

Financial Conduct Authority registration number IP16677R
Registered Provider number L0438

LACE HOUSING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

LACE HOUSING LIMITED

INFORMATION

Board members	Mr R Livermore (Chairman) Mrs E Devlin Mrs C Liggins Mrs D Krochmal Mrs J Trevithick Mr N J Chambers (Co-opted Member) Mr J Wilson Mr I Penn (Appointed 1 April 2024) Mrs S Gibbs (Appointed 12 September 2024)
Chief Executive & Secretary	Mr N J Chambers
FCA registration number	IP16677R
Registered Provider number	L0438
Registered office	Lace House 2 Olsen Rise Lincoln LN2 4UZ
Accountant	Carpenter Box Piper House 4 Dukes Court Bognor Road Chichester West Sussex PO19 8FX
Auditor	Sumer Audit Piper House 4 Dukes Court Bognor Road Chichester West Sussex PO19 8FX
Bankers	Handelsbanken PLC 22A The Ropewalk Nottingham NG1 5DT Santander Corporate Commercial and Business Banking 301 St Vincent Street Glasgow G2 5HN

LACE HOUSING LIMITED

INFORMATION

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton
NN3 6NW

CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

The Charity Bank Limited
Fosse House
182 High Street
Tonbridge
TN9 1 BE

Solicitors

Wilkin & Chapman LLP
26 Chantry Lane
Grimsby
DN31 2LJ

LACE HOUSING LIMITED

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LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025

The board presents its annual report and financial statements for the year ended 31 March 2025.

Principal activities

The principal activity of the Association continued to be the provision of social housing and support to older and vulnerable people in Lincolnshire and the surrounding areas. The Association is registered under the Co-operative and Community Benefit Societies Act 2014, (Register number 16677R), and under the Housing Act 1974, (Register number L0438).

Board members

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

Mr R Livermore (Chairman)

Mrs E Devlin

Mrs C Liggins

Mrs D Krochmal

Mrs J Trevithick

Mr N J Chambers (Co-opted Member)

Mr J Wilson

Mr I Penn

(Appointed 1 April 2024)

Mrs S Gibbs

(Appointed 12 September 2024)

Mr J Ridley

(Appointed 12 September 2024 and resigned 23 September 2025)

Each Board member holds one fully paid share of £1 in the Association.

Political and charitable donations

During the year, the Association made no political contributions, and any charitable contributions were made within the Association's normal activities.

Results for the year

The results for the year are set out on .

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Review of the business

The turnover of the Association was £3,398,686 in the year, an increase of £415,098 (13.9%) in 2024.

Operating costs were greater at £2,672,600, an increase of £242,940 (10%) in 2024.

The operating surplus for the year, including gains and losses on disposal of property plant & equipment was £726,086 (2024 - £807,903).

Interest costs increased from £400,232 (2024) to £402,291 (2025) due to the Association drawing down more of its loan facilities to fund its development programme. A total of £174,046 (2024 - £14,674) interest was capitalised to development during the 12 months.

The total comprehensive income for the year was £333,366 (2024 - £500,487).

The Association holds recycled grant money of £90,940 (2024 - £89,044).

The Association underwent a loan tender exercise to access long-term funding to underpin its long-term development programme. In January and March 2023, the Association completed two new loan facilities, using the new facility to repay its existing borrowing, at the end of the year £10.6m of the £12m (2024: £6.4m) loan facilities has been drawn down.

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Statement of the Association's system of internal control

Identification and evaluation of key risk

The Board has overall responsibility for ensuring the Association has effective systems for identifying, assessing, and managing risk, and for agreeing the key risks facing its business. The Risk Management Framework is detailed within the Risk Management Strategy (CP21), which the Board reviews at least annually, including its risk appetite, to ensure risks are managed in line with strategic priorities. Significant treasury risks are addressed within the Treasury Management Strategy, prepared by the Association's outsourced finance specialists and approved annually by the Board.

The Audit and Compliance Sub-committee (A&C) oversees the risk management framework and provides assurance to the Board on the adequacy and effectiveness. This includes monitoring principal risks, reviewing mitigation activity, and scrutinising assurance reports (for example, key performance indicators, rent setting, and internal control testing such as health and safety performance). The A&C Sub-committee reviews the Association's risk register and risk map at each meeting and conducts an annual assessment against the Regulator of Social Housing's Sector Risk Profile and where available the top risks identified across the sector.

The principal risks currently identified by the A&C Sub-committee are:

- Compliance with the Regulator of Social Housing's Standards, governance requirements and statutory duties;
- Landlord and workplace health and safety obligations;
- Financial viability, including treasury management;
- Development activity;
- Safeguarding, data protection and cyber security; and
- Fraud protection.

Oversight and assurance

The A&C Sub-committee:

- Monitors strategic risks at each meeting, and operational risks at least annually;
- Reviews the internal control framework and sources of assurance as illustrated in its assurance diagram; and
- Can commission deep dives, or request legal advice, into key risks, proportionate to our size.

The Executive Team regularly reviews significant risks, with material changes escalated to the A&C Sub-committee and, where appropriate, to the Board depending on the risk exposure level.

Internal control

The Board has overall responsibility for the system of internal control and for reviewing its effectiveness. The system is designed to manage risk rather than eliminate it, to safeguard assets and reputation, ensure compliance with law and regulation, and support delivery of strategic objectives. It can provide reasonable, but not absolute, assurance against material misstatement, loss or failure.

Working with BG Audit and Consultancy, the A&C Sub-committee has developed and embedded a strengthened internal control framework, with BG Audit directly reporting to the Sub-committee. BG Audit operates as a second line of defence, testing the operation of internal controls and supporting continuous improvement.

The Association's system of internal control and assurance is further supported by:

- Clear governance and decision-making structures with delegated authority and approval routes;
- Regular self-assessments against the Economic and Consumer Standards, NHF Code of Governance, and Housing Ombudsman Complaint Handling Code;
- A policy schedule and approved Financial Regulations providing a control framework, supported by policies covering purchasing, budgeting and treasury management;
- Treasury Golden Rules setting financial performance boundaries and early warning indicators;
- Detailed monthly financial reporting to the Executive and quarterly reporting to the Board; and
- Quarterly reporting to the A&C Sub-committee including health and safety performance, fraud, safeguarding, whistleblowing and key performance reporting.

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Sources of assurance (third line of defence)

The Association adopts a proportionate approach to independent assurance, reflecting its size and risk profile. Independent assurance is obtained through:

- The annual external audit of financial statements;
- Outsourced Finance Director and treasury specialists, who prepare the 30-year business plan, undertake stress testing, and provide expert advice on macroeconomic and sector risks;
- Statutory landlord safety audits (including gas servicing and electrical testing biennially) and ad-hoc inspections or guidance from the Fire and Rescue Service;
- Regulatory oversight including Regulator of Social Housing's data return and Housing Ombudsman Complaint Handling Code submission.

Where heightened risks are identified, the Board or A&C Sub-committee may commission additional independent reviews (e.g. governance, GDPR, cyber security, or regulatory standards) on a discretionary basis.

Monitoring and corrective action

The A&C Sub-committee monitors internal control effectiveness and reports findings to the Board. Executive management team (EMT) ensures corrective action is taken promptly in response to identified control issues. Assurance is further supported by external audit, statutory compliance audits, and sector specialists.

The Board confirms that there has been an ongoing process for identifying, evaluating, and managing the significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of approval of the financial statements and is regularly reviewed by the Board.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead; detailed quarterly management accounts and treasury management reports, including forecasts for the remainder of the financial year. These are reviewed in detail and approved by the Board.

Auditor

In accordance with the Co-operative and Community Benefit Societies Act 2014, a resolution proposing that Sumer Audit be reappointed as auditor of the Association will be put at a Annual General Meeting.

Statement of disclosure to auditor

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

Governance and financial viability

The Association complies with the NHF Code of Governance 2020. The Board has reviewed its compliance with the Governance and Viability Standard and confirm that, it complies with the requirements of the Standard for the year.

Statement of compliance

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

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

The year 2024/25 has been one of strong performance and resilience for Lace Housing, with delivery against all our core objectives despite a challenging external environment of inflationary pressures, higher interest rates, and increasing regulatory expectations. We exceeded our budget forecast, delivered new homes, strengthened resident engagement, and maintained consistently high levels of tenant satisfaction.

This year also marked Lace Housing's 60th anniversary, a milestone that gave us the chance to celebrate with residents, colleagues, and Board members across our schemes. These events highlighted what makes us unique – our values, our people, and the sense of community we build together.

While we were proud to celebrate 60 years, our focus remains firmly on the future – preparing for regulatory change, responding to political shifts, investing in digital transformation, and progressing our environmental commitments, all while keeping residents' voices and wellbeing at the centre of our decisions.

Strategic objectives 2021 – 2025 and key achievements

a) Providing excellent services, focusing on people, places, and partnerships.

- Tenant Satisfaction Measures (TSMs) carried out in February 2024 demonstrated consistently high levels of trust and satisfaction:
 - 93% overall satisfaction.
 - 96% homes well maintained.
 - 95% residents say homes are safe.
 - 95% say they are treated fairly and with respect.
- We consolidated our reshaped resident involvement approach, from a formal scrutiny model to flexible, local engagement.
- Resident contributions, from coffee mornings to garden initiatives, have continued to enrich community life in our schemes, reflecting the strength of our partnerships with residents.

b) Providing well-designed, safe, secure, good-quality, and energy efficient places that residents are proud to call home.

- Delivered comprehensive stock condition surveys, confirming high level of resident satisfaction with quality and safety.
- Developed new RAG rated health and safety compliance reporting, providing enhanced assurance to Board and will enable improved reporting to residents during 2025/26.
- Case studies evidence shows that residents moving into purpose-built, safe, and energy efficient homes have experienced improved comfort, reduced risk of falls, and lower heating bills.

c) Exercising good governance and maintaining strong finances.

- Delivered a higher-than-forecast surplus, exceeding the 2024/25 budget.
- Carefully managed the £12 million loan facility secured prior to 2024/25, balancing cash flow during the development of Diamond Place to avoid unnecessary interest charges. Through prudent management, we did not draw down £1.4 million, leaving capacity available to support our next development.
- Progressed legal work to shift asset valuation from Existing Use (EUV-SH) to MV-T (Market Value Subject to Tenancies) unlocking greater borrowing capacity and ensuring maximum value from our asset base.
- Updated the complaints policy in line with the Housing Ombudsman Complaint Handling Code.
- Developed a new procurement policy to ensure compliance with the Public Procurement Regulations 2024.
- Recruited three new Board members as part of our succession planning.
- Prepared the ground for Cyber Essentials accreditation (2025/26) and began work on a new website to improve communication and transparency.

d) Delivering sustainable growth to meet the needs of older and vulnerable people within the community.

- Completion of Diamond Place, Welton:
 - 62 high-quality extra care apartments
 - 10 shared ownership bungalows within the scheme's grounds.
- Development partnerships with West Lindsey District Council, Lincolnshire County Council, and the Blue Skies Consortium have been critical to successful delivery.

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

- External recognition for new developments:
 - Regional Winner, Building Excellence Award – Best Small New Social Housing Development (Collinson Court, Scunthorpe).
 - LABC Bricks Award – Diamond Place (North Region Winner, shortlisted for the national final in London).
- These completions increased the supply of affordable homes for older people, strengthened income streams, and positioned Lace Housing as a trusted partner for future development.

e) Being a great place to work.

- Continued to embed a culture of kindness, collaboration, and continuous improvement, where colleagues are encouraged to 'step forward' together' and support one another to be the best version of themselves today and even better tomorrow.
- Maintained flexible working practices, applied wherever possible to support wellbeing and work-life balance.

Looking ahead

As the 2021-2025 plan concludes, our attention is now firmly on the refreshed 2025-2028 Strategic Plan. This will build on achievements to date while preparing for the future:

Political change – strengthening our role and influence as devolution reshapes local-decision making.

Digital transformation – continued investment in ICT, cyber security, and data-driven decision-making.

Resident voice – embedding feedback more deeply into governance and performance monitoring.

Environmental sustainability – preparing for EPC by 2030 and Decent Homes 2.

Our 60th year has demonstrated that Lace Housing's approach remains simple yet powerful: People, Places, Partnerships – building on our strengths, staying true to our values, and ensuring that every decision we make creates better futures for the people and communities we support.

Value for Money Statement

Value for money drivers and objectives

Lace Housing is committed to achieving value for money (VFM) across all activities. VFM is not about reducing cost at the expense of quality, but about balancing economy, efficiency and effectiveness in delivering our social purpose.

Our VFM drivers are:

- Continuous improvement of housing and support services.
- Optimising efficiency through refining business processes.
- Responsibly managing existing housing and support services.
- Ensuring compliance with health and safety responsibilities.
- Maintaining a strong employee wellbeing offer.
- Business growth through new homes and services.
- Generating wider social value by supporting independence and reducing pressure on health and care budgets.

Our VFM objectives are aligned to our Corporate Objectives (a-e):

- a) Providing excellent services, focusing on people, places, and partnerships.
- b) Providing well-designed, safe, secure, good-quality, and energy efficient places that residents are proud to call home.
- c) Exercising good governance and maintaining strong finances.
- d) Delivering sustainable growth to meet the needs of older and vulnerable people within the community.
- e) Being a great place to work.

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

The Board's ambition is to achieve median (Quartile 2) or above against peers.

Benchmarking and health warning

Our VFM metrics are benchmarked against Acuity's Housing for Older People peer group. While useful, these comparisons must be interpreted with caution:

- Several members are very small providers (some <100 homes).
- Only three members generated any new supply, and this was significantly less than Lace.
- Extra care housing has inherently higher costs than general needs or supported housing but delivers wider social returns.

Looking ahead, our VFM forecasts for 2025/26 and 2026/27 assume no new start on sites or scheme completions. Diamond Place (62 extra care apartments) was handed over in the last quarter of 2024/25. Our 2025/26 budget assumes gradual occupancy throughout the year, meaning full operating costs are incurred while rental income phases in. Once fully let, surpluses will strengthen significantly.

Our last pipeline scheme has been delayed due to landowner complexities although we do hope to secure an agreement during the remainder of 2025/26. We continue to source suitable opportunities with the objective of delivering 80 new homes by 2029. To achieve the VFM that new development brings, we will accept some pre-development costs over the next 2 -3 years even where sites do not progress.

These factors explain the direction of travel of some metrics, while quartile positions must be read in the context of Lace's operating model and growth cycle.

Benchmarking peer group.

<i>Agamemnon HA Ltd</i>	<i>CESSA HA</i>	<i>Chichester Greyfriars HA</i>	<i>City of Wells Almshouses</i>
<i>Chislehurst & Sidcup HA</i>	<i>Eldon Housing Association</i>	<i>Eleanor Palmer Trust</i>	<i>Epsom and Ewell Housing Association</i>
<i>Glebe HA</i>	<i>Greenhill Housing Association</i>	<i>jLiving</i>	<i>Leeds Jewish Housing Association</i>
<i>Muircroft Housing Association</i>	<i>Norwich Housing Society</i>	<i>Orchard Holmes (Bristol Charities Almshouses)</i>	<i>Pathways</i>
<i>Portsmouth Rotary Housing Association</i>	<i>Rockdale HA</i>	<i>St John & St Anne</i>	<i>Sussex Housing & Care</i>
<i>Sutton Housing Society</i>	<i>Thame & District HA</i>	<i>The Charity of Elizabeth Jane Jones</i>	<i>The Mercers Company</i>
<i>Thorners Homes CIO</i>	<i>Thorngate Churcher Trust</i>	<i>URC Retired Ministers Housing Society</i>	

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Objective A – Providing excellent services, focusing on people, places, and partnerships.

Table 1 – Tenant Satisfaction Measures (TSMs)

Tenant Satisfaction Measures (perception-based metrics)	31 March 2024	Peer Group Median	Quartile	31 March 2025	Peer Group Median	Quartile
TP01: Overall satisfaction (%)	93	92.50	2	93	94.20	3
TP02: Satisfaction with repairs (%)	94	91.95	2	94	93.00	2
TP03: Satisfaction with the time taken to complete the most recent repair (%)	91	88.00	2	91	87.00	2
TP04: Satisfaction that the home is well maintained (%)	96	93.84	1	96	95.00	2
TP05: Satisfaction that the home is safe (%)	95	94.50	2	95	95.80	3
TP06: Satisfaction that the landlord listens to tenants views and acts upon them (%)	86	77.00	2	86	82.15	2
TP07: Satisfaction that the landlord keeps tenants informed about things that matter to them (%)	96	88.61	1	96	89.00	1
TP08: Agreement that the landlord treats tenants fairly and with respect (%)	95	93.04	1	95	94.94	2
TP09: Satisfaction with the landlord's approach to handling complaints (%)	44	59.15	3	44	58.15	3
TP10: Satisfaction that the landlord keeps communal areas clean and well maintained (%)	96	94.10	1	96	94.10	1
TP11: Satisfaction that the landlord makes a positive contribution to neighbourhoods (%)	92	87.00	1	92	87.00	2
TP12: Satisfaction with the landlord's approach to handling anti-social behaviour (%)	87	78.00	1	87	79.00	1

Backwards look:

- Lace's tenant satisfaction results are consistently strong (93% overall satisfaction, 94% repairs satisfaction, and 96% of residents feeling well informed).
- Compared with last year, Lace's results are unchanged, but peer medians have edged up in several areas as other associations refreshed their surveys. This explains why quartile positions shifted even though Lace's scores stayed the same.
- Lace continues to perform at or above peer medians in most areas, with quartile 1 strengths in keeping tenants informed, maintaining communal areas, and ASB handling.
- Complaints handling (44%, quartile 3) remains the main improvement priority.

Forward look:

- 2025/26 will focus on embedding the Learning from Complaints Staff Committee and strengthening processes with a 'You Said, We Did' engagement framework and a new transparent and accountable website.
- Results will stay the same until our next TSM survey in January/February 2026.
- This forward look aligns with the priorities in our 2025-2028 Strategic Plan (subject to Board approval).

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

KPI targets 2025/26 - 26/27:

- Maintain high TSM results (next survey due 2026), with consideration to a smaller, more relevant benchmarking group.
- Achieve ≥99% tenant satisfaction with most recent repair.

Case Study:

Two residents, both in their seventies, moved from an isolated village home into a warm, accessible, and supportive community in one of our housing with extra care schemes. Their health needs are now met on site, enjoying regular social interaction, and both describe having a new lease of life. This reflects the strategic importance of housing that not only meets physical needs but transforms residents' wellbeing.

Objective B - Providing well-designed, safe, secure, good-quality, and energy efficient places that residents are proud to call home.

Table 2 – Safe homes: repairs and compliance (Key: ▲ Improvement ▼ decline ↔ unchange)

Metric	Type	Performance as at:			Peer Group Median	Quartile	Target		
		31 Mar 2024	31 Mar 2025	Direction			31 Mar 2025	31 Mar 2025	31 Mar 2025
Repairs Performance									
% of response repairs completed within target time	IM	99.49	99.64	▲	99.77	3	98.00	98.00	98.00
% of tenants satisfied with most recent repair	IM	94.23	95.38	▲	99.00	3	96.62	99.00	99.00
Health and Safety Performance									
% of the properties requiring a fire risk assessment, with a valid fire risk assessment in place.	IM	100	100	↔	100	1	100	100	100
% of properties required a legionella risk assessment, with a valid legionella risk assessment in place.	IM	100	100	↔	100	1	100	100	100
% of properties requiring an EICR/ EIC with a valid certificate in place.	IM	100	100	↔	N/A	N/A	100	100	100
% of properties requiring a gas safety certificate with a valid certificate in place.	IM	100	100	↔	100	1	100	100	100

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

The % of schemes with a valid Insurance inspections - Thorough Examinations (LOLER) for passenger lifts.	IM	90.11	100	▲	100	1	100	100	100
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Backwards look:

- Lace achieved 100% compliance across all safety checks, consistently quartile 1.
- Repairs performance was excellent (99.6% within target; 95.4% satisfaction), though peer medians are very high, leaving Lace in quartile 3 for these metrics. It is the peer group performance that has improved for both metrics rather than a decline in our performance.
- Lift safety improved to 100% after one missed inspection in 2023/24.
- Delivered comprehensive stock condition surveys, confirming high level of resident satisfaction with quality and safety.

Forward look:

- Continue balancing new development with necessary reinvestment in existing homes.
 - Prepare for Decent Homes 2 and Awaab's Law requirements.
- + This forward look aligns with the priorities in our 2025-2028 Strategic Plan (subject to Board approval).

KPI targets 2025/26 - 26/27:

- Maintain 100% compliance across all serious detriment safety checks.
- Deliver repairs within target at ≥98%.

Case Study:

A resident who moved from unsuitable private rented accommodation into a purpose-built apartment designed for older people. This reduced her risk of falls, improved comfort, and lower heating bills - directly supporting our commitment to safety, quality, and value for money.

The property awards detailed within the strategic report section for Collinson Court and Diamond Place showcase the skill of our teams, the strength of our partnerships, and the quality of our developments. They also strengthen our profile as a specialist provider, opening opportunities for future developments.

Objective C - Exercising good governance and maintaining strong finances

Table 3: Governance and Finance (RSH Technical and Internal Metrics)

Metric	Type	Performance as at:			Peer Group Median	Quartile	Target		
		31 Mar 2024	31 Mar 2025	Direction			31 Mar 2025	31 Mar 2025	31 Mar 2026
Metric 6(a) Operating Margin % (Social Housing Lettings)	TM	18.21	21.14	▲	16.20	1	14.20	15.26	20.21
Metric 6(b) Operating margin % (Overall)	TM	18.36	21.30	▲	14.13	1	14.03	11.57	20.19
Metric 5 Headline Social Housing £ Cost/ Unit	TM	5,330	4,436	▲	7,451	1	5,030	6,642	6,705

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Metric 4 EBITDA MRI Interest Cover %	TM	228.80	196.67	▼	336.90	4	142.28	115.25	168.44
Metric 3 Gearing %	TM	13.55	18.86	▼	12.83	4	21.11	16.13	15.09
Metric 7 Return on Capital Employed %	TM	1.92	1.41	▼	2.62	4	1.06	1.24	1.86
% of rent loss through dwellings being vacant	IM	0.94	0.54	▲	0.70	2	1.11	0.96	0.98
Average re-let time in days (Excluding Major Works) HFOP	IM	13.39	13.38	▲	26.00	1	14.00	14.00	14.00
Average re-let time in days of all Major Works Voids HFOP	IM	16.00	N/A	▲	N/A	N/A	35.00	35.00	35.00
Average re-let time in days of all re-lets HFOP	IM	13.44	13.38	▲	26.39	1	16.00	16.00	16.00
Current tenant arrears as a % of the annual rent debit	IM	1.03	0.27	▲	0.86	1	0.70	0.30	0.30
Former tenant arrears as a % of the annual rent debit	IM	0.10	0.08	▲	0.19	2	0.10	0.07	0.07

Key: ▲ Improvement ▼ decline ↔ unchanged

Backwards look:

- Lace's financial performance in 2024/25 demonstrates strength and resilience:
 - Operating margins rose to 21% (quartile 1), showing efficiency gains.
 - Headline cost per unit reduced to £4,436 (quartile 1), reflecting economies of scale from recent developments.
 - Rent loss and arrears both improved further, with rent arrears at just 0.27% (quartile 1).
- Carefully managed the £12 million loan facility secured prior to 2024/25, balancing cash flow during the development of Diamond Place to avoid unnecessary interest charges. Through prudent management, we did not draw down £1.4 million as anticipated, leaving capacity available to support our next development.
- Progressed legal work to shift asset valuation from Existing Use (EUV-SH) to MV-T (Market Value Subject to Tenancies) unlocking greater borrowing capacity and ensuring maximum value from our asset base.
- At the same time, some metrics reflect Lace's development cycle:
 - Gearing increased to 18.86% (quartile 4) as debt was drawn down for development, but this remains well within covenant headroom.
 - ROCE declined to 1.41% (quartile 4), reflecting the enlarged asset base ahead of Diamond Place reaching full occupancy.
 - EBITDA MRI reduced to 196.6% (quartile 4), still giving a comfortable buffer against finance costs, albeit below peers (median 336.90%).

Forward look:

- In 2025/26 Lace expects a temporary dip in margins and ROCE due to the gradual letting of Diamond Place – costs are incurred from day one, but income phases in.
- Once fully let, operating surpluses will strengthen significantly.
- No further completions or start on sites are assumed for 2025/26 and 2026/27, so reinvestment and new supply metrics will fall back temporarily.
- Pre-development costs will be incurred in line with pipeline preparation, consistent with the Board's growth strategy.
- The Board will continue to manage gearing carefully, ensuring covenant compliance and long-term resilience.
 - + This forward look aligns with the priorities in our 2025-2028 Strategic Plan (subject to Board approval).

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

KPI targets 2025/26 - 26/27:

- Maintain current tenant arrears at ≤0.30%.
- Reduce former tenant arrears to ≤0.07%.
- Achieve operating margin (lettings) 15.26% in 25/26, rising to 20.21% in 26/27.
- Achieve overall operating margin 11.57% in 25/26, rising to 20.19% in 26/27.

Objective D - Delivering sustainable growth to meet the needs of older and vulnerable people within the community.

Table 4: Growth and development (RSH Technical and Internal Metrics)

Metric	Type	Performance as at:			Peer Group Median	Quartile	Target		
		31 Mar 2024	31 Mar 2025	Direction			31 Mar 2025	31 Mar 2025	31 Mar 2025
Metric 1 Reinvestment %	TM	23.63	18.22	▼	2.40	1	17.95	1.03	0.94
Metric 2 (a) New Supply % (Social Housing Units)	TM	10.75	16.22	▲	0.00	1	16.22	0.00	0.00
Metric 2 (b) New Supply % (Non-Social Housing Units)	TM	0.00	0.00	↔	0.00	1	LACE does not have a programme of non-social housing delivery.		
Number of properties completed	IM	40	72	▲	N/A		72	0	0
Number of units in approved programme	IM	33	33	↔	N/A		33	33	33
Number of starts on site (units) achieved	IM	0	0	↔	N/A		0	0	0

Backwards look

- 72 homes completed in 2024/25, including a 62-apartment extra care housing scheme at Diamond Place, Welton and 10 Home Ownership for Older People bungalows in the surrounding grounds.
- Reinvestment fell from 23.6% to 18.2% but remains quartile 1, linked to the completion of Diamond Place and reflecting Lace's development cycle
- Quartile 1 reinvestment and supply achieved.
- No starts on site due to pipeline landowner issues which has also seen the number of units reduce to 27.

Forward look

- Growth metrics will reduce in 2025/26 – 26/27 with no new completions forecast.
- Strategic target of 80 new homes by 2029.
- Pre-development costs will be incurred while working up sites, recognising not all will progress.
- Diamond Place occupancy will strengthen operating surpluses, supporting future growth.

+ This forward look aligns with the priorities in our 2025-2028 Strategic Plan (subject to Board approval).

Case Study:

Diamond Place, delivered with RG Carter, generated significant additional value beyond the new homes themselves. A dedicated social value exercise (April 2023 to January 2025) concluded that the scheme achieved:

- Total social value: £18,573,648
- Local economic benefit (supply chain spend): £11,496,871
- Social and economic value: £2,402,197
- Social and Total Economic Value (STEV): 124%
- Social and Local Economic Value (SLEV): 93%

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

This confirms that development delivers not only high-quality homes for older people, but also wider economic and social benefits to the local community and economy. The Board has previously recognised this added value in VFM reporting, and Diamond Place demonstrates the scale of the impact that future development can achieve for the Lincolnshire economy.

Objective E - A great place to work

Backwards look:

- Lace continues to structure its management values around being a great place to work ethos.
- ICT and finance system upgrades improved efficiency, data integrity and cyber resilience.
- Staffing efficiencies from 2023/24 were sustained, with new posts directly linked to the handover of our latest extra care housing scheme – Diamond Place, with resources reinvested into services and wellbeing.

Forward look:

- From 2026/27 Lace will introduce organisation health metrics (turnover, sickness, training, engagement) in support of its new Strategic Plan and VFM reporting.
 - These will provide the Board will clear assurance on how people performance underpins VFM delivery.
 - Continued investment in staff and systems will ensure resilience and service quality.
- + This forward look aligns with the priorities in our 2025-2028 Strategic Plan (subject to Board approval).

KPI targets 2025/26 -26/27:

2025/26: Develop baseline measures for new workforce metrics.

2026/27: Report first results in VFM statement.

Overall VFM Summary

Against peers in 2024/25, Lace achieved:

- 16 metrics in quartile 1
- 8 metrics in quartile 2
- 6 metrics in quartile 3
- 2 metrics in quartile 4

This demonstrates that Lace continues to perform at or above median levels in most measures, with quartile 1 performance across compliance, arrears and voids, operating margins, reinvestment and new supply.

For perception-based TSMs Lace's results are stable and consistently high (for example 93% overall satisfaction, 94% repairs satisfaction, 96% keeping residents informed). The shift in quartile positions reflect peer medians improving as other providers refreshed their survey results, not any decline in Lace's own performance. Except for complaint handling, Lace's resident satisfaction results are strong and compare favourably with wider sector averages.

Financial metrics below the peer median are influenced by our development cycle (EBITDA MRI, gearing and ROCE).

In addition to financial and operational performance, Lace's development programme has delivered significant wider benefits. Case studies highlighted in this report draw on the completion of Diamond Place, where resident case studies report improved wellbeing, reduced energy costs, and greater independence. A dedicated social value assessment for Diamond Place and the ten shared ownership bungalows (April 2023 and January 2025) concluded that the schemes generated £18.6 million of quantified social value, including:

- £11.5 million in local economic benefit through supply chain spend.
- £2.4 million in social and economic value.
- A Social and Total Economic Value (STEV) ratio of 124%.
- A Social and Local Economic Value (SLEV) ratio of 93%.

LACE HOUSING LIMITED

REPORT OF THE BOARD INCLUDING THE STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

This evidences how new development provides not only high-quality homes for residents but also contributes positively to the local economy and wider community.

The Board has previously recognised the need to review the composition of our benchmarking peer group. While this review has not yet been delivered due to operational capacity, it will now be incorporated as a milestone in the Strategic Plan for 2025-28 to ensure benchmarking remains meaningful and proportionate.

The Board remains committed to achieving quartile 2 or above performance wherever valid peer comparison exists. The Board also recognises that extra care housing is more costly to provide and manage than general needs housing, but that it delivers substantial social return on investment, including reduced pressure on the NHS and Adult Social Care. We intend to develop social return values during the course of our next Strategic Plan.

Equality, Diversity and Inclusion

Lace Housing recognises that equality, diversity, inclusion are fundamental to delivering our social purpose as both a landlord and an employer. The Association has an Equality, Diversity and Inclusion policy, supported by related policies including recruitment, menopause, and staff wellbeing. Our Code of Governance and supporting terms of reference include a Board recruitment and selection statement, reinforcing our commitment to diverse and inclusive leadership.

This commitment is driven by the Board and is embedded across all activities. We aim to sustain working environments and housing schemes that are inclusive and free from discrimination, prejudice or harassment. We believe that promoting diversity is not only the right thing to do but also strengthens our ability to understand and reflect the needs of our residents, employees, stakeholders and volunteers.

As part of our commitment to transparency, we voluntarily publish our Gender Pay Gap Report, which is available on our website.

Looking forward, our draft Strategic Plan proposes a shift towards a broader focus on Equality, Diversity, Inclusion and Belonging (EDIB), aligning with the National Housing Federation's strategic objectives. This approach reflects our belief that creating a true sense of belonging, for both residents and colleagues, drives continuous improvement, innovation, and stronger community connections.

Fixed assets

The changes in fixed assets during the year are set out in note 11 in the financial statements.

On behalf of the board

Bob Livermore

Bob Livermore (Sep.23, 2025 11:33:40 GMT+1)

Mr R Livermore (Chairman)

Board member

LACE HOUSING LIMITED

BOARD MEMBERS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2025

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

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

In preparing these financial statements, the board is required to:

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

The board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Association's accounting records, cash holdings and all its receipts and remittances.

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

LACE HOUSING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LACE HOUSING LIMITED

Opinion

We have audited the financial statements of Lace Housing Limited (the 'Association') for the year ended 31 March 2025 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2025 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The board members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

LACE HOUSING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LACE HOUSING LIMITED

Matters on which we are required to report by exception

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

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

- A satisfactory system of control over transactions has not been maintained;
- The Association has not kept proper accounting records;
- The financial statements are not in agreement with the books of account; or
- We have not received all the information and explanations we need for our audit.

Responsibilities of the board members

As explained more fully in the board members' responsibilities statement, the board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

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

- Focusing on specific laws and regulations which we consider may have a direct material effect on the financial statements or the operations of the Association, including The Co-operative and Community Benefit Societies Act 2014, The Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022;
- Obtaining an understanding of the legal and regulatory framework that the Association operates in, focusing on those laws and regulations that had a direct effect on the financial statements and operations;
- Obtaining an understanding of the company's policies and procedures on fraud risks, including knowledge of any actual, suspected or alleged fraud; and
- Discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud through our knowledge and understanding of the company and our sector-specific experience.

LACE HOUSING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LACE HOUSING LIMITED

Based on the results of our risk assessment, our procedures included, but were not limited to:

- Performing analytical procedures to identify any unusual or unexpected relationships;
- Evaluating whether the selection and application of accounting policies by the entity that may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings;
- Assessing whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias.
- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Testing of journal entries to address the risk of fraud through management override;
- Incorporating an element of unpredictability in the selection of the nature, timing, and extent of our audit procedures; and
- Corroborating the business rationale for transactions outside the normal course of business.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

We considered our audit was capable of detecting irregularities due to:

- The effectiveness of the entity's internal controls;
- The nature, timing and extent of audit procedures performed; and
- The absence of contradictory evidence.

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

Use of our report

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



Sumer Audit
Statutory Auditor
Piper House, 4 Dukes Court
Bognor Road, Chichester
West Sussex
PO19 8FX

26/09/2025.....

Sumer Audit is the trading name of Sumer Auditco Limited

LACE HOUSING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	2024 as restated £
Turnover	3	3,398,685	2,983,588
Operating expenditure		(2,672,599)	(2,429,660)
Surplus on disposal of housing accommodation	4	-	253,975
Operating surplus	5	726,086	807,903
Interest receivable and similar income	8	9,571	9,385
Interest payable and similar expenses	9	(402,291)	(400,232)
Surplus before taxation		333,366	417,056
Tax on surplus	10	-	-
Surplus for the financial year		333,366	417,056
Other comprehensive income			
Revaluation of tangible fixed assets		-	83,431
Total comprehensive income for the year		333,366	500,487

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 22 to 39 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 11 September 2025 and are signed on its behalf by:

Bob Livermore

Bob Livermore (Sep 23, 2025 11:33:40 GMT+1)

Mr R Livermore (Chairman)

Board member

Carol Liggins

Carol Liggins (Sep 23, 2025 15:02 GMT+1)

Mrs C Liggins

Board member

N J Chambers

N J Chambers (Sep 23, 2025 17:41:47 GMT+1)

Mr N J Chambers (Co-opted Member)

Secretary

LACE HOUSING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

		2025		2024 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		48,852,094		40,122,862
Investment property	14		370,000		370,000
			<u>49,222,094</u>		<u>40,492,862</u>
Current assets					
Shared equity properties for resale		1,196,085		1,612,500	
Stocks	15	13,830		12,230	
Debtors	16	119,454		2,336,138	
Cash at bank and in hand		1,688,469		1,128,360	
		<u>3,017,838</u>		<u>5,089,228</u>	
Creditors: amounts falling due within one year	17	(1,207,644)		(1,509,721)	
Net current assets			<u>1,810,194</u>		<u>3,579,507</u>
Total assets less current liabilities			51,032,288		44,072,369
Creditors: amounts falling due after more than one year	18	(40,834,966)		(34,208,416)	
Net assets			<u>10,197,322</u>		<u>9,863,953</u>
Capital and reserves					
Called up share capital	22		20		17
Revaluation reserve			83,431		83,431
Restricted reserve	23		16,570		16,570
Income and expenditure reserve			10,097,301		9,763,935
Total reserves			<u>10,197,322</u>		<u>9,863,953</u>

The notes on pages 22 to 39 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 11 September 2025 and are signed on its behalf by:

Bob Livermore

[Bob Livermore \(Sep 23, 2025 11:33:40 GMT+1\)](#).....

Mr R Livermore (Chairman)
Board member

Carol Liggins

[Carol Liggins \(Sep 23, 2025 15:02 GMT+1\)](#).....

Mrs C Liggins
Board member

N J Chambers

[N J Chambers \(Sep 23, 2025 17:41:47 GMT+1\)](#)....

Mr N J Chambers (Co-opted Member)
Secretary

LACE HOUSING LIMITED

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	Share capital £	Revaluation reserve £	Restricted reserve £	Income and expenditure reserve £	Total £ as restated
As restated for the period ended 31 March 2024:						
Balance at 1 April 2023		17	-	16,570	9,346,879	9,363,466
Year ended 31 March 2024:						
Surplus for the year		-	-	-	417,056	417,056
Other comprehensive income:						
Revaluation of tangible fixed assets		-	83,431	-	-	83,431
Total comprehensive income for the year		-	83,431	-	417,056	500,487
Issue of share capital	22	2	-	-	-	2
Shares forfeited		(2)	-	-	-	(2)
Balance at 31 March 2024		17	83,431	16,570	9,763,935	9,863,953
Year ended 31 March 2025:						
Surplus for the year		-	-	-	333,366	333,366
Issue of share capital	22	3	-	-	-	3
Balance at 31 March 2025		20	83,431	16,570	10,097,301	10,197,322

LACE HOUSING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

		2025		2024 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27		876,740		(294,788)
Interest paid			(569,641)		(408,891)
			<hr/>		<hr/>
Net cash inflow/(outflow) from operating activities			307,099		(703,679)
Investing activities					
Purchase of tangible fixed assets		(8,773,950)		(7,736,922)	
Proceeds from disposal of tangible fixed assets		-		476,025	
Social housing grant recieved		4,806,452		5,728,552	
Interest received		9,571		9,385	
		<hr/>		<hr/>	
Net cash used in investing activities			(3,957,927)		(1,522,960)
Financing activities					
Proceeds from issue of shares		3		-	
Repayment of bank loans		(2,239)		(2,007)	
Proceeds from new bank loans		4,213,173		2,450,000	
		<hr/>		<hr/>	
Net cash generated from financing activities			4,210,937		2,447,993
			<hr/>		<hr/>
Net increase in cash and cash equivalents			560,109		221,354
Cash and cash equivalents at beginning of year			1,128,360		907,006
			<hr/>		<hr/>
Cash and cash equivalents at end of year			1,688,469		1,128,360
			<hr/> <hr/>		<hr/> <hr/>

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

Information

Lace Housing Limited is a Co-operative and Community Benefit Society and a private registered provider of social housing in the United Kingdom. The registered office is Lace House, 2 Olsen Rise, Lincoln, LN2 4UZ. The nature of the Association's operations and principal activities are the development, rental and management of social housing accommodation.

The Association constitutes a public benefit entity as defined by FRS 102.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Statement of Recommended Practice for Social Housing Providers 2018 Update (SORP), and with the Accounting Direction for private registered providers of social housing in England 2022. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Prior period error

The financial statements include a restatement to tangible fixed assets, investment property, accrued and deferred income, and the overall surplus. Refer to note 29 for further detail.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on the going concern basis. The directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

Based on these assessments and having regard to the resources available to the entity, the directors have concluded that there is no material uncertainty in relation to the appropriateness of continuing to adopt the going concern basis in preparing the annual report and accounts.

1.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable net of discounts. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants and the amortisation of government grants.

The disposal proceeds from the sale of shared ownership properties are included in turnover at the point of legal completion. The second and subsequent tranches are accounted for in operating expenditure / operating income in the period in which the disposal occurs being the difference between the net sale proceeds and the net carrying value.

Interest income is recognised using the effective interest method and dividend income is recognised as the Association's right to receive payment is established.

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Social housing properties	10 to 125 years (see below)
Office building	100 years
Scheme equipment	10 years
Office equipment	10 years
Fixtures and Fittings	10 years
Computer Equipment	5 years
Motor vehicles	5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Major components of housing properties are depreciated as follows: Structure (75 - 125 years), lifts (20 years), doors and windows (30 years), bathrooms (30 years), roof structure and covering (70 years), boilers (15 years), electrical wiring and installations (40 years), kitchens (20 years), water tanks and pipework (25 years), fixtures and fittings (10 years), sprinkler systems (20 years), mechanical systems (30 years) and PV Cells and Inverter (15 years).

Freehold land is not depreciated

The useful economic lives of all tangible fixed assets are reviewed annually.

Capitalisation of interest and administration costs

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

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

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is considered at scheme level. The key indicators considered are:

- A change in demand for a property.
- Obsolescence of a property.
- A change in government policy.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income. No such indications were noted and therefore no review was considered necessary.

1.8 Stocks

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

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

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

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.11 Taxation

The Association has charitable status with HM Revenue and Customs and no charge to Corporation Tax tax arises on these results. Deferred tax is therefore also not applicable.

The Association is registered for VAT but a large proportion of its income, rents and service charges are exempt for VAT purposes therefore giving rise to a partial exemption calculation. Expenditure is stated inclusive of VAT with any amounts of input VAT recovered are included in turnover.

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

(Continued)

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

1.14 Government grants

Social housing or other government grants are received to finance social housing properties. These grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Under certain circumstances, primarily following the sale of a property, the grant is repayable or recyclable but this is often restricted to the net proceeds of sale. Where government grants are required to be recycled, a liability is included to recognise this obligation.

Government grants received as a contribution to revenue expenditure are recognised in the statement of comprehensive income on a systematic basis over the period in which the landlord recognises the related costs for which the grant is intended to compensate. The related expenditure is included under administrative expenses. Grants are recognised in the same period as the related expenditure provided the conditions for receipt have been satisfied and there is reasonable assurance that the grant will be received.

Recycled capital grants fund

Where Social Housing Grant is recycled, as described above, the Social Housing Grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

1.15 Restricted reserves

The Association maintains restricted reserves in relation to legacies and donations for which monies have been bequeathed or donated for restricted activities.

Funds are utilised in line with the restrictions and specifications which are in place in relation to each reserve.

2 Judgements and key sources of estimation uncertainty

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

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

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Estimated useful lives

The useful life of housing properties and their components has been estimated using the National Housing Federation matrix of property components as a basis.

Investment property

The directors believe that the fair value of the investment property in the financial statements is £370,000. With a professional valuation being performed in 2025, they believe that the fair value represents an accurate reflection of property values in the local area.

3 Social housing turnover and costs

	Supported Housing 2025	Shared Ownership 2025	Total 2025	Total 2024 as restated
	£	£	£	£
Rents receivable excluding service charges	1,834,068	63,878	1,897,946	1,633,517
Service charges receivable	884,240	175,110	1,059,350	977,571
Support charges receivable	28,045	4,063	32,108	25,073
Other sundry income	173,616	18,660	192,276	165,608
Amortisation of government grants	164,739	11,375	176,114	148,690
	3,084,708	273,086	3,357,794	2,950,459
Social housing activity expenditure	(2,430,363)	(242,236)	(2,672,599)	(2,429,660)
Surplus on disposal of housing accommodation	-	-	-	253,975
Operating surplus/(deficit) from social housing activities	654,345	30,850	685,195	774,774
Void losses	(15,936)	(249)	(16,185)	(24,911)

Recconciliation of total turnover to income and expenditure account:

	2025 £	2024 £
Social housing turnover	3,357,794	2,950,459
Management income	6,941	5,553
Other rental income	33,950	27,576
Total	3,398,685	2,983,588

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

4 Surplus on sale of fixed assets

	2025 £	2024 £
Disposals		
Surplus on disposal of housing accommodation	-	(253,975)
	<u> </u>	<u> </u>

5 Operating surplus

	2025 £	2024 as restated £
Operating surplus for the year is stated after charging:		
Remuneration, exclusive of VAT, payable to the external auditors:		
Auditing of the accounts	17,000	16,200
Accountancy services	2,200	-
Depreciation of owned tangible fixed assets	631,134	552,617
Deficit/(surplus) on disposal of fixed assets	4,046	(253,975)
Operating lease charges	5,904	5,904
	<u> </u>	<u> </u>

6 Employees

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

	2025 Number	2024 Number
Central services	14	14
Managers/wardens	2	2
Catering	9	8
Domestic and other establishment	4	3
	<u> </u>	<u> </u>
Total	29	27
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2025 £	2024 £
Wages and salaries	904,781	795,861
Social security costs	71,939	65,148
Pension costs	37,820	32,234
	<u> </u>	<u> </u>
	1,014,540	893,243
	<u> </u>	<u> </u>

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

6 Employees

(Continued)

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2025 Number	2024 Number
£60,000 to £70,000	-	1
£70,001 to £80,000	1	-
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-

7 Directors' remuneration

	2025 £	2024 £
Remuneration for qualifying services	165,907	155,533
Company pension contributions to defined contribution schemes	9,367	8,763
	<u>175,274</u>	<u>164,296</u>

No remuneration was receivable by board members. Board members were reimbursed a total of £609 (2024: £363) in travel expenses.

The highest paid director, also the Chief Executive, received £96,620 (2024 - £90,443) remuneration (excluding pension contributions). The Chief Executive is an ordinary member of the pension scheme on the same terms as other employees. The pension scheme is a money purchase scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution of £5,268 (2024: £4,969) was made by the Association in addition to the personal contributions of the Chief Executive.

During the year the Association made payments of £46,710 (2024: £40,279) for services for the outsourced role of a Director.

For the purposes of the above disclosures, "Director" also includes the Chief Executive and any other person who is a member of the executive management team, or its equivalent, of the Association.

8 Interest receivable and similar income

	2025 £	2024 £
Interest income		
Interest on bank deposits	9,571	9,385

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

9 Interest payable and similar expenses

	2025	2024
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank loans wholly or partly in more than 5 years by instalments	540,263	354,628
Amortisation of issue costs	4,800	4,800
Non-utilisation fees	31,274	55,478
Interest capitalised	(174,046)	(14,674)
	<u>402,291</u>	<u>400,232</u>
	<u><u>402,291</u></u>	<u><u>400,232</u></u>

Interest on loans financing development has been capitalised at a rate between 6.1 to 6.85% during the year.

10 Taxation

The Association has charitable status with HM Revenue & Customs and on the basis of these financial statements no provision has been made for corporation tax.

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

11 Tangible fixed assets

Housing properties

	Housing properties for letting	Housing properties under construction	Shared ownership properties	Shared ownership properties under construction	Total
	£	£	£	£	£
Cost					
At 1 April 2024	33,794,858	7,230,322	2,690,787	537,500	44,253,467
Additions: works to existing properties	61,229	-	-	-	61,229
Additions: other	-	8,662,901	-	-	8,662,901
Cost movement	-	173,000	-	(173,000)	-
Transfer from property in course of sale	-	-	-	416,415	416,415
Transfers: schemes completed	15,219,842	(15,626,827)	780,915	(780,915)	(406,985)
Disposals	(3,884)	-	-	-	(3,884)
At 31 March 2025	49,072,045	439,396	3,471,702	-	52,983,143
Depreciation and impairment					
At 1 April 2024	4,438,410	-	147,367	-	4,585,777
Depreciation charged in the year	521,955	-	13,609	-	535,564
Eliminated in respect of disposals	(3,748)	-	-	-	(3,748)
At 31 March 2025	4,956,617	-	160,976	-	5,117,593
Carrying amount					
At 31 March 2025	44,115,428	439,396	3,310,726	-	47,865,550
At 31 March 2024	29,356,448	7,230,322	2,543,420	537,500	39,667,690

Tangible fixed assets with a net book value of £18,571,868 (2024 - £18,835,154) are pledged as security for the Housing Loans detailed within note 18.

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

11 Tangible fixed assets (Continued)

	Office building as restated £	Fixtures and Fittings £	Computer Equipment £	Motor vehicles £	Scheme equipment £	Total as restated £
Cost						
At 1 April 2024	206,494	20,087	102,351	121,363	709,719	1,160,014
Additions	3,031	-	34,986	26,803	566,031	630,851
Disposals	-	-	-	-	(39,126)	(39,126)
At 31 March 2025	209,525	20,087	137,337	148,166	1,236,624	1,751,739
Depreciation and impairment						
At 1 April 2024	66,228	19,009	77,683	93,934	447,987	704,841
Depreciation charged in the year	3,033	354	13,266	14,914	64,003	95,570
Eliminated in respect of disposals	-	-	-	-	(35,216)	(35,216)
At 31 March 2025	69,261	19,363	90,949	108,848	476,774	765,195
Carrying amount						
At 31 March 2025	140,264	724	46,388	39,318	759,850	986,544
At 31 March 2024	140,266	1,078	24,668	27,429	261,732	455,172

12 Accommodation in management

	Number of units at 31 March 2025	Number of units at 31 March 2024
Completed units:		
General needs	21	21
Housing for older people	121	121
Affordable rent	215	153
Low cost home ownership	87	77
Market rent	1	1
	445	373
Units under development:		
Under construction	-	72
	445	445

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

13 Shared ownership properties held for sale

	2025 £	2024 £
Properties in the course of sale:		
Completed	1,196,085	-
Under construction	-	1,612,500
	<u>1,196,085</u>	<u>1,612,500</u>

14 Investment property

	2025 £
Fair value	
At 1 April 2024 and 31 March 2025	<u>370,000</u>

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 16 September 2025 by Mundys Chartered Surveyors, who are not connected with the Association. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

15 Stocks

	2025 £	2024 £
Materials and goods for resale	<u>13,830</u>	<u>12,230</u>

16 Debtors

	2025 £	2024 as restated £
Amounts falling due within one year:		
Social housing rent arrears	27,408	42,132
Sales ledger	8,133	14,802
Other debtors	12,268	18,440
Prepayments and accrued income	71,645	2,260,764
	<u>119,454</u>	<u>2,336,138</u>

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

17 Creditors: amounts falling due within one year

	Notes	2025 £	2024 £
Bank loans	19	2,430	2,239
Unamortised loan fees	19	(4,800)	(4,800)
Rents paid in advance		125,035	125,581
Trade creditors		83,888	44,593
Taxation and social security		28,989	29,231
Government grants	20	250,188	175,447
Accruals and deferred income		721,914	1,137,430
		<u>1,207,644</u>	<u>1,509,721</u>

18 Creditors: amounts falling due after more than one year

	Notes	2025 £	2024 as restated £
Bank loans and overdrafts	19	10,608,017	6,392,475
Government grants	20	29,552,910	27,182,764
Recycled capital grants		90,940	89,044
Sinking fund		583,099	544,133
		<u>40,834,966</u>	<u>34,208,416</u>

Sinking fund is held on behalf of the leasehold scheme for the elderly.

Amounts included above which fall due after five years are as follows:

Payable by instalments	10,144,127	4,043,675
------------------------	------------	-----------

Recycled capital grants fund

	2025 £	2024 £
At 1 April 2024	89,044	1,159,384
Inputs to be recycled	-	87,829
Interest accrued	1,896	1,215
Outputs recycled	-	(1,159,384)
At 31 March 2025	<u>90,940</u>	<u>89,044</u>

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

19 Loans and overdrafts

	2025 £	2024 £
Bank loans	10,605,647	6,389,914
Payable within one year	2,430	2,239
Payable after one year	10,712,813	6,502,071
	10,715,243	6,504,310
Unamortised loan fees:		
Payable within one year	(4,800)	(4,800)
Payable after one year	(104,796)	(109,596)
	10,605,647	6,389,914

Housing loans from Homes England, local authority and banks and building societies are secured by specific charges on the Association's housing properties, office development and development land and properties.

The Association has two bank loans subject to interest charges at a rate of 1.6% over the Bank of England base rate per annum, repayable over 300 months. The Association has another loan subject to interest charges at a rate of 11.25% per annum, repayable over 324 months.

The Association has undrawn loan facilities amounting to £1,400,000 (2024 - £5,613,200) at the end of the year.

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

20 Government grants

	2025	2024 as restated
	£	£
Deferred income is included in the financial statements as follows:		
Current liabilities	250,188	175,447
Non-current liabilities	29,552,910	27,182,764
	<u>29,803,098</u>	<u>27,358,211</u>
Social housing government grants		
At 1 April 2024	26,810,395	19,965,788
Received in the year	4,806,452	7,914,004
Transferred from recycled capital grants fund	-	1,159,384
Transfer to recycled capital grants fund on sale of property	-	(43,330)
	<u>31,616,847</u>	<u>28,995,846</u>
At 31 March 2025	<u>31,616,847</u>	<u>28,995,846</u>
Amortisation		
At 1 April 2024	1,637,635	1,488,655
Amortised during the year	176,114	148,980
	<u>1,813,749</u>	<u>1,637,635</u>
At 31 March 2025	<u>1,813,749</u>	<u>1,637,635</u>
Carrying amount		
At 31 March 2025	<u>29,803,098</u>	<u>27,358,211</u>

Deferred income is comprised of social housing government grants which are amortised over the useful economic of the assets which they finance. Included above are amounts which fall due to be amortised after five years totalling £28,552,157 (2024 as restated: £26,093,927).

21 Retirement benefit schemes

	2025	2024
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	37,820	32,234
	<u>37,820</u>	<u>32,234</u>

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

22 Share capital

	2025	2024	2025	2024
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
At 1 April 2024	17	17	17	17
Issued during the year	3	2	3	2
Surrendered during the year	-	2	-	2
	<u>20</u>	<u>17</u>	<u>20</u>	<u>17</u>
At 31 March 2025	<u>20</u>	<u>17</u>	<u>20</u>	<u>17</u>

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

22 Share capital (Continued)

The shares do not have a right to any dividend or distribution in a winding up, and are not redeemable. Each share has full voting rights.

23 Restricted reserve

	2025 £	2024 £
Legacies:		
At the beginning and end of the year	16,570	16,570

Legacies are monies bequeathed to Lace Housing Limited by past service users or relatives and are to be used to further the aims and objectives of the Association.

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2025 £	2024 £
Within one year	5,025	5,904
Between two and five years	-	5,025
	<u>5,025</u>	<u>10,929</u>

Payments under operating leases during the year totalled £5,904 (2024: £5,904).

25 Capital commitments

Capital expenditure that has not been provided in the financial statements, that has been:

	2025 £	2024 £
Contracted for	-	8,643,416
Authorised by the board but not yet contracted for	5,415,230	5,429,689
	<u>5,415,230</u>	<u>14,073,105</u>

The commitments are expected to be funded by a housing grants of £1,641,750 (2024 - £3,827,202), other grants of £1,155,000 (2024 - £3,776,000), loan finance of £2,500,000 (2024: £45,375,000) and cash reserves of £118,480 (2024 - £1,094,903).

26 Related party transactions

There were no disclosable related party transactions during the current or comparative period, other than those included within the directors' remuneration note 7.

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

27 Cash generated from/(absorbed by) operations

	2025	2024
	£	as restated £
Profit for the year after tax	333,366	417,056
Adjustments for:		
Finance costs	402,291	400,232
Interest received	(9,571)	(9,385)
Loss/(gain) on disposal of tangible fixed assets	4,046	(253,975)
Depreciation and impairment of tangible fixed assets	631,134	552,617
Amortisation of government grants	(176,114)	(148,690)
Transfer from shared ownership properties for resale to tangible fixed assets	(416,415)	-
Movements in working capital:		
Increase in stocks	(1,600)	-
Decrease/(increase) in shared ownership properties for resale	416,415	(1,496,252)
Decrease/(increase) in debtors	31,231	(10,004)
Increase in creditors	1,808,443	211,492
(Decrease)/increase in sinking fund	(2,146,486)	42,121
Cash generated from/(absorbed by) operations	876,740	(294,788)

28 Analysis of changes in net debt

	1 April 2024	Cash flows 31 March 2025	
	£	£	£
Cash at bank and in hand	1,128,360	560,109	1,688,469
Borrowings excluding overdrafts	(6,389,914)	(4,215,733)	(10,605,647)
	(5,261,554)	(3,655,624)	(8,917,178)

29 Prior period adjustment

Investment property

Lace House, previously included within office buildings within tangible fixed assets, is no longer primarily occupied by the Association and so a decision has been made to re-classify the property as an investment property in accordance FRS102 Investment property standard.

Social Housing Grant income

The financial statements include a restatement to accrued income and deferred income in the comparative period in respect of Social Housing Grant income. Completion relevant to the property on which grant was received were dated before 31 March 2024, meaning the performance obligations were completed in order to accrue the income. The grant was also deferred in accordance with the accounting policy on government grants. The amounts adjusted in the year ended 31 March 2024 to both accrued and deferred income is £2,185,452. This adjustment has no impact on net income or reserves.

LACE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

29 Prior period adjustment

(Continued)

Reconciliation of changes in equity

		1 April 2023 £	31 March 2024 £
Adjustments to prior year			
Recognition of investment property	15	286,569	-
Reclassification of PPE to investment property	12	(286,569)	83,431
Revaluation of investment property	11	-	-
Depreciation removal	5	-	6,040
Recognition of deferred income	19	-	(2,185,452)
Increase to accrued income	17	-	2,185,452
		-----	-----
Total adjustments		-	89,471
Equity as previously reported		-	9,774,481
		-----	-----
Equity as adjusted		-	9,863,952
		=====	=====

Analysis of the effect upon equity

Revaluation reserve		-	83,431
Profit and loss reserves		-	6,040
		-----	-----
		-	89,471
		=====	=====

Reconciliation of changes in surplus for the previous financial period

		2024 £
Adjustments to prior year		
Recognition of investment property	15	-
Reclassification of PPE to investment property	12	-
Revaluation of investment property	11	-
Depreciation removal	5	6,040
Recognition of deferred income	19	-
Increase to accrued income	17	-
Surplus as previously reported		411,016

Surplus as adjusted		417,056
		=====