission Statement, above). Under the company's Articles of Association, borrowers must be shareholders. This gives the company a unique strength in the alignment of the interests of its borrowers with the interests of the company.

The company has good engagement with shareholders that reflects this relationship and the nature of the business. The company circulates a weekly market update to shareholders and provides regular shareholder newsletters. The company held its Annual General Meeting (AGM) in September 2024 which included a presentation to shareholders and an opportunity for shareholders to ask questions of the Board. It set out the company's current business position and proposed approach for the future, with an opportunity for shareholders to discuss the plans and raise questions. The meeting was well attended and members were supportive. Shareholders can also contact the Chair or Senior Independent Director directly at any time.

The Board also has a 'Borrowers Advisory Group' to act as a sounding board and provide input to the Board of the company on matters that are important to shareholder borrowers and potential borrowers. The Group met periodically during the year and provided important input on a range of issues.



*MORhomes borrower, Soho Housing, has partnered with developer Derwent on a new landmark development in the heart of the Baker Street Quarter.*

*Soho Housing will use its MORhomes loan on a long lease for 10 affordable homes as part of the scheme. These will be five one-bed flats and five two-bed flats. These are part of a larger 200,000 square foot development featuring office space and a total of 51 residential homes.*



## MORhomes PLC

### DIRECTORS' REPORT (continued)

---

The Board also takes its responsibilities to investors very seriously and is committed to providing regular opportunities for investors to meet management and receive presentations on the progress of the business either individually or collectively. During the year investors have been invited to such presentations every quarter. The company also provides quarterly business reviews and yearly and half yearly financial statements and other information required by the bond documentation. The Board has charged the Senior Independent Director with being available as a direct point of contact for investors in the company and to act in response to any concerns raised, maintaining an independence from the Chair and the Executive if required. The contact point and other investor information can be found on the investor relations section of the company's website.

The company has a small workforce who are closely engaged in the company's work and who have access to bespoke training opportunities appropriate for their roles. For example, a graduate trainee programme was offered with training provided including through an external credit professional. Employees are encouraged to look for certifications to progress their careers and develop their skillsets. Employees have access to flexible working arrangements including the ability to work from home, work part-time, and work more flexible hours to suit their personal circumstances. A whistleblowing policy is in place including whistleblower protection, and the Board has designated the Senior Independent Director as the director responsible for engagement with the workforce, including surveying colleagues at least annually. Remuneration for executives is set with reference to benchmarks for market rates for comparable roles.

#### FINANCIAL INSTRUMENTS

The company's borrowing is at fixed interest and matched by loans for the same term at fixed interest.

The company's approach to financial risk management and its exposure to risk are discussed in the Strategic Report above.

#### GOING CONCERN

After making enquiries, including assessing the capital and liquidity position, the Directors considered and satisfied themselves as to the company's ability to meet its liabilities as they fall due for the period of at least 12 months from the date of signing the Financial Statements, and therefore consider it appropriate to adopt the going concern basis of accounting in preparing this Annual Report and Financial Statements.

See also note 1 to the Financial Statements (Accounting Policies) and the assessment of business position and future prospects in the Strategic Report.

#### INDEPENDENT AUDITORS

In accordance with Section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed by the Board at the forthcoming Annual General Meeting.

#### DIRECTORS' CONFIRMATIONS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- 1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 2) the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The company maintains liability insurance for its directors and officers. This insurance was in place throughout the financial year and at the date of the approval of the financial statements.

#### SHARE CAPITAL

**MORhomes PLC**  
**DIRECTORS' REPORT (continued)**

---

The company issued share capital with nominal value totalling £13,900 during the year (2024: £nil). The funds raised from the share capital issues was £141,000 (2024: £nil) (see note 16 for further details).

**STRATEGIC REPORT**

Information on the principal risks and uncertainties and financial risk management objectives and policies as required by Schedule 7 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulation 2008 has been included in the Strategic Report.

No political donations were made in the year (2024: £Nil).

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

DocuSigned by:  
  
8E9671A26B5346F...

**Malcolm Charles Cooper**  
Director  
18 July 2025

MORhomes PLC  
GOVERNANCE REPORT

---

## GOVERNANCE REPORT

### CODE OF GOVERNANCE

Corporate governance comprises the body of human behaviours and corporate practices and procedures which determine the manner in which a company should operate, supplementing the legal framework of what is permissible and the manner in which activities are to be carried out.

The company is aware of the position it occupies as a non-traded public company, with listed debt instruments and a business model which specifically supports the social and affordable housing sectors. The Board has a clear vision of the manner in which the company should operate and the reasons for such conclusions. In addition to its shareholders, the Board is aware of the vital role of the company's key stakeholders, which importantly comprise its employees, its investors, its borrowers and those public organisations which also provide financial support to its borrowers.

Whilst the company is under no legal or regulatory obligation to apply any code of corporate governance or practice, the Board has determined that a high level of corporate transparency, corporate responsibility and the highest standards of business ethics and probity are vital to the company's success. Accordingly, the Board determined that it would voluntarily seek to have regard to applying the principles of the UK CGC to itself in an effective and proportionate manner from 1 August 2018, while not fully adopting the UK CGC.

### ROLES OF BOARD, COMMITTEES AND EXECUTIVES

The company is governed by a Board which is responsible for achieving the company's objectives and the oversight of all of its activities. Malcolm Cooper, as the Chair, leads the Board and is responsible for its overall effectiveness in directing the company.

The company's Articles of Association require there to be at least one director who is independent of the company and with relevant experience in accounting, risk and capital markets matters. During the year the Board consisted of 6 non-executive directors and the Chief Executive Officer. The Board considers that all the non-executive directors are independent of the company and that the above requirements have been met throughout the year.

The company has appointed Geraldine Howley as Senior Independent Director (SID) who is responsible for carrying out the appraisal of the Chair and is a direct point of contact for investors and other stakeholders in the company (including yearly staff surveys / engagement) and to act in response to any concerns raised maintaining an independence from the Chair and the executive if required.

The Board is responsible for the overall strategy and direction, monitoring of the company's performance and is responsible for key policies and decisions.

The Board has established committees which are responsible for key areas of business and are described further below. It has appointed a Chair of each committee to lead the committee and ensure that it functions independently of the executive.

The Board has delegated responsibility to the Chief Executive Officer to implement the corporate strategy and to manage all functions and operations.

Further details of the roles and responsibilities of the Directors, the Chair, the SID and the Chief Executive Officer are available on request from [admin@morhomes.co.uk](mailto:admin@morhomes.co.uk).

### BOARD EFFECTIVENESS

Details of the skills and experience of individual directors and committee members are given below. They include a good balance covering the company's key business activities of bond issuance, credit, corporate governance, corporate finance, audit and accounting, social housing and corporate social responsibility.

## MORhomes PLC

### GOVERNANCE REPORT (continued)

---

Directors and committee members receive an appropriate induction and training is available where required. They receive regular information from the executive and professional advisers, including market reports, legal advice and performance information. Information for Board and committee meetings is issued in advance of meetings, normally one week. Individual members have direct access to professional advice including company secretarial advisers.

The original non-executive members of the Board were appointed during the early start-up phase of the company before it had converted to a PLC and before it had regard to the principles of the UK CGC. This did not involve open advertising or the use of external search consultants. Subsequently the Board adopted a policy of open advertising. The Board (and previously the Nomination and Remuneration Committee) has set a policy that directors should only serve for a maximum of 9 years and the Chair for a maximum of 6 years. It has established a process for replacement and renewal of Board members with the objective of a phased replacement of all directors within the first 9 years, and with an intention to increase the diversity of the Board in line with the recommendations of the 2020/21 external Board effectiveness review. On 1 April 2021 one Board member was replaced in accordance with this policy. A further Board member was replaced on 1 October 2021, and an additional appointment was made on 1 April 2022 to secure an outstanding candidate in advance of the next planned Board member retirement, with 2 Board members then retiring as planned on 31 August 2022. The Board also appointed 3 new independent non-executive members of the credit committee in advance of the retirement of two members. The recruitment process considered their potential as future Board members, and the Board has agreed in principle that these members can be considered for future Board vacancies, subject to a further appointment process. An external consultancy, Saxton Bampfylde, was appointed to advise on the search and recruitment of the non-executive Board and committee posts – it has no connection with the company or its directors. During the 2023/24 financial year, the company undertook a focused recruitment process internally to identify a replacement for a retiring director, with the intention to identify a finance professional with housing expertise from within our shareholder base. During the 2024/25 financial year, Neil Hadden retired as Chair and Director. Malcolm Cooper replaced him as Chair following an internal process, with Geraldine Howley in turn replacing Malcolm Cooper as Senior Independent Director.

During the year the Board undertook an internal review of the effectiveness of the Board and its committees, together with appraisals of individual directors and committee members. The main conclusion of the review and appraisals was that the company continues to have an effective Board with the required skills, and that future Board rotation should ensure continued maintenance of skillsets.

Non-executive directors and committee members are subject to contracts for their services which amongst other things set out responsibilities, minimum time commitment and general skills required. Continued membership is subject to satisfactory performance. The notice period for contracts is 1 month. All directors are subject to re-election annually at the Annual General Meeting.

Some of the directors have other appointments which have been declared and individually approved by the Board. Details are given below in the section on individual directors. The Board considers that these appointments enhance rather than impair directors' ability to carry out their duties as directors of the company. Any conflicts arising from these and other interests of directors are declared and managed where necessary.

The Board meets at least once a year without any executive officers present.

The performance of the Chair is appraised by the Senior Independent Director and the Board meets at least once a year without the Chair present and at this meeting reviews the performance of the Chair.

#### COMMITTEES OF THE BOARD

The Board has established committees, each with specific terms of reference approved by the Board and summarised below. The terms of reference of each committee were reviewed during the year. Committee chairs report to the Board on the proceedings of their committees and the minutes of all committee meetings are included in papers distributed to Board members. The Board and committees meet at regular intervals to cover all on-going business and ad hoc meetings are convened as necessary.

Detailed terms of reference of committees are available on request from the company by emailing [admin@morhomes.co.uk](mailto:admin@morhomes.co.uk).

## MORhomes PLC

### GOVERNANCE REPORT (continued)

---

Committee members are appointed by the Board. The committees that each director and committee member currently serve on are given in the section on directors and committee members below.

The following sections contain a summary of the membership, responsibilities and work carried out during the year by each committee.

#### CREDIT COMMITTEE

The committee comprises at least two members, one of whom must have credit experience and one relevant housing experience with one of each category of member necessary for a quorum.

At the date of this report the Chair of the committee was Jane Pilcher and its members Geraldine Howley, Patrick Minjauw, Lisa Pinney and Gloria Yang.

The main responsibilities of the committee are to:

- review changes to standard documentation relating to loans
- oversee the company's borrowing application process
- review the overall policy and process for granting credit approval to borrowers
- appoint credit service providers
- receive reports from independent credit service providers and approve individual credit applications in accordance with the company's policy
- oversee the process of granting loans to borrowers
- oversee the process of on-going monitoring of borrower creditworthiness and approve periodic credit rating updates of individual borrowers
- approve changes to a borrower for which permission is required under the terms of loan agreements in accordance with the company's policy
- review reports on any material breaches of risk limits and the adequacy of proposed action.

During the year the committee monitored performance of existing loans, including quarterly monitoring (with follow-up actions where appropriate), and annual credit renewals for all current borrowers, as well as approving new credit applications. The committee kept the credit policy under review including reviewing the proprietary credit model that underlies our credit rating system.

#### AUDIT AND RISK COMMITTEE

The committee comprises at least two members, all of whom are non-executive directors and of whom at least one has recent and relevant financial experience with competence in accounting and/or auditing and one experience of the industry in which the company operates, which is considered to be the financial services industry.

At the date of this report the Chair of the committee was Mike Hinch and its members were Jane Pilcher and Anjila Thomas.

The main responsibilities of the committee are:

- to monitor the integrity of the financial statements of the company, including all formal statements relating to its financial performance and financial reporting judgements in the statements
- to review the content of the annual report and financial statements and advise the board on whether, taken as a whole, it is fair, balanced and understandable
- to keep under review the company's risk management and internal financial control systems
- to review and approve the statements to be included in the annual report concerning internal control and risk management
- to oversee and advise the board on the current risk exposures of the company and future risk strategy
- to review procedures and controls relating to compliance, whistleblowing, prevention of fraud and bribery
- to assess the need for internal audit and oversee any work deemed necessary

## MORhomes PLC

### GOVERNANCE REPORT (continued)

- 
- to consider and make recommendations to the board on the appointment, re-appointment and removal of the company's external auditors
  - to assess annually the external auditors' independence and the effectiveness of the audit process and review the policy on the provision of non-audit services by the auditors
  - to meet with the external auditors without management being present at least once a year
  - to review the findings of the audit with the external auditors.

The committee is satisfied as to the independence of the auditors. The company's policy is that the auditors should typically only provide services related to the audit and provision of 'comfort letters' relating to debt issuance. The committee assessed the work of the auditors following the year end audit and was satisfied with their effectiveness.

During the course of the year the committee has overseen a process of risk management and has advised the board on the current risk exposures of the company (as reported above).

During the year the committee carried out a formal review of the effectiveness of the systems of risk management and internal control and reported on the review to the Board, which approved the review. The conclusion of the review was that no fundamental weaknesses were identified from this review.

The committee reviewed the financial statements for the year. The significant issues considered were:

- Going concern, where the committee considered and satisfied itself as to the company's ability to meet its liabilities as they fall due for the period of at least 12 months from the date of signing the Financial Statements.
- Impairment, where the committee discussed and agreed the calculation of the impairment provision, including the assumptions and judgements used.
- Effective interest rate accounting where the committee considered the technical accounting treatment in applying effective interest rate accounting to the company's financial instruments to approve the amounts recognised in the financial statements.
- The impact of continued high interest rates and borrower input costs on the company, where the committee noted the direct control it has over the majority of its own cost base (wages and salaries) and the fixed rate back-to-back nature of the company's lending which protects it against interest rate movements. Its housing association borrowers are currently protected by a skew towards long-term fixed rate borrowing and by the inflation-linked rent formula. These exposures are monitored via the metrics in our credit model and taken into account in our credit assessments. However, the demand for the core business of housing associations, rental of affordable housing, is counter-cyclical, tending to increase in times of economic uncertainty.
- The success of the management actions taken to mitigate the impact of the continued weak long-term lending market, with the underlying net loss almost eliminated following the addition of two new loans during the year.

The committee determines and regularly reviews the scope of internal audit work required across the full scope of its operations, including consideration of ethical standards and anti-corruption policies. There has been no internal audit considered necessary by the committee this financial year.

The company has a Whistleblowing Policy in place which enables staff to raise concerns in confidence directly with appropriate directors about possible improprieties in matters of financial reporting or other matters. The policy includes whistleblower protections.

#### SOCIALLY RESPONSIBLE INVESTMENT (SRI) COMMITTEE

The committee currently comprises two members who are directors.

At the date of this report the Chair of the committee was Malcolm Cooper and its other member was Mike Hinch.

The main responsibilities of the committee are:

- To make recommendations to the Board on the company's strategy and policy in relation to its status as an SRI company and its approach to Environmental, Social and Governance (ESG) issues
- To oversee the company's implementation of its SRI and ESG strategy and policy

**MORhomes PLC**  
**GOVERNANCE REPORT (continued)**

- To oversee the company's Sustainable Bond Framework and the corresponding arrangements for ensuring the framework is implemented and adhered to as appropriate.

During the course of the year the committee met to monitor the company's continuing alignment with the Sustainable Bond Framework and the Principles, including utilisation of the bond proceeds. The committee has confirmed that this is the case, and further details are included above in the Directors' Report. The committee oversaw the production and publication of the company's sustainability impact report which is issued in parallel with this Annual Report, as well as the update of the Sustainable Bond Framework which was issued following the end of the financial year.

**ATTENDANCE AT BOARD AND COMMITTEE MEETINGS**

The following tables show the number of meetings of the Board and each committee for which each director and committee member was eligible to attend during the year and the number attended by each director and committee member.

Member	Board 1 Apr 2024 – 31 Mar 2025					
	Scheduled meetings	Attended	Additional meetings	Attended	Total meetings	Total attended
<b>Directors</b>						
N Hadden	3	3	0	0	3	3
M Cooper	7	7	0	0	7	7
M Hinch	7	7	0	0	7	7
A Morton	7	7	0	0	7	7
G Howley	7	6	0	0	7	6
A Thomas	7	6	0	0	7	6
J Pilcher	7	7	0	0	7	7

1 Apr 2024 – 31 Mar 2025

Member	Credit Committee		Audit and Risk Committee		Socially Responsible Investment Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
<b>Directors</b>						
N Hadden	0	0	0	0	1	1
M Cooper	2	1	0	0	1	1
M Hinch	0	0	3	3	1	1
A Morton	5	5	0	0	0	0
G Howley	5	5	0	0	0	0
A Thomas	0	0	3	3	0	0
J Pilcher	5	5	3	2	0	0
<b>Committee members</b>						
L Pinney	5	5	0	0	0	0
G Yang	5	4	0	0	0	0
P Minjauw	5	5	0	0	0	0

**MORhomes PLC**  
**GOVERNANCE REPORT (continued)**

---

## DIRECTORS

Directors who have held office during the year and up to the date of this report, with details of their roles and experience.



**Neil Hadden | Resigned from the Board on 30 September 2024**

Neil entered the housing sector in 1978 and spent 27 years at the Housing Corporation, which was the industry regulator prior to the Homes and Communities Agency where he held a number of positions including serving as Deputy Chief Executive. He moved to Aldwyck Housing Association in 2005 as group Chief Executive and became Chief Executive of Genesis in October 2009, stepping down in 2018 on the merger of Genesis with Notting Hill. Latterly Chair of Golden Lane Housing Association.



**Malcolm Cooper | Chair**

**Chair of Socially Responsible Investment Committee**

Malcolm is a Finance professional with wide experience in infrastructure, property, and construction with over 15 years as Group Treasurer for National Grid plc. He is the President of the Association of Corporate Treasurers and holds a number of Non-Executive positions including Retired Non-Executive Director, Chair of the Audit Committee and Chair of the Responsible Business Committee at Morgan Sindall plc. He is also a Non-Executive Director and Chair of the Audit and Risk Committee of Local Pensions Partnership Investments Ltd., and Senior Independent Non-Executive Director, Chair of the Audit and Risk Committee and former Chair of the Remuneration Committee of Southern Water Services Limited. Non-Executive Director, Chair of the Audit Committee at Custodian REIT plc.



**Geraldine Howley OBE | Senior Independent Director**

**Member of Credit Committee**

Geraldine is a senior leader in the housing sector in the U.K and former Chair of CIH Governing Board. She is Executive Chair of the GEM Programme, as well as Director and Chair of Together Group. Geraldine is a Fellow of CIH and a dedicated housing professional with over 40 years' experience of social housing. As a CEO, Chair and Board member she has delivered transformational change, business turnaround, financial restructuring and business start-ups in various organisations. She has been recognised for her achievements with an OBE and an Honorary Doctorate for her services to housing and young people.



**Jane Pilcher | Director**

**Chair of Credit Committee and Member of Audit and Risk Committee**

Jane is a Finance professional with over 20 years of experience as a Group Treasurer, most recently at Anglian Water where she led the raising of green and sustainable finance since 2018. Until recently Jane was an Independent non-executive director, Chair of the Risk Committee and Member of the Assets and Liabilities Committee at the Loughborough Building Society and is a former Senior Independent non-executive director of the Cambridge Building Society and Chair of the Remuneration Committee. She is also a fellow of the Association of Corporate Treasurers.



**MORhomes PLC**  
**GOVERNANCE REPORT (continued)**

---



**Anjila Thomas | Director**

**Member of Audit and Risk Committee**

Anjila is a Senior Managing Director at ING Bank with over 28 years of Banking experience working in the Retail, Wholesale, and Investment Banking Industry. Currently ING's Head of Sectors UK. Anjila also has expertise is working with Clients to deliver Strategic & Transaction Solutions across a variety of banking products; M&A, Lending, Sustainable Finance, Debt Capital Markets, Hedging Solutions, Payments, & Working Capital Solutions. Prior to joining ING, Anjila worked at NatWest Bank covering Retail, Mid-Corporate and Large Corporate Client Relationship Management & Head Office Credit. She also has a BSc (Hons) Economics and a BSc Financial Services (ACIB)



**Andrew Morton | Chief Executive Officer**

Andrew is a qualified chartered accountant with over 30 years' experience in financial services, firstly in practice with one of the Big Firms followed by a range of different strategic, financial and commercial / business leadership roles with Barclays. More recently he ran his own advisory business alongside a portfolio of Chair and Non-Executive Director roles, and is currently Vice Chair of Alexandra Palace Trading Limited, Chair of Middlesex FA's Commercial Advisory Board and Director of Middlesex Community Football Centres Limited.



**Mike Hinch | Director**

**Chair of Audit and Risk Committee and Member of Socially Responsible Investment Committee**

Mike is an experienced housing professional who is also a qualified accountant and holds an MBA. He was Group Chief Executive of Newlon Housing Trust since 1999 until his retirement in 2025, having originally joined as Finance Director in 1993. During this time Newlon has been a significant developer of new housing, including the affordable housing partner of Arsenal and Tottenham Hotspur football clubs during the regeneration projects creating their new stadiums. Newlon also created the multi-award-winning Hale Village. Prior to joining Newlon, Mike worked for the Housing Corporation in both regulation and funding roles. His career started in local government. An experienced non-executive, he is currently a Trustee of the Tottenham Hotspur Foundation.

**COMMITTEE MEMBERS**



**Gloria Yang | Member of Credit Committee**

Gloria is a fellow of ACCA and currently Executive Director of Finance at Moat Homes Limited, and Chair and Board Member of the Audit and Risk Committee at Phoenix Community Housing. Gloria has held a number of executive, consultancy and non-executive roles in the social housing sector over the last 17 years, including at Origin Housing, Clarion, East Thames, Metropolitan Thames Valley and Wandle.

**MORhomes PLC**  
GOVERNANCE REPORT (continued)

---



**Lisa Pinney | Member of Credit Committee**

Lisa Pinney is currently employed by Trivallis as Executive Director - Resources following her recent long-standing position at Pobl Group as Executive Director – Resources. Lisa has been a qualified accountant for over 25 years and has an MA in Leadership and Management. With a professional background in Housing, Education and Manufacturing, Lisa champions collaboration, value for money, and organisational effectiveness. A long-time endurance sport enthusiast, Lisa is an avid participant in middle and long distance triathlons



**Patrick Minjauw | Member of Credit Committee**

Patrick Minjauw is currently Group Head of Treasury at Synthomer plc, having previously been Director of Corporate Finance and Treasury at Orbit until 2023. He held the role of Deputy Treasurer of Clarion Housing Group from 2017 to 2021 and briefly assumed the role of Director Treasury and Corporate Finance during this time.

Prior to joining Clarion, Patrick held various corporate treasury positions in Adecco Group in Zurich, Switzerland, and was credit analyst in a bank in Belgium.

## REMUNERATION

The Board has a policy for the remuneration of senior executives which includes benchmarking against appropriate market comparators. Executive pay and objectives are aligned with the long-term shareholder interest. During the year all senior executives were paid salaries at a fixed annual rate based on market rates for the services provided, approved by the Board and which the Board considers appropriate for the current stage of the company's development. No bonus or incentive schemes were in place. There has been no specific engagement with shareholders on these arrangements, given their straightforward nature.

The Board also has a policy for the remuneration of non-executive director posts which includes benchmarking against appropriate market comparators. In accordance with this policy, the Board has agreed the remuneration of the Chair of the Board, and the remuneration of other non-executive director posts.

Details of executive and non-executive director remuneration can be found in Note 7 to the Financial Statements.

## DIVERSITY

The Board maintains a Diversity and Inclusion policy. This recognises the importance of diversity to support the company's mission to support social housing via not for profit, registered social housing providers and includes actively encouraging equality and diversity on the Board and in the workplace. The Board applies these principles in recruitment of Board and committee members and senior executives.

The experience of the directors and senior executives is set out under the heading of "DIRECTORS" above.

At the end of the year 0% (2024: 0%) of senior executives and 63% (2024: 56%) of non-executive Board and committee members were female. 0% (2024: 0%) of senior executives and 25% (2024: 22%) of non-executive Board and committee members were from a black and minority ethnic (BAME) background. The Company is

# MORhomes PLC

## GOVERNANCE REPORT (continued)

committed to equality and diversity, and specific focus will continue to be given to encouraging as wide and diverse a pool of applicants as possible through the cycle of Board rotation, and when appointing senior executives (although this is constrained by the small number of such executives, with only 1 at the end of the year).

### COMPANY SECRETARIAL

The Company Secretary is Allia Bond Services Ltd, which served throughout the year.

### PRINCIPAL ADVISORS

Legal advisers (documentation):  
Devonshires, 30 Finsbury Circus, Finsbury, London EC2M 7DT

Legal advisers to bondholders:  
Allen & Overy LLP, One Bishops Square, London E1 6AD

Legal advisers (governance):  
Wedlake Bell, 71 Queen Victoria St, London EC4V 4AY

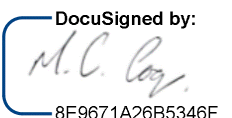
Company administration and accounting service providers  
Allia Bond Services Ltd, Future Business Centre, Kings Hedges Road, Cambridge CB4 2HY

### SHAREHOLDERS

The following is a list of shareholders (housing association groups) as at the 31 March 2025:

1 A2Dominion	24 Hastoe	47 Places for People
2 Abri Group	25 Heart of Medway (MHS)	48 Platform
3 Aster	26 Hedyn	49 Plymouth Community Homes
4 Beacon Cymru Group	27 Hendre	50 Pobl
5 Broadacres	28 Hexagon	51 Red Kite Housing
6 Broadland	29 Hightown Housing	52 Riverside
7 Bromford Flagship	30 Honeycomb	53 Rochdale Boroughwide Housing
8 Calico Homes	31 Housing Solutions	54 Sanctuary Group
9 Clanmil	32 Hyde	55 Selwood
10 ClwydAlyn Housing Limited	33 Incommunities	56 Settle Group
11 Cornerstone	34 Jigsaw Homes	57 Soho Housing
12 Cottsway Housing Association Ltd	35 Karbon	58 South Yorkshire
13 Eastlight Community Housing	36 LiveWest	59 Sovereign Network Group
14 Elim Housing	37 Local Space	60 Stonewater
15 emh Group	38 Midland Heart	61 Thrive Homes
16 ForViva	39 Newlon	62 Together Housing
17 Futures Housing Group	40 Newydd Housing Association	63 Torus
18 Gentoo	41 North Devon Homes	64 Vivid
19 Golding	42 North Star	65 Wales & West
20 Greatwell Homes	43 Notting Hill Genesis	66 Walsall Housing Group
21 Grŵp Cynefin	44 Ongo	67 Wandle
22 Guinness Partnership	45 Paradigm Housing	68 Wythenshawe
23 Halton Housing	46 Peabody	

Signed on behalf of the Board

DocuSigned by:  
  
8E9671A26B5346F...

Malcolm Charles Cooper  
Chair of the Board of Directors

18 July 2025

# FINANCIAL STATEMENTS

MORhomes PLC  
STATEMENT OF COMPREHENSIVE INCOME  
Year ended 31 March 2025

---

## Independent auditors' report to the members of MORhomes PLC

### Report on the audit of the financial statements

#### Opinion

In our opinion, MORhomes PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2025; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

#### Basis for opinion

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

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Our audit approach

##### Overview

##### Audit scope

- The scope of our audit and the nature, timing and extent of our audit procedures performed were determined by our risk assessment and other qualitative factors.
- We tailored the scope of our audit to ensure that we have performed sufficient work to enable us to opine on the financial statements.
- We identified all material classes of transaction, account balances and disclosures including those that were considered qualitatively material and conducted our work over those accordingly.

FINANCIAL STATEMENTS

MORhomes PLC  
STATEMENT OF COMPREHENSIVE INCOME  
Year ended 31 March 2025

Key audit matters

- Expected Credit Loss ('ECL') provision for loan assets.

Materiality

- Overall materiality: £5,484,002 (2024: £5,298,310) based on 1% of total assets.
- Performance materiality: £4,113,002 (2024: £3,973,733).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors’ professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p>Expected Credit Loss ('ECL') provision for loan assets.</p> <p>Although the balances in relation to the expected credit loss (ECL) provision are not material as at 31 March 2024, determining expected credit losses ('ECL') involves management judgement and is subject to estimation uncertainty. Management makes various assumptions when estimating ECL. The ECL provision may be materially misstated if the judgements or estimates made by the Company are inappropriate. In particular, judgement is required in respect of the probability of default and whether a loan has experienced a significant increase in credit risk.</p> <p>As a result, this represents an area of focus for our audit and has been considered as a key audit matter.</p> <p>Related disclosures in the Financial Statements:</p> <p>Note 2 - Accounting policies Note 3 - Use of estimates and assumptions Note 10 - Loan assets Note 15 - Financial instruments</p>	<p>We have carried out the following procedures in response to this key audit matter:</p> <ul style="list-style-type: none"><li>Understood and evaluated the design and implementation of the relevant controls;</li><li>Assessed the reasonableness of key methodologies, assumptions and judgements made by management;</li><li>Tested the mathematical accuracy of the impairment calculation through the recalculation of the management model;</li><li>Performed sensitivity analysis of the ECL provision by flexing the PD, the LGD, including the valuation of the secured properties;</li><li>Assessed the performance of the borrowers using the financial statements and the credit ratings report (where available) to assess the significant increase in credit risk and adequacy of the provision required; and</li><li>Assessed the reasonableness of the disclosures in the financial statements in accordance with the requirements of IFRS 9 and IFRS 7.</li></ul>

# FINANCIAL STATEMENTS

MORhomes PLC  
STATEMENT OF COMPREHENSIVE INCOME  
Year ended 31 March 2025

**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

**The impact of climate risk on our audit**

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company’s financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company’s financial statements.

**Materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall company materiality</i>	£5,484,002 (2024: £5,298,310).
<i>How we determined it</i>	1% of total assets
<i>Rationale for benchmark applied</i>	The Company is established as a not-for-profit entity, funded almost entirely by debt and it is considered that the Company's total assets are the key focus of the users’ attention. It is therefore considered appropriate to calculate overall materiality as 1% of total assets

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £4,113,002 (2024: £3,973,733) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £548,400 (2024: £529,831) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.



# FINANCIAL STATEMENTS

MORhomes PLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2025

---

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluated the directors' going concern assessment. This sets out why the directors believe that the Company will continue in operational existence for the foreseeable future and why they anticipate that the Company will have adequate funds available to meet its obligation as they fall due;
- Confirmed the cash held at bank at the year-end;
- Performed an assessment to identify factors that could impact the going concern basis of accounting;
- Obtained understanding of management's cash flow forecasts and related stresses and assessing their reasonableness; and
- Assessed the appropriateness of the disclosures in the financial statements.

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

# FINANCIAL STATEMENTS

MORhomes PLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2025

## Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to any breaches of the listing requirements of the London Stock Exchange, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Making enquiries with management and those charged with governance including review of minutes of meetings in so far as they relate to the financial statements and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;



# FINANCIAL STATEMENTS

MORhomes PLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2025

- 
- Incorporating an element of unpredictability into our testing;
  - Testing journals using a risk-based approach; and
  - Challenging estimates and judgements made by management in their significant accounting estimates, in particular in relation to the expected credit loss provisions of loans.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jessica Miller (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
18 July 2025

# FINANCIAL STATEMENTS

## MORhomes PLC STATEMENT OF COMPREHENSIVE INCOME Year ended 31 March 2025

	Note	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Interest income	4	17,824	18,041
Interest expense	4	(17,075)	(17,273)
Net interest income		<u>749</u>	<u>768</u>
Other income		146	110
TOTAL INCOME		<u>895</u>	<u>878</u>
Impairment charge		(3)	-
Operating expenses		(905)	(937)
NET LOSS		<u>(13)</u>	<u>(59)</u>
Gain on redemption		-	1,495
Loss on revaluation		(76)	-
NET (LOSS)/PROFIT BEFORE TAX		<u>(89)</u>	<u>1,436</u>
Income tax credit/(charge)	8	22	(359)
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		<u>(67)</u>	<u>1,077</u>

All results are from continuing operations.

The accompanying notes form an integral part of the financial statements.

MORhomes PLC  
 STATEMENT OF CHANGES IN EQUITY  
 Year ended 31 March 2025

	Note	Share capital £'000	Share premium £'000	Contingent convertible notes £'000	(Accumulated losses)/ retained earnings £'000	Total equity £'000
BALANCE AT 1 APRIL 2023		618	3,285	542	(633)	3,812
Issue of share capital		-	-	-	-	-
Issue of contingent convertible notes		-	-	-	-	-
COMPREHENSIVE INCOME						
Profit for the year		-	-	-	1,077	1,077
TOTAL COMPREHENSIVE INCOME		-	-	-	1,077	1,077
BALANCE AT 31 MARCH 2024 AND 1 APRIL 2024		618	3,285	542	444	4,889
Issue of share capital	16	14	127	-	-	141
Issue of contingent convertible notes	14	-	-	20	-	20
COMPREHENSIVE EXPENSE						
Loss for the year		-	-	-	(67)	(67)
TOTAL COMPREHENSIVE EXPENSE		-	-	-	(67)	(67)
BALANCE AT 31 MARCH 2025		632	3,412	562	377	4,983

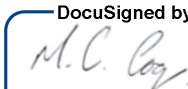
The accompanying notes form an integral part of the financial statements.

**MORhomes PLC**  
**STATEMENT OF FINANCIAL POSITION**  
As at 31 March 2025

Company registration number: 10974098

	Note	31 March 2025 £'000	31 March 2024 £'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	2	2
Loan assets	10	543,555	523,948
		<u>543,557</u>	<u>523,950</u>
<b>CURRENT ASSETS</b>			
Loan assets	10	2,103	2,048
Trade and other receivables	11	122	511
Current asset investment		259	1,252
Cash and cash equivalents	12	2,360	2,070
		<u>4,844</u>	<u>5,881</u>
<b>TOTAL ASSETS</b>		<u>548,401</u>	<u>529,831</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	(377)	(372)
Bond liabilities	14	(2,014)	(1,968)
		<u>(2,391)</u>	<u>(2,340)</u>
<b>NON-CURRENT LIABILITIES</b>			
Bond liabilities	14	(541,027)	(522,602)
		<u>(541,027)</u>	<u>(522,602)</u>
<b>TOTAL LIABILITIES</b>		<u>(543,418)</u>	<u>(524,942)</u>
<b>NET ASSETS</b>		<u>4,983</u>	<u>4,889</u>
<b>EQUITY</b>			
Share capital	16	632	618
Share premium	17	3,412	3,285
Contingent convertible notes	17	562	542
Retained earnings	17	377	444
<b>TOTAL EQUITY</b>		<u>4,983</u>	<u>4,889</u>

The financial statements on pages 33 to 59 were approved by the Board of directors and authorised for issue and are signed on its behalf by:

DocuSigned by:  
  
8E9671A26B5346F...

Malcolm Charles Cooper  
Director  
18 July 2025

The accompanying notes form an integral part of the financial statements.

**MORhomes PLC**  
**STATEMENT OF CASH FLOWS**  
Year ended 31 March 2025

	Note	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
<b>OPERATING ACTIVITIES</b>			
Net cash flow generated from operating activities	18	18,266	16,753
Interest paid		(17,737)	(17,509)
Loans advanced		(20,006)	-
Proceeds from loan repayments		-	1,212
Net cash (outflow)/inflow from operating activities		<u>(19,477)</u>	<u>456</u>
<b>INVESTING ACTIVITIES</b>			
Payments to acquire property, plant and equipment		(1)	-
Gilt redemption/(investment)		918	(1,210)
Net cash inflow/(outflow) from investing activities		<u>917</u>	<u>(1,210)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		141	-
Proceeds from issue of bonds		18,709	-
Second Secured Debt proceeds		-	1,389
Bond repayments		-	(1,410)
Net cash inflow/(outflow) from financing activities		<u>18,850</u>	<u>(21)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>290</b>	<b>(775)</b>
Cash and cash equivalents at beginning of year		2,070	2,845
Cash and cash equivalents at end of year	12	<u><u>2,360</u></u>	<u><u>2,070</u></u>

The accompanying notes form an integral part of the financial statements.

## FINANCIAL STATEMENTS NOTES

### 1 ACCOUNTING POLICIES

The financial statements for the year ended 31 March 2025 were authorised by the Board on 16 July 2025. MORhomes PLC is a public limited company limited by shares, is incorporated in England and Wales, and domiciled in the United Kingdom. The registered address is Future Business Centre, Kings Hedges Road, Cambridge, CB4 2HY, England.

The material accounting policies adopted by the company are set out below. These policies have been consistently applied.

#### BASIS OF PREPARATION AND ACCOUNTING

These financial statements have been prepared in accordance with UK-adopted international accounting standards and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The company's financial statements are presented in pounds sterling (£) which is the company's functional and presentational currency. All values are rounded to the nearest thousand pounds except where otherwise indicated. The principal accounting policies adopted are set out below.

#### GOING CONCERN

The company has made a loss before taxation for the year of £89k (2024: £1,436k profit), this includes interest income of £17,824k (2024: £18,041k) and interest expense of £17,075k (2024: £17,273k). The company has £377k on the profit and loss reserve (2024: £444k). Cash and cash equivalents amount to £2,360k (2024: £2,070k). The company also had undrawn funding facilities totalling £5,000k (2024: £5,000k) that can be utilised to address any fluctuations in liquidity.

The company was initially financed by the issue of share capital which enabled it to set up its operations and issue secured sterling bonds which are listed on the London Stock Exchange's International Securities Market (ISM). At the same time the company issued second secured notes. The bonds and notes mature in February 2038 and February 2051. No repayments of capital fall due before the maturity date. The funds raised were on-lent to housing associations who provided further equity and contingent convertible loans at the same time.

The directors have carried out a review of the company's ability to continue in operation for the foreseeable future, including assessing the risks arising from macroeconomic events, looking at least 12 months beyond the date of approval of the financial statements. There is regular and proactive monitoring of borrowers' financial position including levels of liquidity. In addition, the Board believes that it is in a good position to continue to grow the business with further new loans supported by new bond issuance and move towards profitability as it wins new business, as set out in the Strategic Report. The company has in place sufficient capital and liquidity facilities, and has stress tested its business plan for a range of different scenarios of business volume and borrower repayment activity and determined that it is able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. The directors are therefore satisfied that the company has a reasonable expectation of continuing in operation and receiving adequate funding for the foreseeable future to enable liabilities to be met as they fall due. The financial statements have therefore been prepared on a going concern basis.

#### REVENUE

##### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

When calculating the effective interest rate, a judgment has been taken to assume that no loans prepay early and incur an early settlement charge. Early settlement charges are recorded separately in the statement of comprehensive income.

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
 Year ended 31 March 2025

---

**1 ACCOUNTING POLICIES (Continued)**  
**REVENUE (continued)**

*Issuance cost recharges*

Issuance cost recharges are costs incurred by the company relating to specific bond issuance. They are deducted from the loan assets and amortised to the Statement of Comprehensive Income over the life of the loan asset using the effective interest method.

*Programme cost recharges*

Programme cost recharges are costs incurred by the company relating to the company's overall EMTN programme and recharged to borrowers proportionally. They are deducted from the loan assets and amortised to the Statement of Comprehensive Income over the life of the loan asset using the effective interest method.

*Standby Liquidity Agreement revenue*

Income and related costs from Standby Liquidity Agreements are recognised up-front in the statement of Financial Position, and the respective contract liabilities and assets are released to the statement of Comprehensive Income over the life of the agreement.

*Other income*

Other income includes security charges levied on Housing Associations and is recognised over the period to which they relate. Credit check fees are also included.

**INCOME TAX AND DEFERRED TAX**

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior years, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities.

**CURRENT AND NON-CURRENT CLASSIFICATION**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**MORhomes PLC****FINANCIAL STATEMENTS NOTES (Continued)**Year ended 31 March 2025

---

**1 ACCOUNTING POLICIES (Continued)****CURRENT AND NON-CURRENT CLASSIFICATION (Continued)**

Deferred tax assets and liabilities are always classified as non-current. Deferred tax assets are classified within trade and other receivables.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the company with maturities of less than three months.

**TRADE AND OTHER RECEIVABLES**

Trade receivables are initially measured at their transaction price.

Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

**LOAN ASSETS**

Loan assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Programme recharges are deducted from loan assets and amortised to the Statement of Comprehensive Income over the life of the asset as part of effective interest rate.

**CLASSIFICATION OF FINANCIAL ASSETS**

The Company classifies its financial assets at initial recognition in the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/whether the instruments' contractual cash flows represent "Solely Payments of Principal and Interest" on the principal amount outstanding (the 'SPPI criterion').

Loans are classified at amortised cost on the basis that these meet the SPPI criterion and these are held to collect contractual cash flows over the life.

**IMPAIRMENT OF FINANCIAL ASSETS**

An impairment loss is recognised for the expected credit losses on financial assets.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability weighted amount determined from a range of outcomes and takes into account the time value of money.

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows.

The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant. The financial asset moves to 'non-performing' when the asset is in default.

When assessing whether credit risk has increased significantly, the company compares the risk of default at the year-end with the risk of a default when the investment was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost or effort.

The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12 month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those receivables ("the lifetime expected credit losses") for 'underperforming' financial assets.



**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

---

**1 ACCOUNTING POLICIES (Continued)**

**IMPAIRMENT OF FINANCIAL ASSETS (Continued)**

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Full detail of the credit risk assessment is included at note 15.

**FINANCIAL LIABILITIES AND EQUITY**

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

**INITIAL AND SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES**

**TRADE AND OTHER PAYABLES**

Trade and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

**EQUITY INSTRUMENTS**

Equity instruments issued by the company are recorded at fair value on initial recognition net of transaction costs.

**DERECOGNITION OF FINANCIAL ASSETS (INCLUDING WRITE-OFFS) AND FINANCIAL LIABILITIES**

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off') in line with the company's impairment policy as disclosed at note 15.

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

**BORROWINGS**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**CONVERTIBLE NOTES**

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

**ISSUED CAPITAL**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

---

**1 ACCOUNTING POLICIES (Continued)**

**PROPERTY, PLANT AND EQUIPMENT**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged to the Statement of Comprehensive Income so as to write off the cost of assets less residual value over their useful economic lives, using the straight-line method, on the following bases.

Office Equipment	3 - 5 years
------------------	-------------

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement

**IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT**

At the reporting date, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent of other assets, the company estimates the recoverable amount of the generating unit to which the asset belongs.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

If the recoverable amount of an asset is estimated to be higher than its impaired carrying amount, impairment is reversed to align with the recoverable amount, unless this is deemed to be lower than the depreciated historical cost. An impairment reversal is recognised as a gain in the Income Statement.

**EMPLOYEE BENEFITS**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Defined contribution expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**FAIR VALUE MEASUREMENT**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

---

**1 ACCOUNTING POLICIES (Continued)**

**FAIR VALUE MEASUREMENT (Continued)**

Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**2 ADOPTION OF NEW AND REVISED STANDARDS**

The directors consider there are no accounting standards expected in the near future which will have a significant impact on the Company.

**3 USE OF ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

*Estimates and assumptions*

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

*Impairment*

While it is considered a low risk that the impairment provision will cause a material adjustment to the carrying amounts of the loans, given the size of the loans balance further information is provided on the estimate below:

Receivables are considered to be in default when the principal or any interest is past due unless otherwise agreed with the lender (see note 15). Significant increase in credit risk occurs when there is a significantly increased risk of default occurring over the expected life of the asset.

Impairment provisions are based on a number of estimates and judgements.

Estimates are required about the expected cash flows, probability of default and period over which the company is exposed to credit risk.

In determining whether other receivables are impaired, the company makes judgements about whether changes in the credit risk of financial assets since initial recognition are significant.

An impairment charge has been made against loan assets based on probabilities of default ranging between 0.02% and 0.05% (2024: 0.02% and 0.09%) and loss given default ranging between 20% and 40% (2024: 20% and 40%). These assumptions have been arrived at by using Standard and Poors PD tables and BIS Basel Framework. We have used a loss given default of 20% for all secured borrowers and 40% for those that are unsecured.

A sensitivity analysis has been performed below:

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
Year ended 31 March 2025

**3 USE OF ESTIMATES AND ASSUMPTIONS (Continued)**

**2025**

Probability default:	ECL Provision £'000	+0.1% PD £'000	-0.1% PD £'000	+10% LGD £'000	-10% LGD £'000
0.02%	3	17	-	4	1
0.04%	16	57	-	25	8
0.05%	30	90	-	44	16
Probability default:	49	164	-	73	25

**2024**

Probability default:	ECL Provision £'000	+0.1% PD £'000	-0.1% PD £'000	+10% LGD £'000	-10% LGD £'000
0.02%	3	17	-	4	1
0.04%	18	62	-	27	9
0.05%	20	60	-	30	10
0.09%	5	11	-	8	3
Probability default:	46	150	-	69	23

*Effective interest rates*

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts contractual future cash payments or receipts through the expected life of the financial instrument (which, as a proxy, is estimated to be its contractual life) to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments, the company uses contractual future cash flows considering all contractual terms of the financial instrument, but not Expected Credit Loss.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that management judge to be directly attributable to the acquisition or issue of a financial asset or financial liability. When calculating the EIR a judgment has been taken to assume that no loans prepay early and incur an early settlement charge.

While one loan did so in 2023, this was for specific reasons and given that interest rates have risen since the issuance of all the loans on the books, the likelihood of prepayment is considered low. Income will be recorded as and when it arises if any loans do repay, and the assumption that there will be no early settlements will be kept under review.

**4 NET INTEREST INCOME**

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
<b>Interest income from financial investments</b>		
Loans and advances to customers	17,653	17,862
Interest from banks	171	179
	<u>17,824</u>	<u>18,041</u>

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

4	NET INTEREST INCOME (Continued)	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
	Interest expense:		
	Bond liabilities	(17,075)	(17,273)
	Total interest expense	<u>(17,075)</u>	<u>(17,273)</u>
	Net interest income	<u>749</u>	<u>768</u>

The company has a single segment, with all net interest income being derived from lending to providers of social housing. All interest income recognised is for the services provided in the United Kingdom.

The major customers are made up of 23 Housing Associations entities, from 22 different groups, (2024: 21 Housing Associations entities from 20 different groups) to which loan assets are issued. As well as interest on loans, revenue is also generated through Standby Liquidity Agreements and security fees which are recorded as Other Income.

**5 (LOSS)/PROFIT FOR THE YEAR**

	31 March 2025 £'000	31 March 2024 £'000
(Loss)/profit for the year has been arrived at after charging:		
Depreciation on property, plant and equipment	1	1
Staff costs including directors' emoluments (see note 7)	<u>359</u>	<u>378</u>

**6 AUDITORS' REMUNERATION**

	31 March 2025 £'000	31 March 2024 £'000
The analysis of auditors' remuneration is as follows (excluding VAT):		
Fees payable to the company's auditors for:		
- Audit of the company's annual financial statements	140	137
Total audit fees	<u>140</u>	<u>137</u>
Other services:		
Other	23	23
Total fees	<u>163</u>	<u>160</u>

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

**7a STAFF COSTS AND DIRECTORS' EMOLUMENTS**

	31 March 2025 Number	31 March 2024 Number
The average monthly number of employees (including directors) was:		
Directors	7	7
Management and support staff (including key management personnel see note 7c)	2	2
	<u>9</u>	<u>9</u>
Staff costs including directors' emoluments (see note 7b)	31 March 2025 £'000	31 March 2024 £'000
Wages and salaries	332	334
Social security costs	15	33
Other pension costs	12	11
	<u>359</u>	<u>378</u>

**7b DIRECTORS' REMUNERATION**

	31 March 2025 £'000	31 March 2024 £'000
Short term employee benefits	255	251
National insurance costs	27	26
Pension costs	8	8
	<u>290</u>	<u>285</u>

The Board has agreed the following levels of remuneration for non-executive Board members.

	2025	2024
Position	Pay	Pay
Chair of Board	£22,500	£22,500
Chair of Credit Committee and Senior Independent Director - Combined role	£17,500	£17,500
Senior Independent Director	£15,000	-
Other Committee Chairs	£15,000	£15,000
Board member	£12,000	£12,000
Additional per committee (above 2 committees)	£1,500	£1,500
Committee member only	£4,000	£4,000

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

**7b DIRECTORS' REMUNERATION (Continued)**

The amount paid during the year by individual director was as follows:

	<b>2025</b>					<b>2024</b>
<b>Director</b>	<b>Salary</b>	<b>Pensions</b>	<b>Incentives (short and long)</b>	<b>Benefits and one-off payments</b>	<b>Total</b>	<b>Total</b>
Andrew Morton	£168,000	£8,400	£0	£0	£176,400	£154,000
Malcolm Cooper	£20,000	£0	£0	£0	£20,000	£17,500
Geraldine Howley	£15,000	£0	£0	£0	£15,000	£15,000
Jane Pilcher	£15,000	£0	£0	£0	£15,000	£12,000
Mike Hinch	£13,500	£0	£0	£0	£13,500	£0
Anjila Thomas	£12,000	£0	£0	£0	£12,000	£12,000
Neil Hadden	£11,250	£0	£0	£0	£11,250	£22,500
Charles Tilley	£0	£0	£0	£0	£0	£15,000
Patrick Symington	£0	£0	£0	£0	£0	£10,420

The highest paid director received £168,000 (2024: £146,667), as well as pension contributions amounting to £8,400 (2024: £7,830). No post-employment benefits have been provided to directors (2024: £Nil).

**7c KEY MANAGEMENT PERSONNEL**

	31 March 2025 £'000	31 March 2024 £'000
Short term employee benefits	255	262
National insurance costs	27	27
Pension costs	8	8
	<u>290</u>	<u>297</u>

Key management includes those who are responsible for planning, directing and controlling activities of the entity. No post-employment benefits have been provided to key management personnel (2024: £Nil).

**8 INCOME TAX (CREDIT)/CHARGE**

	31 March 2025 £'000	31 March 2024 £'000
<b>Current tax</b>		
UK corporation tax on profits for the year	-	359
Total current tax	<u>-</u>	<u>359</u>

**8 INCOME TAX (CREDIT)/CHARGE (Continued)**

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

	31 March 2025 £'000	31 March 2024 £'000
<b>Deferred tax</b>		
Origination and reversal of timing differences	(22)	-
Total deferred tax	<u>(22)</u>	<u>-</u>
Total tax (credit)/charge	<u>(22)</u>	<u>359</u>

A reconciliation between tax (credit)/charge and the product of accounting (loss)/profit before taxation multiplied by the UK rate of Corporation Tax for the years ended 31 March 2025 and 31 March 2024 is as follows:

	31 March 2025 £'000	31 March 2024 £'000
(Loss)/profit before taxation:		
Continuing operations	(89)	1,436
At UK standard rate of corporation tax of 25% (2024: 25%)	(22)	359
Deferred tax – difference in closing tax rates	-	-
Expenses not deductible for tax purposes	-	-
Tax (credit)/charge in the Income Statement	<u>(22)</u>	<u>359</u>
Effective income tax rate	25%	25%

During the year the company has recognised/(utilised) deferred tax assets of £22,000 (2024: (£359,000)) relating to tax losses that are available to offset against future taxable profits.

**9 PROPERTY, PLANT AND EQUIPMENT**

	Office Equipment £'000
Cost:	
At 1 April 2024	4
Additions	2
Disposals	(1)
At 31 March 2025	<u>5</u>
Accumulated depreciation:	
At 1 April 2024	(2)
Charged in the year	(1)
Disposals	(3)
At 31 March 2025	<u>(3)</u>
Net book amount:	
At 31 March 2025	2
At 31 March 2024	<u>2</u>

Depreciation rates are disclosed within note 1 on accounting policies. Depreciation charged is included in operating expenses.

**10 LOAN ASSETS**



**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

	31 March 2025 £'000	31 March 2024 £'000
Loans to Housing Associations	<u>545,658</u>	<u>525,996</u>

The £538,600,000 (2024: £512,400,000) nominal loan balance excluding premium / discount and costs comprises 24 loans to 22 groups (2024: 22 loans to 20 groups) of not for profit Registered Providers of social housing. The loans are due for repayment in February 2038 and February 2051. As at year end £512,400,000 (2024: £512,400,000) of the loans were secured, with security valued at £823,420,000 (2024: £791,070,000) held against them. These securities have been valued at different dates ranging between March 2024 and March 2025 however the management do not expect any significant change in the value of the securities as at the year end. The remaining £26,200,000 (2024: £nil) of loans are in the process of completing security charging, in the normal course of business.

The fair value of the loans at year end was £295,302,932 (2024: £299,905,986). This calculation has been done using a commercial rate of interest at the reporting date using the gross redemption yield for 2038 and 2051 maturities of bonds. The weighted average of commercial interest rate is 6.28% (2024: 5.66%). The carrying value includes a provision of £49,187 (2024: £45,978) following a calculation of impairment using IFRS 9 methodology, calculating exposure at default (assuming interest is rolled up as a result of missed payments), probability of default (determined using external default tables) and loss given default.

Refer to note 15 for a review of impairment.

The weighted average of interest receivable by the company in respect of these loans is 3.58% (2024 3.58%). The loan is made up as follows:

	31 March 2025 £'000	31 March 2024 £'000
Opening balance	525,996	556,645
Payments made during the year	(18,309)	(48,511)
Loan additions	20,321	-
Interest accrued under EIR	17,653	17,862
Impairment charge	(3)	-
Closing balance	<u>545,658</u>	<u>525,996</u>

Accrued interest of £2,103k (2024: £2,048k) represent the current portion of the loan as shown in current assets.

# 11 TRADE AND OTHER RECEIVABLES

Trade and other receivables:

	31 March 2025 £'000	31 March 2024 £'000
Trade receivables	-	-
Prepayments and accrued income	52	463
Deferred tax asset	70	48
	<u>122</u>	<u>511</u>

The debtors above include the following non-current amounts:

	31 March 2025 £'000	31 March 2024 £'000
Deferred tax asset	70	48
	<u>70</u>	<u>48</u>

# 11 TRADE AND OTHER RECEIVABLES (Continued)

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

---

Deferred tax assets are attributable to the following:

	Assets 31 March 2025 £'000	Assets 31 March 2024 £'000
Tax losses and other deductions	70	48
Tax assets	<u>70</u>	<u>48</u>

	1 April 2024 £'000	Recognised in statement of comprehensive income £'000	31 March 2025 £'000
Tax losses and other deductions	48	22	70
	<u>48</u>	<u>22</u>	<u>70</u>

The company has recognised a deferred tax asset as the Board believes that it is in a good position to continue to grow the business with new loans and increase its profitability. In addition, the company has stress tested its business plan for a range of different scenarios of business volume and borrower repayment activity and has determined that it is able to realise the deferred tax asset in future periods.

## 12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents:

	31 March 2025 £'000	31 March 2024 £'000
Cash at bank	2,360	2,070
Cash and cash equivalents	<u>2,360</u>	<u>2,070</u>

Cash and cash equivalents comprise cash and short-term deposits with an original maturity of three months or less.

Bank balances earn interest at floating rates depending on daily bank deposit rates. Short term deposits are made for varying periods of between one week and three months depending on the immediate cash requirements of the company and earn interest at the respective short-term deposit rates.

## 13 TRADE AND OTHER PAYABLES

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
Year ended 31 March 2025

---

Trade and other payables:

	31 March 2025 £'000	31 March 2024 £'000
Trade payables	45	18
Accruals	228	280
Other creditors	104	74
	<u>377</u>	<u>372</u>

Trade payables comprise amounts outstanding for trade purchases.

All financial liabilities are included in other financial liabilities at amortised cost.

**14 BOND LIABILITIES**

	31 March 2025 £'000	31 March 2024 £'000
European Medium Term Notes	515,688	497,522
Second Secured Notes	21,561	21,557
Contingent Convertible Notes	5,792	5,491
	<u>543,041</u>	<u>524,570</u>

Accrued interest of £2,014k (2024: 1,968k) represent the current portion of the bond liabilities as shown in the current liabilities.

European Medium Term Notes:

On 19 December 2024 the company issued £12,500,000 European Medium Term Notes due in February 2038 secured by a first floating charge on the Issuer's undertaking, property and assets. The proceeds received were £9,833,384, including discount. Interest on the 3.4% bond is payable twice a year, on 19 August and 19 February in arrears. Interest totalling £46,575 has been accrued.

On 21 March 2025 the company issued £12,300,000 European Medium Term Notes due in February 2038 secured by a first floating charge on the Issuer's undertaking, property and assets. The proceeds received were £9,471,861, including discount. Interest on the 3.4% bond is payable twice a year, on 19 August and 19 February in arrears. Interest totalling £45,830.14 has been accrued.

Contingent Convertible Notes:

The proceeds of the European Medium Term Notes and Second Secured Notes (net of fees and expenses) were lent to housing associations ('Housing Association Loan' - see Note 10) at the point of issue. At the same time each housing association lent 1.15% of its Housing Association Loan to the company under a contingent convertible loan (CoCo) agreement. Interest of 5% on the CoCo loans is normally payable by the company on 19 August and 19 February in arrears. There are provisions in the CoCo loan agreement to suspend interest payments or convert the loan to equity under certain circumstances. Interest totalling £33,939 has been accrued (2024: £26,418). Of the total amount issued of £6,193,900 (2024: £5,892,600), £562,377 (2024: £541,739) has been reflected within equity.

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

**14 BOND LIABILITIES (Continued)**

	31 March 2025 £'000 Fair value	31 March 2024 £'000 Fair value	31 March 2025 £'000 Nominal value	31 March 2024 £'000 Nominal value
European Medium Term Notes	381,856	382,832	511,500	486,700
Second Secured Notes	12,999	14,155	21,696	21,696

The fair value has been calculated using the market value at the reporting date. European Medium Term Notes have a fair value hierarchy of level 1 and Second Secured Notes have a hierarchy level 2

	31 March 2025 %	31 March 2024 %
The weighted average interest rates paid were:		
European Medium Term Notes	3.160	3.057
Second Secured Notes	4.961	4.961
Contingent Convertible Notes	5.759	5.761

The company produces an unaudited Annual Sustainability Impact report which sets out the impact of funds lent, the most recent of which is released at the same time as this Annual Report covering the impact of all funds lent up until 31 March 2025. The report includes data on key criteria defined in the Sustainability Reporting Standard. An audited summary of the use of proceeds is shown below:

<b>Impact</b>	<b>ICMA Category</b>	<b>Total £m outstanding (across social and sustainability bond portfolio)</b>	<b>£m allocated over last financial year (from new issuance of social and sustainability bonds)</b>	<b>£m redeemed over last financial year</b>
Social	Affordable Housing	464.9	24.8	-
Social & Environmental	Green Buildings	46.6	-	-

**15 FINANCIAL INSTRUMENTS**

The carrying amounts of the company's financial instruments at the end of the year were:

	31 March 2025 £'000	31 March 2024 £'000
Financial assets measured at amortised cost		
Loan assets	545,658	525,996
Trade receivables	-	-
Cash and cash equivalents	2,360	2,070
	<u>548,018</u>	<u>528,066</u>
Financial liabilities measured at amortised cost		
Trade payables	45	18
Accruals	228	280
Other creditors	104	74
Borrowings	543,041	524,570
	<u>543,418</u>	<u>524,942</u>

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

**15 FINANCIAL INSTRUMENTS (Continued)**

*Financial risk management objectives*

The company manages its capital to ensure the company will be able to continue as a going concern. The capital structure of the company consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and accumulated losses. The main purpose of these financial instruments is to manage the liquidity needs of the business operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from operations.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and manages financial risks within the entity's operating units.

*Interest rate risk*

Interest rate risk is the risk that future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The company's principal financial liability comprises secured Sterling bonds. Since the interest rate on the secured bonds and on the loan assets is fixed, the company is not exposed to any significant interest rate risk. Repayment risk is managed by requesting that borrowers make a payment 10 days prior to the repayment that is due by the company. The legal maturity date on the bonds is 2 years after the expected maturity date of the Loans.

*Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the Board of directors, which regularly reviews the status of going concern at each meeting. Vigilant liquidity risk management requires the entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financial assets analysed by remaining contractual maturity are as follows:

	Cash and cash equivalents	Loan assets	Trade and other receivables	Total
<b>2025</b>	£'000	£'000	£'000	£'000
Less than 1 year	2,360	2,103	-	4,463
1 – 3 years	-	-	-	-
3 – 5 years	-	-	-	-
Over 5 years	-	543,555	-	543,555
Balance at 31 March 2025	2,360	545,658	-	548,018

	Cash and cash equivalents	Loan assets	Trade and other receivables	Total
<b>2024</b>	£'000	£'000	£'000	£'000
Less than 1 year	2,070	2,048	-	4,118
1 – 3 years	-	-	-	-
3 – 5 years	-	-	-	-
Over 5 years	-	523,948	-	523,948
Balance at 31 March 2024	2,070	525,996	-	528,066

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

**15 FINANCIAL INSTRUMENTS (Continued)**

Financial liabilities analysed by remaining contractual maturity are as follows:

	Borrowings	Trade and other payables	Total
	£'000	£'000	£'000
<b>2025</b>			
Less than 1 year	2,014	377	2,391
1 – 3 years	-	-	-
3 – 5 years	-	-	-
Over 5 years	541,027	-	541,027
Balance at 31 March 2025	543,041	377	543,418

	Borrowings	Trade and other payables	Total
	£'000	£'000	£'000
<b>2024</b>			
Less than 1 year	1,968	372	2,340
1 – 3 years	-	-	-
3 – 5 years	-	-	-
Over 5 years	522,602	-	522,602
Balance at 31 March 2024	524,570	372	524,942

Gross undiscounted cash flows analysed by maturity are as follows:

	Borrowings	Trade and other payables	Total
	£'000	£'000	£'000
<b>2025</b>			
Less than 1 year	18,378	377	18,755
1 – 3 years	36,756	-	36,756
3 – 5 years	36,756	-	36,756
Over 5 years	666,431	-	666,431
Balance at 31 March 2025	758,321	377	758,698

	Borrowings	Trade and other payables	Total
	£'000	£'000	£'000
<b>2024</b>			
Less than 1 year	17,520	372	17,892
1 – 3 years	35,040	-	35,040
3 – 5 years	35,040	-	35,040
Over 5 years	688,739	-	688,739
Balance at 31 March 2024	776,339	372	776,711

*Credit risk*

The company has a robust approval and monitoring process in place for credit allocation to ensure a fair and equitable platform for housing associations. The level of credit granted is based on the customer's risk profile. Given the company's customer base, credit risk is generally low.

The maximum exposure to credit risk will be the gross amounts of loans, cash and trade receivables, net of any impairment losses.

The risk that counterparties will fail to settle amounts due to the company predominantly arises from loan assets, trade receivables, other receivables and cash and cash equivalents.

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

---

**15 FINANCIAL INSTRUMENTS (Continued)**

The primary credit risk relates to Housing Associations which have amounts due outside of their credit terms. The risk is mitigated by security against the Housing Association's assets. Housing Associations are given up to 12 months (2024: 12 months) from the date of borrowing to put security in place.

Company policy is to assess the credit quality of each Housing Association internally before accepting any terms of trade. Internal procedures take into account the Housing Association's financial position as well as their reputation within the industry.

The Board via its Credit Committee monitors the default risk on its loans. Individual borrowers are credit assessed before they borrow using our own specially developed credit model which uses historic data and forecast financial projections, which are based on data supplied to the Regulator of Social Housing. Our model attributes a 'Lending Level' to each borrower based on 7 metrics averaged over a 10 year forward and backward time horizon.

At the end of the year the split of the loans by borrowing lending level was as follows.

	Carrying value <b>2025</b>	Carrying value 2024	Concentration <b>2025</b>	Concentration 2024
Level 1	£19.3m	£19.3m	4%	4%
Level 2	£329.2m	£315.3m	61%	61%
Level 3	£177.1m	£147.8m	33%	29%
Level 4	£13m	£30m	2%	6%
Level 5 (Fail)	£Nil	£Nil	0%	0%

Based on our credit cleared borrowers and potential borrowers who are also publicly rated: Level 1 is broadly equivalent to Moody's rating A1; Level 2 is broadly equivalent to Standard and Poors rating A+ and to Moody's A2. Level 3 is broadly equivalent to Standard and Poors rating A and Moody's A3. By deduction, Level 4 would be broadly equivalent to Standard and Poors rating A- and Level 5 would be broadly equivalent to Standard and Poors rating BBB+ or worse.

The Credit Committee also monitors the spread of risk across geographical area and size of organisation. Under the terms of the loan agreement borrowers are required to provide information which is monitored by the Credit Committee, including the following:

- Quarterly management accounts
- Annual published financial statements
- Business plan and updated credit model annually and any time if a material change has occurred which might give rise to a change in their Lending Level.

The loan documentation enables the company to call for cash in an interest reserve account if borrowers exceed their borrowing limit as a result of weakening of their credit status.

*Determination of credit-impaired financial assets*

When an event has occurred, which has a detrimental impact on the estimated future cash flows, the financial asset becomes 'credit-impaired' and the expected credit losses are measured as the difference between the carrying amount (before any loss allowance) and the present value of estimated future cash flows discounted at the original effective interest rate. In addition, the 'effective interest rate' is applied to the carrying amount of the financial asset net of any loss allowance, rather than the carrying amount before any loss allowance. There are not currently any assets classed as credit-impaired (2024: Nil).

*Maximum exposure to credit risk on financial assets*

The company considers the maximum exposure to credit risk (ignoring collateral or other credit enhancements) on the financial assets as set out below.

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

**15 FINANCIAL INSTRUMENTS (Continued)**

Maximum exposure:	31 March 2025 £'000	31 March 2024 £'000
Financial assets measured at amortised cost:		
Loan assets	545,658	525,996
Trade receivables	-	-
Cash and cash equivalents	2,360	2,070
	<u>548,018</u>	<u>528,066</u>

*Impairment of financial assets*

The company's credit risk management practices and how they relate to the recognition and measurement of expected credit losses is set out below.

*Impairment of trade receivables*

The company calculates lifetime expected credit losses for trade receivables using an individual receivable approach. The probability of default is determined at the year-end based on the aging of the receivables and historical data about default rates. The data is adjusted if the company determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

The company considers that the loss rate on all trade receivables is negligible (2024: £Nil)

*Write-off policy*

Receivables and loans are written off by the company when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt or into liquidation or administration. Receivables and loans will also be written off when the amount is more than 300 days past due and is not covered by security over the assets of the counterparty or a guarantee.

*Definition of default*

The loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default when the principal or any interest is past due unless otherwise agreed with the lender, based on an assessment of the likelihood of such amounts being recovered.

The company considers financial assets to be 'credit-impaired' when the following events, or combinations of several events, have occurred before the year-end:

- Significant financial difficulty of the counterpart arising from significant downturns in operating results and/or significant unavoidable cash requirements when the counterparty has insufficient finance from internal working capital resources, external funding and/or group support;
- A breach of contract, including receipts being past due without prior agreement;
- Indicators that the counterpart will enter bankruptcy or liquidation

*Assessing significant increases in credit risk*

The company undertake the following procedures to determine whether there has been a significant increase in the credit risk of its other receivables, since their initial recognition. Where these procedures identify a significant increase in credit risk, the loss allowance is measured based on the risk of a default occurring over the expected life of the instrument rather than considering only the default events expected within 12 months of the year-end.

The company determines that credit risk has increased significantly when:

- A significant downgrade in the credit rating of the borrower has occurred or is expected;
- Significant declines in the borrower revenue or increases in its borrowings, or significant working capital deficiencies have occurred or are expected;



MORhomes PLC  
 FINANCIAL STATEMENTS NOTES (Continued)  
 Year ended 31 March 2025

15 FINANCIAL INSTRUMENTS (Continued)

- Market conditions have, or are expected to, significantly affect the borrower's access to external financing;
- New commercial developments or market conditions have, or are expected to have, a significant detrimental effect on occupancy levels of properties held by the borrower; or
- An actual expectation of significant changes in the quality of guarantees or security provided to the company or reductions in financial support from the owners of the borrower.

A significant increase in credit risk is presumed when returns of principal or interest on an investment are more than 30 days overdue, unless payments are late as a result of an administrative oversight, or unless previously agreed. No assets are considered to have experienced a significant increase in credit risk as at the year end.

*Forward looking information*

Loans are secured on property and therefore the company considers its greatest exposure to macroeconomic conditions to be the impact on the value of security held as collateral. In determining provisions for loss impairment the Group uses three macroeconomic scenarios for house prices which are considered to represent a range of plausible scenarios. Scenarios are developed based on analysis of third party published economic data and forecasts as well as expert management judgement. A summary of the three macroeconomic scenarios for house price movements are as follows:

	31 March 2025	31 March 2024
	%	%
Base case (50% weighting)	2.5	(0.4)
Upside (25% weighting)	12.5	9.6
Downside (25% weighting)	(7.5)	(10.4)

*Impairment losses on financial instruments*

Impairment losses comprises:

	31 March 2025 £'000	31 March 2024 £'000
Impairment losses on financial assets measured at amortised cost:		
Loan assets	3	-

*Loss allowances on financial assets*

The gross carrying amounts of the company's financial assets at 31 March by credit risk rating grade (based on the risk of a default occurring) is set out below.

	Loss allowance based on '12 month expected credit losses'		
	Loan assets	Trade receivables	Prepayments and accrued income
	£'000	£'000	£'000
Performance:			
Performing	545,658	-	52
Under-performing	-	-	-
Non-performing	-	-	-
Total gross carrying amount at 31 March 2025	545,658	-	52

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

**15 FINANCIAL INSTRUMENTS (Continued)**

	Loan assets	Trade receivables	Prepayments and accrued income
	£'000	£'000	£'000
Performance:			
Performing	525,996	-	463
Under-performing	-	-	-
Non-performing	-	-	-
Total gross carrying amount at 31 March 2024	525,996	-	463
	Loan assets	Trade receivables	Prepayments and accrued income
	£'000	£'000	£'000
Probability of default:			
0.02%	69,118	-	-
0.04%	208,207	-	-
0.05%	268,333	-	52
Total gross carrying amount at 31 March 2025	545,658	-	52
	Loan assets	Trade receivables	Prepayments and accrued income
	£'000	£'000	£'000
Probability of default:			
0.02%	69,094	-	-
0.04%	226,268	-	-
0.05%	197,126	-	-
0.09%	33,508	-	463
Total gross carrying amount at 31 March 2024	525,996	-	463

A reconciliation of changes in the loss allowances on the company's financial assets is set out below.

Loss allowance based on '12 month expected credit losses'

	Loan assets	Trade receivables	Prepayments and accrued income
	£'000	£'000	£'000
Loss allowance			
Balance at 1 April 2024	(46)	-	-
Net charge	(3)	-	-
Balance at 31 March 2025	(49)	-	-

All financial instruments are currently recognised as stage 1 instruments.

**16 SHARE CAPITAL**

	31 March 2025	31 March 2024
	£'000	£'000
Authorised:		
6,317,000 ordinary shares of £0.10 each (2024: 6,178,000 of £0.10)	632	618
Allotted, issued and fully paid:		
6,317,000 ordinary shares of £0.10 each (2024: 6,178,000 of £0.10)	632	618

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
**Year ended 31 March 2025**

**16 SHARE CAPITAL (Continued)**

Movements in ordinary share capital:

	Date	Number of shares	Nominal Value	£'000
Balance brought forward	1 April 2024	6,178,000	£0.10	618
	12 September 2024	4,000	£0.10	-
	19 December 2024	66,000	£0.10	7
	5 March 2025	4,000	£0.10	-
	21 March 2025	65,000	£0.10	7
Closing balance	31 March 2025			<u>632</u>

The shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

*Capital risk management*

The company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

**17 RESERVES**

*Share premium*

Consideration received for shares issued above their nominal value net of transaction costs.

*Contingent convertible notes*

The contingent convertible note reserve represents the equity element of compound financial instruments.

*Retained earnings*

Cumulative profit and loss net of distributions to owners.

**18 NOTES TO THE STATEMENT OF CASH FLOWS**

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
<b>Continuing operations</b>		
(Loss)/profit before tax	(89)	1,436
Adjustments for:		
Depreciation	1	1
Property, plant and equipment disposals	-	(6)
Interest expense	17,075	17,273
Interest income	(17,824)	(18,041)
Impairment expense	3	-
Gain on redemption	-	(1,495)
Loss on revaluation	76	-
Interest received	18,609	18,353
Decrease/(increase) in receivables	411	(188)
Increase/(decrease) in payables	4	(580)
Net cash generated from operating activities	<u>18,266</u>	<u>16,753</u>

Cash and cash equivalents (which are presented as a single class of assets on the face of the Statement of Financial Position) comprise cash at bank and other short term highly liquid investments with a maturity of 3 months or less.

**MORhomes PLC**  
**FINANCIAL STATEMENTS NOTES (Continued)**  
Year ended 31 March 2025

---

**19 RELATED PARTY TRANSACTIONS**

The only related parties are key management personnel. Transactions with key management personnel have been detailed in note 7.