

Financial statements

2025

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01

Highlights

2024/2025

About L&Q

History of L&Q

Chair's statement

Highlights

2024/2025



Financials (as at 31 March 2025)

Turnover	EBITDA MRI ¹	Total assets less current liabilities
£1,111m	£371m	£13.6bn
(2024: £1,122m)	(2024: £343m)	(2024: £13.7bn)
Surplus	EBITDA MRI Margin	Net Debt
£33m	32%	£5.4bn
(2024: £117m)	(2024: 28%)	(2024: £5.4bn)
Operating Surplus	EBITDA MRI Interest Cover	Social Value ²
£377m	156%	£59m
(2024: £333m)	(2024: 142%)	(2024: £51m)



Our people (as at 31 March 2025)

Staff engagement	Investors in People
70%	Silver
(2024: 67%) per Great Places to Work survey	



Homes (as at 31 March 2025)

Homes in management	New homes developed	New homes in pipeline
109,659	2,316	8,877
(2024: 109,485)	(2024: 2,955)	(2024: 11,137)



Ratings

Credit ratings (as at 31 March 2025)			Regulatory ratings (current)	
Moody's	A3 / Stable	(2024: A3/Stable)	Governance grade	G2
S&P	BBB+ / Stable	(2024: A-/Negative)	Viability grade	V2
Fitch	A / Negative	(2024: A+/Negative)	Customer	C2
			(2024: G1, V2, C not applicable)	



Operational (as at 31 March 2025)

Customer satisfaction ³	CQC rating
78%	100%
(2024: 76%)	(2024: 100%)
	of our care schemes as outstanding or good

¹ EBITDA MRI – Earnings before interest, tax, depreciation and amortisation, major repairs expenditure included

² Social Value – the economic, social and environmental benefits for local communities from procuring services and community investment activities.

³ Customer satisfaction – Service Delivery in repairs and maintenance, a transactional survey as measured within our Balanced Scorecard under our Future Shape strategy. See the Value for Money Statement later in this report for more information.

Social purpose is central to everything we do. As a not-for-profit organisation we reinvest all the money we make to help house and support those in greatest need.

We house around 250,000 people, primarily across Greater London and Greater Manchester. Residents are at the heart of L&Q, and our governance structures ensure they have a powerful voice throughout the business.

Our main aim is to ensure that every resident has a safe and decent home, and access to services they can rely on.

That's why we're investing to provide a great service to every resident, every time. From working with residents to re-design essential services like repairs, to ensuring we're locally responsive and working hard to keep the communities we serve safe and vibrant.

This is underpinned by a Transformation and Change Programme which is seeing us look at the technologies we use, our ways of working and capability and culture, and how these can evolve to enable us to deliver the best possible service.

We're proud to be delivering the housing sector's largest investment programme – almost £3bn over 15 years – to improve the safety, comfort and environmental performance of residents' homes.

A vital part of what we do is supporting our residents to realise their potential. Our charitable Foundation supports the communities that our residents create, awarding grants to support good causes which promote aspiration and opportunity, and providing free financial advice and support with employment and training opportunities.

L&Q Living provides care and support services to people with a wide range of needs. This includes older people, people with learning difficulties and mental health needs, and people affected by homelessness.

Building new homes is a core part of our social mission and we remain fully committed to tackling the housing crisis. Our immediate focus is on building safe, high quality homes across our committed pipeline. At least half of the new homes we build will be affordable, with the remainder for private sale or rent.

All our work is underpinned by our financial strength and stability. We are committed to retaining the confidence of key stakeholders, including lenders and investors by maintaining financial discipline and ensuring strong governance and diverse leadership.

In October 1963, a group of young professionals came together to create a housing association and L&Q was born.

Back then, the organisation was named Quadrant Housing Association to reflect the naval history of the borough of Greenwich, where it was based.

The initial investment saw 32 people each buy shares worth £2. Combining a dream to end homelessness with the entrepreneurial flair of these city professionals has led us to where we are today. That £64 has become a social business with c.£14bn of assets.



Over the last year we have seen the Labour government setting out its domestic priorities, with housing and growth at the forefront, while navigating significant macro-economic and geopolitical instability.

L&Q and the wider sector have long argued that investment in social housing can be a key driver of growth, but we are grappling with high interest rates and cost inflation, increased consumer and building safety regulation, and the pressures of achieving environmental sustainability and net zero.

Since the 2024 General Election, we have been making the case to Government for certainty and support to deliver our corporate objectives and regulatory obligations while helping them to meet their ambitious 1.5 million new homes target. We called for a minimum 10-year rent settlement, rent convergence, full access to the Building Safety Fund and Cladding Remediation Scheme, grants for warm and decent homes, and a substantial successor to the Affordable Homes Programme.

The Comprehensive Spending Review in June was a pivotal moment which delivered our asks, including a £39bn successor to the Affordable Homes Programme, and shows that the Government is serious about fixing the housing crisis. The long-term certainty and support provided by the Government means that we can look to the future with renewed optimism, while we focus on delivering the final year of our Future Shape (2021-2026) strategy. This strategy has been the road map for how we simplify our business and transform services, systems and processes to become an operationally-excellent organisation, while committing to a major investment programme in existing homes and maintaining our financial strength.

With residents at the heart of everything we do and a focus on Value for Money, the last year has seen us make excellent progress towards our strategic objectives, including our major balance sheet review, whilst delivering robust financial results that show a strong year-on-year performance. EBITDA-MRI was £371m (2024: £343m), with a margin of 32% (2024: 28%), and EBITDA-MRI interest cover was 156% (2024: 142%). Turnover matched last year's performance at £1.1bn and we retained a well-capitalised balanced sheet with total assets of £14bn (2024: £14bn), net debt stable at £5.4bn and available liquidity of £1bn.

Investment in existing homes and services

We invested a record £371m (2024: £328m) in our maintenance programme, and we are now moving into the third year of our £3bn, 15-year Major Works Investment Programme that will ensure every resident's home is a safe, sustainable and decent place to live, and drive down our expenditure on repairs. During the year we replaced 10,481 housing components (£144m), and over the past two years resident satisfaction with service delivery increased to 78%.

Our day-to-day repairs service continues to improve and we now have a total of 7% open repairs, in line with best practice, with 70% of repairs delivered in-house, which means a lower cost than using external contractors and affords us full control. Over the next 12 months we will move to 80% of repairs delivered in-house.

The launch of RepairFinder, our new repairs diagnostic tool, is helping us diagnose issues correctly to deliver a more reliable, repeatable and consistent repairs service for residents. Additionally, our Repair Review Panel has helped contribute to us achieving more than £8.5m in savings.

There has understandably been a lot of media coverage about damp and mould and Awaab's Law, which will be phased in from October 2025. We are well placed to respond to this, and have already fitted 19,000 humidity sensors while strengthening our technical teams and specialist contractors. Other hazards, such as excess cold and excess heat, will be phased in over 2026 and 2027 and we are preparing for these now.

Building safety continues to be a top priority, and we were delighted to see housing associations granted equal access to the Government's building safety fund and cladding safety scheme in the spending review. We are making excellent progress on our programme and expect to have either completed or started remediation on all our 18 meters or higher buildings by the end of March 2026.

Decarbonisation of homes is very important to us and our energy efficiency SAP score of 73.21 exceeds the 2024 (72.0) and 2026 (72.8) targets. 74% of homes are now at EPC C, and 97% are at EPC D, in line with most of our G15 peers.

We retain an ambition to achieve EPC C by 2030 and Net Zero by 2050, but prioritised with risk appetite. We are taking a "fabric first" approach followed by solar and heat pumps, and strategic partnerships with energy providers. We will continue to explore grant and other funding solutions to support delivery.

Underpinning our service and home improvements is an organisation-wide programme to transform our technologies and ways of working. As part of this we have now launched new housing and finance management systems that will enhance our operational efficiency and bring further improvements to the services we offer residents. The new Finance Management System will streamline financial processes and reporting, while our new Income Management System will improve arrears management, resident support and communication, all backed by cleaner and more accurate data.

Building new homes and boosting capacity

We were able to help tackle the housing crisis by completing 2,316 (2024: 2,955) new homes, of which 81% were for social housing tenures, making us the sector's biggest builder of new homes for the sixth year in a row. Additionally, all the new homes we built in the last year met EPC B sustainability ratings or better.

In line with our strategic objectives to derisk the business and prioritise investment in existing homes and services, investment in our committed development pipeline is now £1.4bn (2024: £1.9bn). However, we will still seek opportunities to deliver affordable homes where it doesn't compromise our key strategic objectives. Our Joint Ventures with the GLA at Barking Riverside and with Trafford Council are examples of where we are continuing to develop. In Q1 we secured planning permission to develop 147 much-needed new homes in Trafford through the Joint Venture with Trafford Council.

Work to restructure our balance sheet is progressing well. As previously reported, the sale of L&Q Estates to Urban & Civic completed in August 2024, and we created a separate operating platform for Metra Living and marketed it for sale in November 2024. Our plans for the sale of Metra Living are progressing well. We are also exploring options for the sale of our shared ownership portfolio and are looking for sector wide solutions to unlock embedded value.

We continue to take a strategic approach to rationalising stock, considering homes for transfer or sale where they sit outside our core areas of Greater London and Greater Manchester, or are uneconomic for us to maintain. This includes our announcement in March 2025 of plans to transfer 3,500 homes in South Buckinghamshire, which supports our decision to focus activity on areas where we have the greatest concentration of homes, enabling us to provide more efficient services and better value for money for residents. As of 31 March 2025, disposals of fixed assets generated a surplus of £149m (2024: £117m).

In July this year, we announced that we are combining our Property Services and Development and Sales directorates into one new directorate called Property and Investment. The new directorate, which will enable L&Q to more effectively manage the quality of new and existing homes across the full lifetime of each property, will be led by David Lewis as Executive Group Director - Property and Investment.

As part of this process, Vicky Savage, Executive Group Director - Development and Sales, made the difficult decision to withdraw from the process to pursue new opportunities. I would like to personally thank Vicky for her outstanding contribution to L&Q during her seven years with us. Despite an extremely challenging external environment, Vicky ensured that we kept building to tackle the housing crisis, while leading the largest Shared Ownership and London Living Rent programme in the sector.

Providing extra help

During the past year, our Employment Support Team has worked with a range of employers, supply chain partners and internal teams to create opportunities informed by resident feedback. This year, we supported 108 residents in securing employment, with 90% remaining in work after three months. The team has been delivering a resident-only service, providing tailored support to a diverse group of individuals, some of whom required significant support. A further 323 residents were supported to get closer to the labour market through a range of pre-screening events, recruitment campaigns, boot camps and training initiatives with partners to make our opportunities more accessible for residents and to help them transition into employment.

Additionally, 426 of our most vulnerable residents were supported to stabilise their tenancies, and £22m was gained for over 5,000 residents by helping them to reduce their debts and outgoings or increase their income. For those in greatest need, we issued 3,100 emergency support vouchers for residents in financial crisis.

Since 2023, we have concentrated our community investment in Trafford and ten London boroughs where our presence is strongest, working in partnership with residents to plan and deliver activities that matter. In 2024/25 we delivered capacity building support to 93 community organisations across London and Trafford. Many of these groups also received funding through our community grants programme and have gone on to deliver impactful projects in their local area.

01 Chair's statement

Governance and regulation

Reflecting on my first year as L&Q Chair, I am very proud to be working with an organisation that puts residents at the heart of the decision-making process and has a crystal-clear sense of social purpose underpinning everything it does.

L&Q has strong governance, diverse and effective leadership, robust risk management, sound financial management and an engaged and motivated workforce. We operate within a highly effective legal and regulatory framework. The Regulator of Social Housing (RSH) recently published its latest judgement of L&Q, confirming that we remain fully compliant across its governance and financial viability requirements and meet the new consumer standard. Following a planned inspection by the RSH, we have been awarded a first consumer grade of C2, an unchanged financial viability grade of V2, and a governance rating of G2.

We're pleased that the Regulator has recognised our work to deliver effective and compliant services, our responsible financial management, and most importantly that we involve and listen to our residents when making decisions. The governance rating of G2 is disappointing, however we already have plans in place to address the areas for improvement, and we look forward to continued dialogue with the Regulator as we enact these plans and enhance our performance.

We also have a 100% CQC rating.

As part of our compliance with the RSH's new consumer standards, we have this year published our second report on Tenant Satisfaction Measures (TSMs). The TSMs are an excellent way for residents to tell us directly what we are doing well, and where we need to improve – building on the extensive feedback we already receive through our various resident involvement channels.

Overall, residents in social and affordable rented homes told us that they are still as satisfied with our services as they were last year, but we still need to improve. Residents who own a share of their home told us that we have much more work to do compared to last year.

In particular, residents of affordable rented homes told us they are satisfied with us when our responses are timely and when we fix issues promptly. They also value a well-maintained home and cleanliness of communal areas. Residents who rent their homes and are dissatisfied are most likely to say we take several visits before we fix an issue and that our communication is poor.

Shared owners told us they value great customer service where they feel we'll be there whenever they need help. Those who are satisfied are most likely to say it's easy to get in touch with us and when they do, we're polite and helpful. Shared owners who are dissatisfied say that we need to be more responsive to queries and communal area repair requests. They want us to be easy to deal with, to listen to them, to act quickly and to keep them updated on progress.

Alongside the service improvements outlined above, we are improving how we share information so colleagues have the right tools and knowledge to provide residents with a reliable service every time. We are continuing to deliver our tone of voice training programme for colleagues on communicating with empathy and respect, and we are developing a new system to make sure urgent complaints involving residents with additional needs are dealt with quicker. A new team has been created to oversee managing agents and work with them to drive improvement and ensure services are resident-focussed and offer value for money.

L&Q publishes a separate Value for Money (VfM) statement that is compliant with the Regulator's Value for Money Standard. One area where we are successfully delivering is through our centralised procurement function, ensuring that efficiency and value for money is delivered and monitored throughout the life of the contracts we procure. In 2024/25, we have delivered £8m savings and procurement efficiencies, £3m above the target set for this year and contributing to a projected 10-year total of £68m by 2030. This is alongside intentionally increasing the spend on maintaining and serving homes, measured by headline cost per unit with maintenance making up 65% of the total amount spent.

The future

We will continue on our change and transformation journey over the coming year and into the next corporate strategy period. We will provide social homes to meet housing need by delivering good landlord services and being an efficient organisation that maximises its impact.

The year ahead will provide challenges and opportunities, but the Comprehensive Spending Review was a significant boost for us and these financial results show that L&Q is well-placed to remain at the forefront of the sector and continue delivering safe, high-quality homes, services and support for all residents.

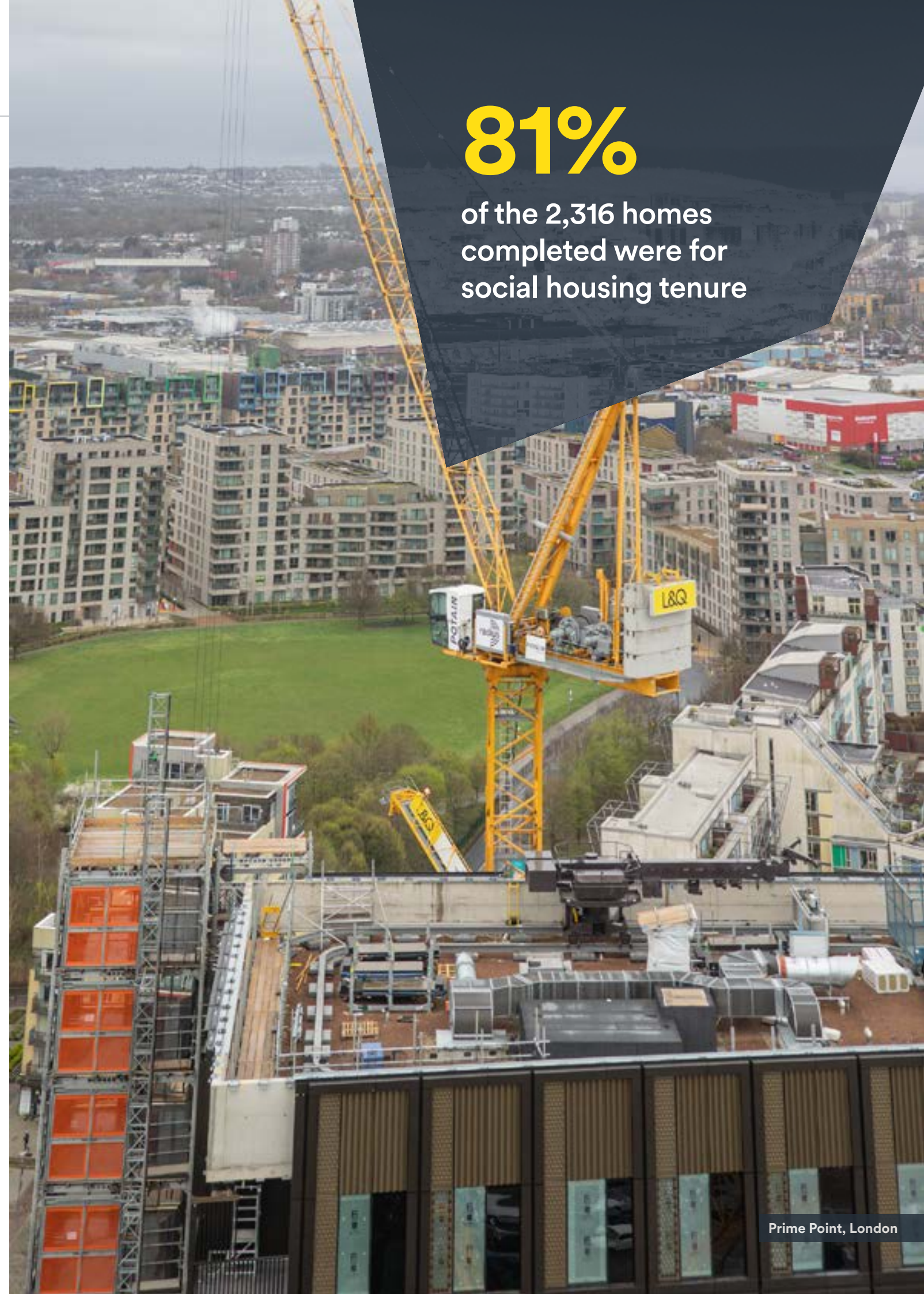


Liam Coleman
Group chair

19 September 2025

81%

of the 2,316 homes
completed were for
social housing tenure



Prime Point, London

Our purpose

To provide homes and neighbourhoods everyone can be proud of

Our vision

Everyone deserves a quality home that provides them with the opportunity to live a better life

Our values



People

We care about the happiness and well being of our customers and employees



Passion

We approach everything with energy, determination and enthusiasm



Inclusion

We draw strength from our differences and work collaboratively



Responsibility

We own problems and deliver effective lasting solutions



Impact

We measure what we do by the difference we make





02

Strategic report

Overview of 2024/2025
Financial review (5-year summary)
Social housing lettings
Other social housing activities
Development and sales
Non-social housing lettings
Other non-social housing activities
Residents
Homes
People
Value for money
Energy and Carbon Emissions
Sustainability at L&Q

Corporate Strategy

2024/25 marks the end of the fourth year of delivery of our five-year ‘Future Shape’ Corporate Strategy.

A lot has changed since we published our current corporate strategy in 2021, and during this period we have had to adapt around a number of external challenges, most notably the macroeconomic environment as well as changes to our regulatory landscape. Throughout this, our core priorities (to keep residents and colleagues safe; to increase investment in our homes; and to deliver operational excellence and value for money through reliable, repeatable and consistent services) remain just as important now as in 2021. We have remained adaptive and agile, and we have anticipated and made risk-informed decisions to ensure we remain focused on our core priorities, helping us balance our focus and capacity to achieve our organisational aims.

Our core priorities, alongside the broader strategic objectives within Future Shape, set out what we planned to achieve over the period of 2021-26. We have remained focused and steadfast on delivering, and our analysis shows we have delivered almost 70% of the strategic objectives we set ourselves, with the remainder due to complete in the final year of our five year strategy

In particular, the impact of the macroeconomic challenges, combined with our relentless focus on our core priorities, resulted in us making the tough choice to reduce investment in our future homes development pipeline during this strategy period, meaning an impact to the original targets we started this strategy period with in 2021. However, we remain determined to contribute to growth in social rented home provision during the course of this and our next corporate strategy period (2026-2031).

Our next corporate strategy will continue with the same core priorities; we will centre on the provision of social housing and operationally excellent services that offer value for money. You can find our more about our future targets under the Value for Money section later in this report.

More detail on our achievements in the year against the strategic pillars is set out in the following sections of this report.

Our ‘Future Shape’ Strategy has five strategic pillars:

- **Service** – we will provide reliable and repeatable services, and tailored, intensive support to those customers who need us the most. We will work in partnership to enable the creation of sustainable communities.
- **Homes** – We will develop quality, sustainable homes, and places where people want to live that enable firm foundations for successful lives, benefitting our customers, our communities, and the environment for the long term.
- **People** – We will create a culture through our people that is driven by our values and behaviours. We will focus on our leadership capability to deliver high performance, and consistent ways of working, known as ‘the L&Q way’. We will embrace diversity, and create the environment, working practices and opportunities for our people to thrive and reach their potential.
- **Governance and Assurance** – We will continue to take our regulatory, statutory, and legislative responsibilities extremely seriously and embed compliance and assurance at the heart of our business through good governance arrangements. We will measure, monitor, and report our performance, anticipating issues before they occur and take swift action to minimise their impact on our residents, their homes, and our colleagues.
- **Finance** – We will maximise our social impact through our financial strength. We will optimise financial assets and resources to build and maintain our financial resilience and maximise value creation for the long-term benefit of our customers.

Group financial performance

Key financial metrics

Summary of financial performance for the year	2025	2024
Turnover	£1,111m	£1,122m
EBITDA MRI ⁴	£371m	£343m
EBITDA MRI margin overall	32%	28%
Operating Surplus	£377m	£333m
Operating margin overall (excluding fixed asset disposals and joint ventures)	25%	21%
EBITDA MRI Interest cover %	156%	142%

Turnover

Year on year Group turnover decreased by £11m to £1,111m (2024: £1,122m). Of this, 70% was generated from our core social housing lettings activities (2024: 63%) with additions of new social housing properties and rental inflation leading to an increased turnover of £74m for this portfolio in the year. A further 18% (2024: 27%) of turnover was from market sales activity which contributed £196m to total turnover (2024: £298m). The decrease was a result of a strategic decision to slow down development activities and reduce exposure to more volatile market sales activities. Market rents contributed 6% of turnover (2024: 5%) with the remaining 6% (2024: 5%) from other activities. During the year, the disposal of L&Q Estates – our strategic I and business, was completed, and is classified as a discontinued operation (see note 33). Last year turnover from L&Q Estates land sales contributed £80m of total Group turnover, compared to £9m of sales completed this year before disposal. Continuing operations turnover of £1,102m therefore increased by £60m (2024: £1,042m), the majority of which is through social housing lettings.

Overall operating surplus for the year increased significantly to £377m (2024: £333m). Social housing activities delivered all of this totalling £394m (2024: £304m) driven through increased revenues from rent and fixed asset disposals. All non-social housing activities delivered a loss of £17m (2024: £29m surplus) mainly due to downward valuation of investment property totalling £40m (2024: £30m) offset by sales surpluses. Impairment costs relating to development schemes totalled £24m net (2024: £18m), which is £6m higher than in the prior year. Overall operating margin excluding fixed asset disposals and joint venture profits improved to 25% (2024: 21%).

Interest payable for the year increased by £13m to £230m (2024: £217m) reflecting the continuing higher interest rate environment, whilst continuing to ensure careful debt management.

In addition to the above financial measurements, we track our EBITDA MRI performance closely as a proxy for cash generation and an indication of profitability. EBITDA MRI increased by £28m in the year to £371m, (2024: £343m) driven by increased revenues from social housing activities and tighter control of operating costs overall. Our EBITDA MRI interest cover was 156% (2024: 142%) an improvement on last year, which continues to provide comfortable headroom against lenders covenants, supporting our financial resilience.

We closed the year with a surplus after tax of £148m from continuing operations, (2024: £90m), with the primary drivers being the increase in turnover comparative to a modest increase in operating costs, alongside higher volumes of disposals of fixed assets. Group overall surplus reduced to £33m after the loss on disposal of business interest.

Importantly, all surpluses continue to be reinvested into the business, with our priority focus on investment in existing homes through capital expenditure, and building more homes across the regions we operate in to contribute to solving the housing crisis.

⁴ EBITDA MRI – Earnings before interest, tax, depreciation and amortisation, major repairs expenditure included

02 Overview of 2024/2025

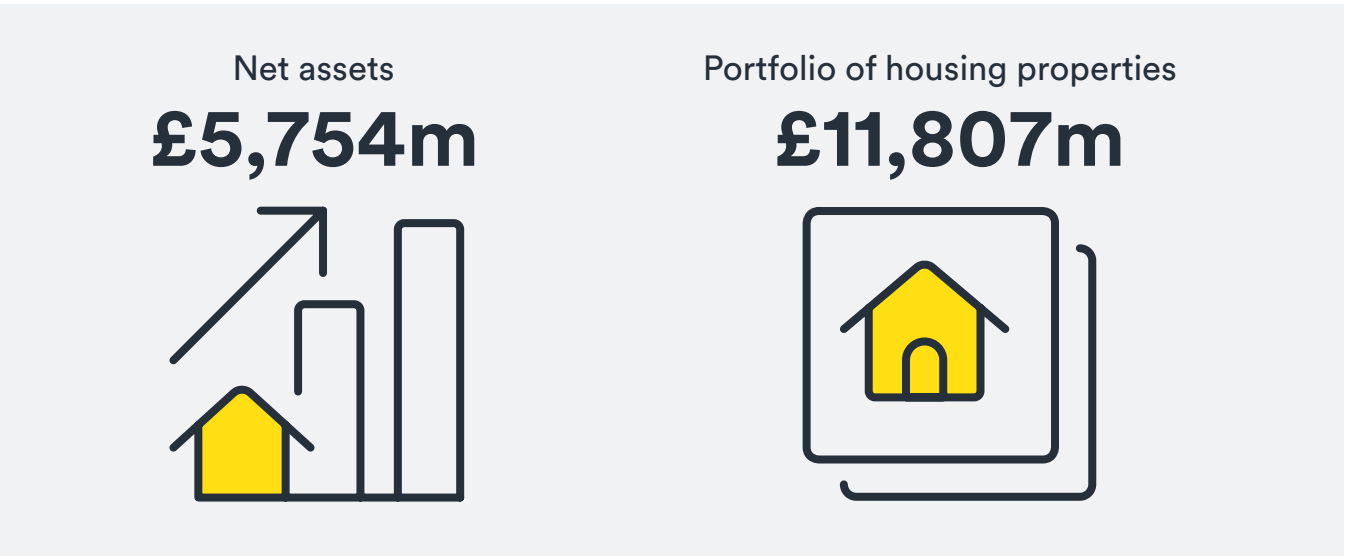
Financial Position

The group continues to maintain a strong financial position with net assets increasing by £33m to £5,754m in the year (2024: £5,721m). Our portfolio of housing properties grew by £190m to £11,807m (2024: £11,617m) with additions from a mix of capital maintenance works and continued growth from our own development programme, albeit at a slower pace than previous years. The growth in the year is offset by our strategic decision to undertake a review of housing stock, leading to disposals of £244m (2024: £157m) of housing properties, in addition to net impairment charge of £25m (2024: £21m) See Note 12 of these Financial Statements for more detail.

Investment in our Private Rented portfolio decreased by £7m to £1,178m (2024: £1,185m), due to downward revaluation of £40m outstripping additions in the year. See Note 14 of these Financial Statements for more detail. Additions to this portfolio have intentionally slowed as we continue to progress the separation and marketing for sale of this business in line with the strategic objectives we have set.

Land, properties for sale and work in progress decreased by £319m to £271m (2024: £590m) primarily due to the disposal of £251m in L&Q Estates, and further sales and transfers to fixed assets of completed properties totalling £166m, outstripping additions including capitalised interest of £97m. There was also net impairment release of £1m (2024: £3m charge). See Note 15 of these Financial Statements for more detail.

Net debt⁵ increased by £29m to £5,384m (2024: £5,413m). Our long-term loans are disclosed in more detail in the “Capital Structure and Treasury” section of the strategic report.



⁵ Net debt as reported here excludes loan fair value adjustments and net issue premium



New Union Wharf, London

02 Financial review (5-year summary)

Consolidated income and expenditure (£m)	2025	2024	2023	2022	2021
Turnover	1,111	1,122	1,176	1,112	1,052
Operating costs and cost of sales	(833)	(891)	(1,100)	(1,008)	(844)
Surplus on disposal of assets	149	117	152	95	59
Share of (losses)/profits from joint ventures	(10)	15	19	37	37
Change in valuation of investment properties	(40)	(30)	(85)	35	3
Operating surplus	377	333	162	271	307
Net interest charge and other finance costs	(229)	(220)	(147)	(99)	(102)
Taxation	5	4	25	(18)	3
Surplus for the year before exceptional items⁶	153	117	40	154	208
Exceptional items					
- Disposal of business interest	(120)	-	-	-	-
Surplus for the year after tax	33	117	40	154	208

Consolidated Statement of financial position (£m)	2025	2024	2023	2022	2021
Housing properties at cost less depreciation	11,807	11,617	11,354	11,026	10,906
Other fixed assets and investments	1,666	1,709	1,657	1,814	1,670
Net current assets	118	341	174	746	484
Loans due after one year	(5,415)	(5,516)	(5,125)	(5,521)	(5,152)
Unamortised grant	(2,066)	(2,094)	(2,142)	(2,164)	(2,210)
Other long-term liabilities and provisions	(356)	(336)	(303)	(314)	(285)
Net assets	5,754	5,721	5,615	5,587	5,413
Revenue reserves	4,001	3,957	3,844	3,790	3,539
Revaluation reserve	1,753	1,764	1,771	1,797	1,874
Total reserves	5,754	5,721	5,615	5,587	5,413

Consolidated statement of cash flows (£m)	2025	2024	2023	2022	2021
Net cash generated from operating activities	331	330	451	403	421
Cash flow from investing activities	(58)	(250)	(242)	(339)	(377)
Cash flow from financing activities	(350)	(51)	(279)	20	(69)
Cash and cash equivalents at start of year	175	146	216	132	157
Cash and cash equivalents at end of year	98	175	146	216	132

⁶ References made to 'exceptional items' are to highlight the impact of disposals of business interests, which are not considered to be part of operating surplus

Capital Structure and Treasury

The purpose of the treasury plan is to support the delivery of Group strategic objectives and financial plan. It is approved semi-annually by the Executive Group and the Group Board and details how we mitigate and manage treasury related risk defined as liquidity risk, credit risk, interest rate risk, covenant risk and counterparty risk.

The role of treasury is to ensure that the Group has sufficient liquidity to fund its operations for a minimum of 18 months, mitigating the impact of adverse movements in interest rates, ensuring that loan covenants are met and ranking the preservation of capital ahead of returns when making investment decisions.

The Group is financed by a combination of retained reserves, loan facilities and government grant for social housing.

At 31 March 2025, the Group had total loan facilities of £6,462m (2024: £6,478m) of which £5,482m (2024: £5,588m) were drawn and £980m (2024: £890m) were undrawn. All undrawn facilities are fully secured and committed revolving credit facilities available within 48 hours. The Group's exposure to drawn re-finance risk within one year was £110m (2024: £116m), representing 2% of drawn debt facilities.

Cash equivalents held at the year-end totalled £98m (2024: £175m) leaving net debt (excluding any net issue premium, fair value adjustments and mark to market exposure on interest rate hedges) at £5,385m (2024: £5,413m).

As at 31 March 2025, L&Q had the following long term credit ratings:

Credit rating agency	Credit rating	Rating outlook
Standard & Poor's	BBB+	Stable
Moody's Investors Service	A3	Stable
Fitch	A	Negative

As at 31 March 2025 all variable rate facilities of the Group were referencing Sterling Overnight Index Average (SONIA).

Available liquidity (defined as available undrawn loan facilities and available cash that are not secured in held funds) was £1,059m (2024: £1,025m).

The weighted average cost of the Group's drawn debt is 4.0% (2024: 4.1%). The weighted average duration of drawn loan facilities was 8 Years (2024: 9 Years).

The Group manages its exposure to fluctuations in interest rates with a view to achieving a level of certainty in its net interest costs. The Group's interest rate strategy is focused on achieving the prescribed balance between fixed and floating rate debt at an acceptable level of risk and cost. At 31 March 2025, 63% of the Group's drawn debt was fixed (2024: 62%). As at 31 March 2025 a 1% increase in interest rates would result in an additional charge of £20m (2024: £21m).

Loan covenants are primarily based on interest cover, gearing ratios, and asset cover. Covenants are monitored regularly in accordance with the governance framework and were met throughout the year and are forecasted to be continually met for all loan facilities across the Group.

The Group operates a conservative counterparty policy and aims to minimise the risk of financial loss, reputational loss or liquidity exposure linked to any counterparty. Short term investments are well diversified and are kept at a minimum by temporarily repaying revolving credit facilities to manage working capital and the interest budget. As at 31 March 2025 all cash investments are held with Counterparties who meet the criteria of our Treasury Policy.

02 Social housing lettings

Summary of performance (Social housing lettings)	2025	2024
Turnover (£m)	779	705
Operating surplus (£m)	265	224
Operating margin	34%	32%
Surplus on disposal of fixed assets (£m)	149	117
Social homes managed	89,907	90,343

Social housing lettings activities form the core of our business, contributing £265m (2024: £224m) to the Group’s operating surplus with operating margins of 34% (2024: 32%). Empty home (void) rental losses across our social lettings activities reduced to 1.7% (2024: 1.8%).

The Group invested a total of £371m (2024: £326m) in our social housing resident’s homes of which £146m (2024: £112m) was on capital works, £55m (2024: £41m) on planned maintenance and £170m (2024: £173m) on reactive maintenance.

The Group continued its strategic approach to stock rationalisation ensuring that L&Q only manages stock where it has a significant presence and is best placed to deliver a high standard of landlord services, achieving a surplus on disposal of £149m (2024: £117m).

The following tenures are included within social housing lettings:

- General Needs (social rent) - regulated under the formula rent regime
- Affordable rent - which ranges from 40% to 80% of the market rate under an L&Q policy based on local earnings
- Intermediate market rent - let at up to 80% of the equivalent market rent
- Shared ownership with rent set at a maximum of 2.75% of the unsold equity
- A range of other Government introduced initiatives such as London Affordable Rent (LAR) introduced as part of the London Homes Programme 2016-21 and London Living Rent (LLR).

The Group is also committed to providing a range of supported housing accommodation and high-quality support services for older people, adults with learning disabilities, mental health issues and vulnerable young people.

Supported housing is traditionally a low margin activity, but one of vital importance for the provision of housing and services to those residents. In the year supported housing activities made a surplus of £11m (2024: £9m). Supported housing primarily includes sheltered accommodation and a mix of agency and directly managed supported accommodation.



£371m
was invested in
social housing
resident’s homes



Major Works Investment Programme

Investing in safe, comfortable and energy efficient homes

As part of our Major Works Investment Programme, we're investing around £3bn over 15 years to improve the safety, comfort and environmental performance of residents' homes.

We're now in the third year of the programme and are pleased to see the positive impact it is having on residents' homes and lives.

In total, we'll install around 48,000 new kitchens and 42,000 new bathrooms through the programme, ensuring residents have modern facilities that meet their needs. By the end of the year, we had completed over 16,000 improvements to bathrooms, kitchens, windows, roofs and other building elements.

“Absolutely amazing, the trades person carried out the installation of my new windows and doors to a very high standard. I am so appreciate of the final result!”

“We have a lovely warm house – thank you very much!”

“The team was polite, arrived on time, kept the area clean, and did a fantastic job!”

Elizabeth and Trevor's story

Initially hesitant about energy efficiency upgrades, Elizabeth and Trevor Prior embraced the changes - and haven't looked back since.

“We had some concerns. What would this involve? How much disruption would it cause? Would it even work?”, said Elizabeth.

We arranged for our contractor to visit their home, assess the space, and recommend suitable upgrades. During the visit, Durkan took the time to walk them through the process, explain how everything worked, and answer their questions.

Feeling informed and reassured, Elizabeth, 79, and Trevor, 81, decided to go ahead. Six months later, the couple's home was fitted with a new boiler, windows, doors and insulation – all at no cost to them.

Elizabeth said: “Home improvements can be stressful and some disruption is to be expected, but I cannot fault the team. Every Friday, they'd tidy up and put things back to normal. They cleaned up after themselves, and the mess never spread through the house.”

The job flowed smoothly from one task to the next, and before they knew it, the work was done.

Seven months on, the results speak for themselves.

The couple have now lived through three seasons in their newly upgraded home. In winter, their end-of-terrace house was warmer and easier to heat. During a heatwave, they stayed cool and comfortable, and could regulate the temperature



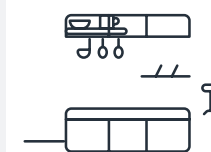
inside. Overall, they haven't had a single trace of damp, mould or condensation.

“They plugged every last gap and I've noticed the difference in temperature big time. With the new doors, there are no drafts at all, and the house is much warmer in the winter”, said Elizabeth.

Trevor agreed: “During the colder months, we only needed the heating on once in the morning. It would come on again in the afternoon, but nine times out of ten, we'd turn it off,” said Trevor.

So, would they recommend the programme to other residents? Their answer is simple: “Go for it!”

We completed:



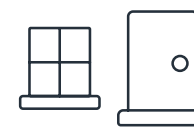
792
kitchens



246
roofs



447
bathrooms



5,691
window and
door replacements

02 Other social housing activities

L&Q Living

We house the most vulnerable people living across a range of properties, tenures and communities through our subsidiary L&Q Living, or “LQL”, with support tailored to their needs.

L&Q Living provides a service to around 10,000 people across London, the South East and North West of England. This includes a mixture of alert and response services, supported living, care homes and later life living schemes delivered through direct housing management and agency managed Services. We deliver these services to people with a range of needs including homelessness, substance misuse, mental health issues, learning disabilities, families who care for children at risk, women fleeing domestic violence, younger and older people.

LQL has achieved 100% 'good' ratings for local authority PAMMS (Provider Assessment and Market Management Solution) quality inspections.

In November 2024 we won the UK Housing Award for Best Supported Living Landlord. We were also highly commended for Best Partnership for the work that we do with Enterprise East, a charity that provides work opportunities and formal training to people with learning disabilities at an LQL later life living scheme in Essex.

In January 2025, a survey that we carried out found that 93% of the local authorities that we work with said that L&Q Living play a very important or critical role in helping them meet the strategic housing needs of their vulnerable population.

We continue to offer a range of free activities to vulnerable people with the aim of reducing loneliness and isolation through a programme called 'LQL inclusion'. Around 6,000 customers took part in a range of activities. Our annual inclusion survey found that since we introduced this initiative 56% of customers said that they visit a doctor less often. 84% of our customers told us that the initiative has reduced feelings of loneliness and isolation, and, 91% of our customers said that they want the initiative to continue.

During 2023 we carried out a care and support review which led to the strategic decision to withdraw from providing care directly to customers by 31 March 2025. This work was concluded during the year, and we have withdrawn from the care market.

The L&Q Foundation

L&Q's vision puts our social purpose at the core of what we do and much of this kind of activity is delivered through the L&Q Foundation. The Foundation is split into geographical areas, with teams operating in North and South regions including Trafford, delivering community programmes and support directly to residents across our priority boroughs. Our 'Thriving Places' teams manage our community centres, enable community development, and make sure social value created by our supply chain focusses on residents' priorities. Our 'Successful Tenancies' teams deliver social support to residents with tenancy sustainment, debt and money management, energy advice and employment support.

We want to make sure we continue to deliver the best service we can to residents. Last year we refocused our offer and identified two new strategic priorities, focussing on people and place:

- To support L&Q residents to increase their income and financial resilience to help sustain tenancies and maximise income; and,
- To increase community activity and investment in our core neighbourhoods so they remain places people are proud to live.

During the year, we invested a total of £7m (2024: £8m) to help drive outcomes that would make a difference to our residents and wider communities. Of this, a total of over £1m (2024: £1m) was directly funded to community organisations to support and further their great work.

Using the HACT Wellbeing Valuation Approach methodology the work of the Foundation created £22m of social value in the year (2024: £27m). This impact was generated through programmes directed at helping residents into work, supporting their financial confidence and easing the burden of debt, through delivery of wellbeing activities, youth programmes, and social clubs for residents to strengthen their connectedness with their community.

In addition to this, another £37m (2024 £24m) of social value was generated through our supply chain in the year, mainly from our Major Works Investment Project. These partners delivered initiatives such as local employment, local spend, apprenticeships and donating to biodiversity initiatives amongst others. L&Q's combined total social value generated in the year was therefore £59m (2024: £51m).



£7m

was invested to create
impact for our residents
and communities

Improving opportunities through community investment

Through the L&Q Foundation, we fund and deliver social initiatives that make a real difference to the communities we serve.

Since 2023, we’ve concentrated our community investment in Trafford (Manchester) and ten London boroughs - areas where our presence is strongest and we can have the biggest positive impact.

Our Community Development Leads (CDLs) work in partnership with residents to plan and deliver activities that matter. They also work closely with our Major Works partners, making sure the social value they generate directly benefits residents.

Everything starts with listening. Before reviewing grant applications or launching initiatives, CDLs speak with local residents and stakeholders to understand their needs, then turn insight into action.

By the numbers 2024/25:



40
organisations supported through our community grants programme



£380,000
given out in grants to community and local groups



85
organisations supported with capacity building activities



£59m
social value delivered by our supply chain partners

Money advice in Leyton

One example of our tailored approach is the ‘Quids in! Money guidance service’, run in partnership with Clean Slate at the Seddon Centre on the Beaumont Estate in Leyton. Research showed that more than half of surveyed residents were seeking help with debt and money management. In response, we partnered with a trusted local organisation to offer face-to-face financial guidance. This built on our existing debt advice services and responded directly to what local residents said they needed.



East Asian Dance Club in Walthamstow

In 2024/25, we awarded a grant to Mile Rainbow for their ‘East Asian Dance Club’, a hub for L&Q residents. Over 20 weeks, 225 people joined classes blending Korean, Japanese, and Chinese dance with gentle martial arts.

“The instructor, Hong – her energy, my physical activity – has led to my mental happiness.”

Dance club highlights:



33%
of attendees reported doing no or only a little physical activity before joining



82%
of attendees said they would recommend the programme to family and friends

Trafford community activities

Our community centre in Trafford, Limelight, has continued to fund initiatives such as a Christmas pantomime and ‘We are family’ project designed to remove barriers to connection and increase social inclusion within the community.

The centre continues to deliver a range of services to residents, as well as functioning as a hub for voluntary organisations and community leaders.

Alongside these activities, we’ve supported many community projects across our regions:

Trafford: Cooking and essentials programmes, baby bank and school uniform schemes

South region (Bexley, Greenwich, Lambeth, Lewisham, Southwark): befriending cafes, youth clubs, digital skills training, and sports and wellbeing activities.

North Region (Barking and Dagenham, Haringey, Newham, Tower Hamlets and Waltham Forest): Walking clubs, nature projects, boxing, and community hubs





**L&Q
Foundation**

Supporting residents with the cost of living

We offer a range of services to support residents with cost-of-living pressures, including employment support, financial advice, emergency support vouchers and warm hubs in community spaces.

Last year, our Employment Support Service helped 108 people get into paid work, with a further 323 supported to get closer to the labour market.

We also provided residents with financial capability support and debt advice through our Pound Advice service, managed for us through We are Digital. In 2024/25, over 5,235 residents used Pound Advice, gaining a total of £22m in additional income.

“I am just so relieved to have been able to easily access this help at such a low point in my life. Thank you again.”

“They were extremely helpful and positive. I was close to giving up as my mental health has not been in a good place, but they understood my struggles with depression and anxiety. I can’t thank them enough!”

Last year, we issued over 3,100 emergency support vouchers to residents. Offering the vouchers digitally enables residents to use them quickly without having to print anything off.

In February, we held a Winter Market on the Silwood Estate in Lewisham, where 300 residents from 70 households received food and essential items donated by our supply chain partners.

With help from Foundation volunteers, we distributed canned goods, hygiene products, cleaning supplies and more - practical support during a difficult season for many.

Three of our community centres - Limelight in Trafford, Lewington in Lewisham, and Seddon in Leyton - continue to provide a warm hub for everyone, especially those facing hardship.

Every week, on days convenient for local residents, these hubs offer a welcoming space for people to enjoy a hot drink, make friends, and play games. They also give residents the opportunity to speak directly with Foundation staff to learn more about the services available, from employment support to financial advice.



How we’ve helped



£22m
of additional income
for 5,235 residents
using Pound Advice



3,100
emergency support
vouchers issued for
residents in financial crisis



323
people helped
into work

02 Development and Sales

L&Q’s ambition remains to build new homes that people can afford, but we also recognise the need to balance growth against investing in our existing homes and services. We are committed to building trust, not just homes, so will only develop where we can deliver the right standards of quality and customer service. We have established in-house construction division that enables significant cost savings.

During the year, the Group completed and handed over 2,316 homes (2024: 2,955) comprising of 81% (2024: 68%) social housing tenures and 19% (2024: 32%) market tenures. We started another 519 homes (2024: 813), of which 41% (2024: 26%) were social housing tenures and 59% (2024: 74%) were market tenures. The Group sold 1,239 (2024: 1,736) homes, of which 293 (2024: 440) were delivered through joint ventures.

Summary of performance (development and sales)	2025	2024
Homes handed over	2,316	2,955
Homes enabled (strategic land plots sold)	73	995
Homes started	519	813
Homes under development	8,877	11,137
Strategic land plots under control	25,480	83,062

Strategic land plots under control at 31 March 2025 were 25,480 (2024: 83,062), significantly reduced from previous years following the completion of the sale of L&Q Estates our strategic land business in August 2024. The total approved development pipeline decreased to 8,877 (2024: 11,137), of which 67% are currently on site. 50% of the homes in the development pipeline are for social housing tenures, representing a significant investment in new social housing output.

Summary of financial performance (development and sales)	2025			2024		
	Turnover (£m)	Operating Surplus (£m)	Margin	Turnover (£m)	Operating Surplus (£m)	Margin
Shared ownership first tranche sales	111	14	13%	131	35	27%
Outright sales	52	15	29%	84	(16)	(19%)
Property sales	163	29	18%	215	19	9%
Land sales	33	(15)	(45%)	83	36	43%
Total (excluding Joint Ventures)	196	14	(7%)	298	55	18%
Joint ventures	73	(10)	(14%)	128	15	12%
Total (including Joint Ventures)	269	4	1%	426	70	16%
Net development overheads	-	(26)	-	-	(62)	-
Net development (loss)/surplus	269	(22)	(8%)	426	8	2%

The Group’s sales operating surplus, excluding joint ventures but including discontinued operations, decreased to £14m (2024: £55m). This reflects losses made on land sales, lower turnover in a challenging market, and lower margins on properties sold in comparison to the prior year.

Surplus on open market sales from the sale of properties totalled £15m (2024: £16m loss), while shared ownership sales achieved a surplus of £14m (2024: £35m), with shared owners purchasing an average of 32 % first tranche (2024: 32%).

Included within development overheads of £26m is £11m (2024: £nil) recovery income for construction defects, and £2m (2024: £11m) relating to latent defect costs. These costs were incurred in previous years to ensure that we meet our obligation to rectify any schemes that have been delivered, that have subsequently been found to have construction defects. We have been successful in bringing claims against some contractors who delivered these works, and will continue to pursue others.

Development overheads include £24m (2024: £21m) of net fixed asset impairment following an impairment review of schemes that are currently under construction. Further information with regards to fixed asset impairment can be found in Note 12 of these financial statements.

L&Q continues to support efforts to address the housing crisis and over the life of our Future Shape Corporate Strategy (2021-26), expects to meet the objective to deliver an average of 3,000 homes each year. However, to focus on the three main priorities of investing in the safety of our residents and colleagues, investing more in our existing homes, and delivering reliable, repeatable and consistent services, we have taken the decision to pause commitments to any new development sites for the present time and focus on delivering what is in our current pipeline. A minimum of 50% of housing developed will be affordable tenures, and undertaking a reduced programme will allow us to focus on improving both the quality and affordability of homes delivered in the future.





Development

Building ambition at Greenwich Peninsula

Two years after breaking ground, we've completed our tallest building to date at Prime Point on Greenwich Peninsula – a landmark moment for our in-house construction team.

The 30-storey tower will deliver 181 new homes, including 104 affordable homes, and marks a key phase in a much larger development. In total, the Prime Point scheme will provide 476 new homes, 70% of which will be affordable, through a mix of London Affordable Rent, London Living Rent and Shared Ownership.

All homes are designed to be built to the same specification, ensuring inclusivity for every resident. The first affordable homes are set to welcome residents in 2026, with full completion expected in 2027.

This development is part of the ambitious Greenwich Peninsula masterplan – a major regeneration project that aims to deliver more than 17,000 new homes across 150 acres of former brownfield land. The masterplan, led by Knight Dragon, is one of the most significant urban developments in London.

Whilst we have a decade-long presence in Greenwich Peninsula, this is our first scheme in this location to be delivered by our own in-house construction team. It's not only our most complex build to date - it's also the tallest building we've ever constructed.

The project reflects our commitment to building quality, sustainable homes while playing a leading role in shaping the communities of tomorrow.

As part of this vision, our scheme will also provide:



2,000 sqm
of play space and amenities such as landscaped communal gardens and a roof terrace in selected blocks



1,500 sqm
of major improvements to landscaping and the streetscape



02 Development and Sales

Joint ventures

L&Q works with a range of partners including the Greater London Authority (GLA) and major housebuilders to deliver joint venture projects of various scale. At 31 March 2025, L&Q had 31 (2024: 31) active developing joint ventures and associates. Most joint ventures are separate Limited Liability Partnerships (LLPs), set up to deliver a specific site or regeneration project. However, more recently the focus has been on larger scale initiatives where L&Q can maximise the social impact by delivering long term sustainable mixed tenure communities. The Group generated a loss from joint ventures of £10m (2024: £15m profit) due to lower volumes of completions, along with £9m increase in provision for defect works. The margin on joint venture sales fell to negative 11% (2024: 12%), reflecting lower margins on properties sold compared to the prior year, and high operating costs in addition to provisions for build defects. Forging strong relationships with both current and future partners, we will continue to work hard to be able to ensure investment in more homes, communities, apprenticeships, jobs and innovative methods of construction for years to come. Opportunities to explore new joint ventures and partnership working is something that L&Q see as a key part of future development programmes.



31

The number of active developing joint ventures and associates

Land sales

In August 2024 we completed the sale of L&Q Estates, which formed our strategic land operation. Further detail on this disposal of business interest can be found in Note 33 of these Financial Statements.

L&Q made a loss of £15m (2024: £36m surplus) on other land sales in the year, at a negative margin of 45% (2024: 43%), which includes a net impairment charge of £8m. Further detail can be found in Note 3a of these Financial Statements. This was a strategic decision to exit the development of future phases on particular schemes outside our core geography. The remainder comprised of sales relating to the rationalisation of land in the North West at a margin including impairment release of 12%, offset by sales profits from L&Q Estates entities prior to the disposal, at a margin of 64% (2024: 38%). Further detail can be found in Note 15 of these Financial Statements.

There were 25,480 (2024: 83,062) potential strategic land plots under our control as at 31 March 2025. Land interests are principally held in southern England.



Beam Park, Dagenham

The Group’s non-social housing lettings activities comprise private rented sector (PRS), student accommodation, commercial, leaseholder services and other non-habitable units (such as garages).

Summary of performance (Non-social housing lettings)	2025	2024
Turnover (£m)	102	91
Operating surplus (excluding change in valuation) (£m)	50	34
Operating margin (excluding change in revaluation)	47%	38%
Change in valuation of investment property (£m)	(40)	(30)
Non-social homes managed	33,005	31,589

L&Q PRS Co Limited (a Group subsidiary operating as "Metra Living") manages most of the Group’s private rented properties. It added a further 59 homes in the year to the portfolio (2024: 367 homes), and disposed of 1 unit in the year, taking the total to 3,147 homes (2024: 3,089). L&Q PRS Co Limited generated turnover of £69m (2024: £58m) generating an operating margin (excluding change in revaluation) of 68% (2024: 65%). Rental yields for the portfolio improved during the year with a gross rental yield of 5.7% (2024: 4.7%) and net rental yield of 3.9% (2024: 3.1%).

The investment property portfolio has been impacted from a further downward revaluation of £41m (2024: £30m) reflecting the impact of the current economic environment on long-term valuations. The PRS portfolio continues to achieve its strategic aims, and as a commercial portfolio is intended to maximise income to further support our focus on delivering social rented homes. In line with our strategic priorities, the PRS portfolio business has been re-branded as ‘Metra Living’ and is expected to be disposed of during FY2026. There was also an upward £1m revaluation of a new class of retail commercial property (2024: £nil), managed by London & Quadrant Housing Trust.

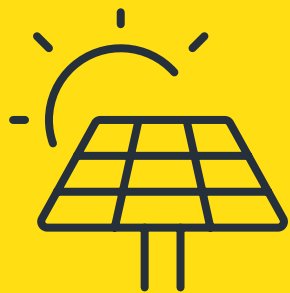
Leaseholder services broke even (2024: £2m). This is where we continue to incur additional costs relating to fire safety and quality on some schemes where we made a conscious decision to absorb costs rather than seek to recover.

Other smaller non-habitable lettings such as garages and parking spaces continue to perform in line with expectations contributing a further £1m turnover in the year (2024: £2m).

Other non-social housing activities include the continued expansion of L&Q Energy which helps reduce our environmental impact by maintaining solar panels and managing charging points for electric vehicles, as well as exploring and driving opportunities for decarbonisation and optimisation of heat networks. We also minimise the waste we generate from our offices, major works programmes and construction sites and monitor the outputs through annual environmental impact reporting.

We’ve improved the energy efficiency of homes through our Major Works Investment Programme, as well as issuing fuel vouchers to residents in need through the L&Q Foundation. Our Healthy Homes programme provides a holistic approach to tackling mould and damp, with visits also including energy saving advice and optimisation of heating settings, and the install of humidity and temperature sensors. These initiatives continue to be vital during the ongoing cost of living crisis, and should also help to reduce rent arrears and damp and mould problems, while improving residents' comfort and wellbeing.

L&Q Energy’s income generation in the year increased to £8m (2024: £7m). Our Energy team continues to be recognised for the size and scope of its energy efficiency work, impact on the local community and its expertise.



£8m

The amount L&Q Energy’s income generated, which was £1m on the previous year

As a charitable organisation, our role goes beyond providing homes and housing services

We are a long-term partner in the neighbourhoods where we work. This year, our work to support communities has continued, with another £7m invested through the L&Q Foundation. This investment continues to help residents lead independent lives, secure employment and transform the fabric of our neighbourhoods - you can find out more information on the work of the L&Q Foundation earlier in this report.

We have set an ambition to be an open, transparent, accountable landlord and to provide information to all residents on how we are performing and the steps we are taking to improve residents’ experience with us.

We believe the best way to improve our service is through residents and colleagues working together. We are passionate about involving residents to help us improve our services and support neighbourhoods, and offer a wide variety of formal and informal roles.

We introduced a more local “patch-based” approach to housing management last year which is enabling a more visible and locally responsive service. They will be looking to involve residents in their patch, including Resident Associations and Neighbourhood Champions, to collaboratively identify and communicate progress on local issues. As a result, there is hoped to be much more resident involvement at a very local level – such as patch meetings and/or borough level information sharing events supporting local partnership working. We know there is much more we can do to improve resident involvement, and we are only at the start of this journey.

We believe that the continued scale of investment in existing homes will see a material reduction in customers needing to contact us regarding repairs and maintenance issues. At present we accept that when our customers contact us the level of service provided is not always where we aspire it to be. We are investing to ensure a much improved service is provided every time, with the aim that 90% of issues will be resolved at the first point of contact. We want residents to find us easy to communicate with, and confident that we will listen and act. Our investment includes a new IT infrastructure that will enable us to transform the online services that we can offer to customers.

Resident Involvement and accountability

We believe the best way to improve our services is by working in partnership with residents. That’s why we offer a variety of flexible volunteering opportunities for any interested resident to get involved, shape services and drive improvement that benefits all residents.

Resident Services Board (RSB) is a resident chaired, majority resident part of the formal governance structure at L&Q. They can’t speak for all residents but they seek assurance and drive L&Q to consider their voice, working with wider residents on service improvement and advocate for the resident voice at board level.

From 2025, ‘L&Q Assemblies’ became the main means for any interested resident beyond those who are formally involved at a board level to contribute to governance, strategy and decision making. These new Assemblies are building on the previous resident conferences and the expectation is for Group Board, Executive and residents to work together on key strategic issues three times per year. These replace former standing groups such as regional committees and the leaseholder forum.

The core of the resident involvement offer is what we call “resident volunteer opportunities”. These are opportunities for interested residents and L&Q colleagues to work together on specific topics where there is a scope to influence decisions and services to residents. These opportunities can be as diverse as quality assuring the quality of complaint responses, recruiting members of staff, designing new or changed services and customer journey mapping. To support the identification, prioritisation and delivery of these opportunities, the resident involvement team adopt a business partnering approach, working with teams around L&Q to identify topics and issues where resident involvement would be valuable and there is genuine scope for residents to influence something – seeking to match resident volunteer interest with business objectives.

We advertise the forthcoming opportunities each month. Residents from a continuously growing list (currently around 800) who have signed up to be involved are recruited to the involvement opportunities that interest them or fit with their availability. We welcome all people who want to volunteer, we monitor protected characteristics and through induction calls with residents identify adjustments to make the opportunities accessible. Drawing on wider learning from the voluntary sector we try to design opportunities that are appealing to wider groups. In 2024/25, a total of 26 resident involvement opportunities took place which involved 298 residents volunteering 1,758 hours of their time to help us improve. The impact of their involvement will be shared in our annual resident involvement evaluation.

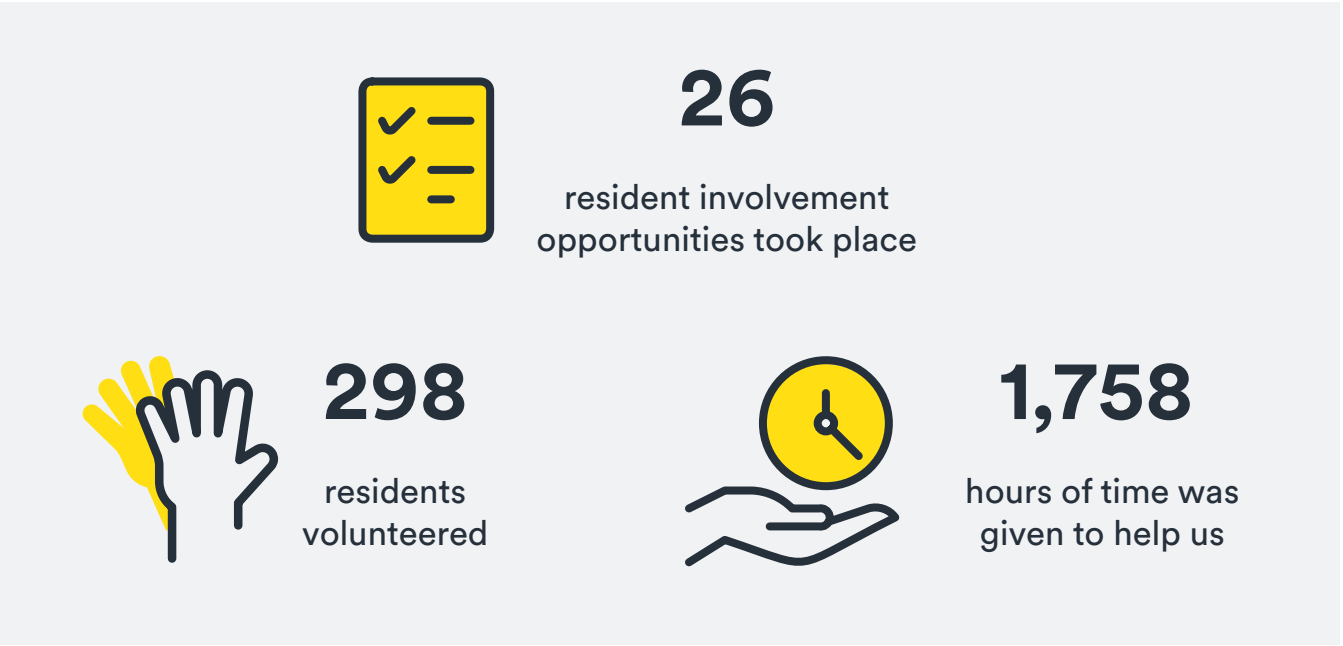
At a hyper-local level (building, block, estate, street etc) the resident involvement team supports local delivery teams by providing frameworks, templates, training and support so that they can work with local people to identify and address local priorities, eg by participating in resident associations, estate inspections and information surgeries. Induction, training and peer buddying schemes are also in place for residents who want to get involved at the hyper local level.

National volunteers week is an opportunity to celebrate the difference residents make. In 2024/25, ten residents were recognised and celebrated through a series of promotional films and social media posts, shared with residents and staff.

In 2024/25, residents’ involvement:

- Co-created new Homeowner and Leaseholder Support Service by defining the scope of our new managing agents service, improving communications around service charges and recruiting key roles within the team.
- Influenced the repairs change project to involve more residents in service improvement after recognising the value residents brought to the development of the “repairs diagnostic tool” (a recently launched tool to help diagnose repairs better at first point of contact by reflecting how residents are likely to describe problems and components in their home).

- Set out what residents expect from the Major Works investment programme. These expectations are cutting through to how we and our delivery partners talk about the programme and how resident volunteers feedback to our leadership on how well its being delivered in practice.
- Ensured that all building specific building safety resident engagement plans will feature the five same objectives, including information on how residents will be involved in building safety decisions and can raise any building safety concerns with their landlord. Also co-designed Building Safety Manager role profile, training and induction materials for the new role so resident expectations are met.
- Brought Group Board and Executive Group much closer to residents throughout the year through the new L&Q Assembly model, to strengthen governance and accountability.
- Used resident feedback to prompt the set up of new tactical teams to keep residents informed, an approach to keep residents informed and more effectively served during complex repairs.
- Contributed to a fall in no access rate for retrofit surveys after residents influenced a complete overhaul in how we communicate the decarbonisation fund. This was after residents involved earlier in the year highlighted how original communications looked like a scam.





As well as involving residents in decisions making, we're also working with them to challenge social housing stigma

Resident Involvement

Involving residents to improve our services

From strategic decisions at Board level to day-to-day service delivery, residents play a crucial role in shaping the services we provide.

In October 2024, residents got involved to help us design our new repairs diagnostic tool, RepairFinder.

In a series of sessions, residents looked at images of repairs and told us what words and terms they would use when reporting them.

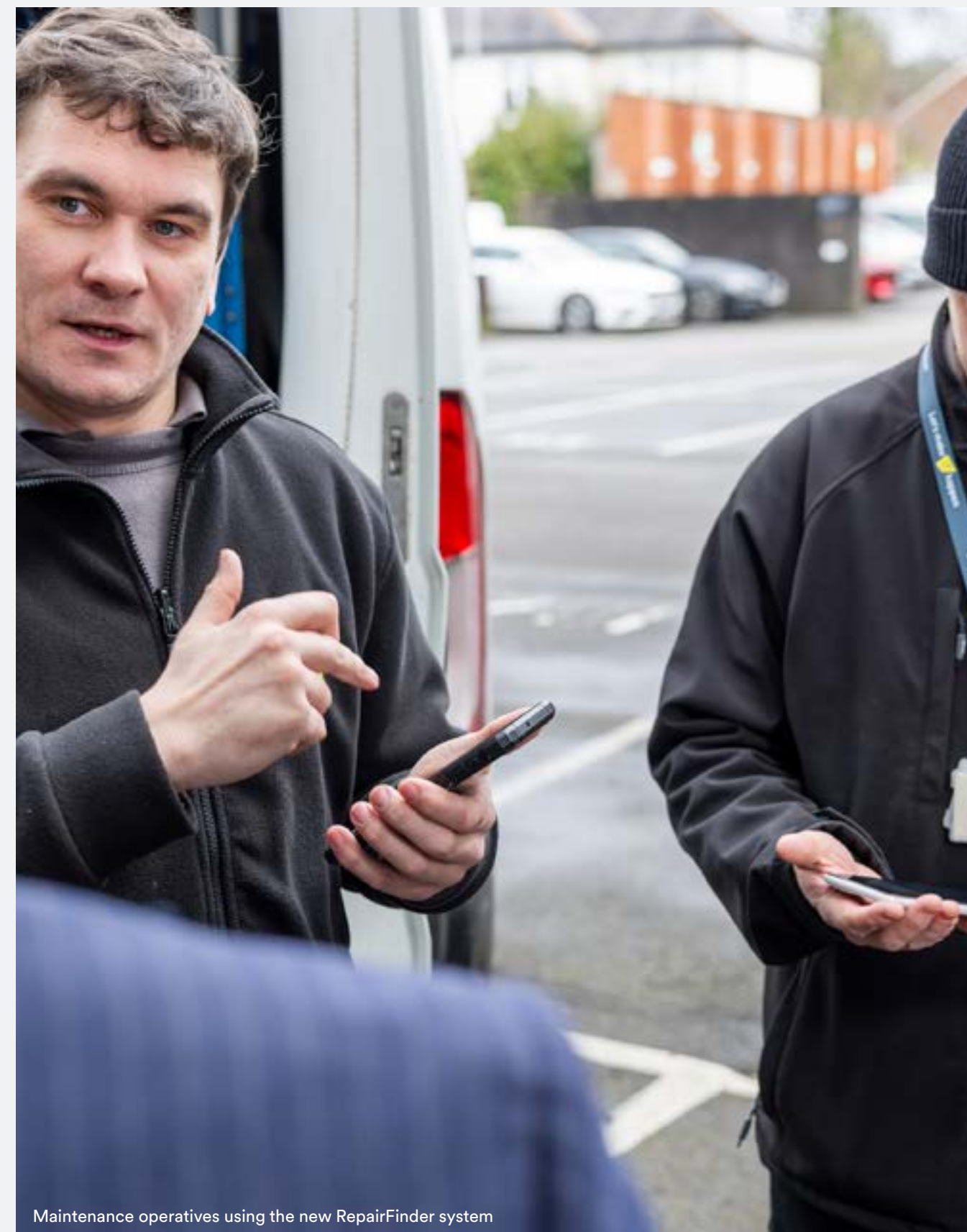
We used these keywords to describe options for different types of repairs in RepairFinder, which we launched in December 2024.

“If residents don't get involved in opportunities, how will L&Q know how to adapt their services to meet the needs of residents? Offering transparent opportunities offers the platform for residents to challenge and create better services. It also offers the opportunity to learn new skills, which you can take forward in voluntary roles or employment.”

Now, when residents report a repair, our colleagues use these terms when talking to them about the issue. This means they can accurately record a repair on our system and send a colleague to help with the right tools for the job.

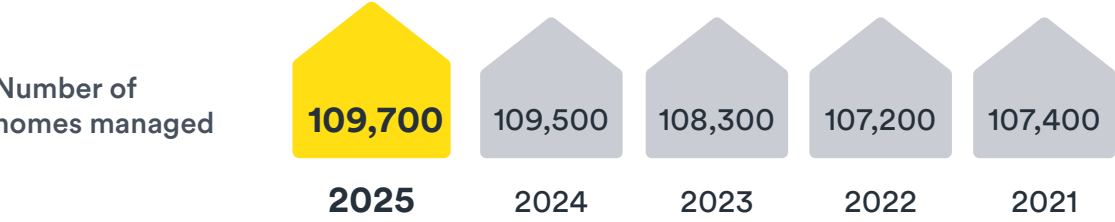
We're already seeing an improvement in the number of repairs we're fixing first time and this will hopefully continue as we carry on with the developments in our service.

We are dedicated to building opportunities like this into our improvement work, ensuring residents' voices are heard in everything we do.



Maintenance operatives using the new RepairFinder system

The L&Q Group houses more than 250,000 people in more than 109,000 homes, primarily across London, the South East, and North West of England.



We provide homes and services across the UK for a wide range of tenures, available to residents of diverse incomes. Our largest resident group are those living in social rented housing. On average, our residents living in these homes pay less than 50% of market rents, making them genuinely affordable for people on lower incomes. We are committed to preserving social housing, and building more of it.

	2025	2024
 Social rent - general needs and affordable rent Primarily for low income residents eligible through local authority nominations	64,065	64,602
 Shared Ownership and shared equity Homeowners who own a proportion of their property and pay rent on the remaining	13,686	13,819
 Intermediate market rent and key worker accommodation For residents who pay less than 80% of the market rent	4,235	3,820
 Supported housing, housing for older people and care homes For older people or those with higher support need	7,678	7,830
 Market rent and student accommodation For residents who pay the market rent for their homes	3,313	3,269
 Leaseholders Homeowners who are provided services	13,817	13,372
 Other landlords and other social homes Services provided to homes owned by other landlords and other social homes	2,856	2,765
 Commercial Combined live and work home, and retail	9	8
Total	109,659	109,485



Rookery Grove, Hendon

Employee involvement

L&Q is committed to attracting, developing, and retaining a diverse and talented workforce that consistently delivers reliable, high-quality services to our residents while embodying our organisational values and behaviours. We ensure our colleagues are equipped with the right skills, experience, and knowledge to thrive in their roles and grow within the organisation.

We foster a culture of shared leadership and collaborative learning, with a strong emphasis on internal development through structured talent pathways such as our ‘Emerging Leaders’ and ‘Aspiring Managers’ programmes. These initiatives are designed to nurture future leaders and support career progression across the business.

Our commitment to creating a positive and inclusive workplace has earned us recognition as a “Great Place to Work,” with special commendations for wellbeing and for being a supportive environment for women. We held a Silver Investors in People accreditation and achieved Gold in July 2025, reflecting our dedication to colleague engagement and development.

Guided by our Corporate Plan, we continue to evolve our culture in line with our values and vision for our people. Our priorities include building a motivated and committed workforce, strengthening diverse leadership, positioning L&Q as an employer of choice, and operating as an agile and efficient organisation that supports excellent service delivery.

We are also focused on raising the profile of the social housing sector as a meaningful and rewarding career path—through partnerships, public engagement, and outreach—attracting individuals who are passionate about making a difference

To support this, during the last year, our work on new and ongoing initiatives has included:

- Our Customer Excellence programme equips resident-facing teams with the skills to respond effectively and empathetically, manage challenging conversations with confidence, and collaborate seamlessly across departments.
- We offer comprehensive onboarding and induction programmes designed to help new colleagues quickly understand and embrace L&Q’s culture, with a strong emphasis on placing our customers at the centre of everything we do.
- We utilise a psychometric tool to facilitate ‘values based’ recruitment as part of our recruitment and selection tools and processes. These tools assists us to identify a candidate’s values, behaviours and attitudes, so that any areas of potential concern can be examined more thoroughly during the interview.

- Our suite of mandatory training ensures that all colleagues are equipped with the essential knowledge they require to undertake their roles in a safe and lawful manner. As at 31 March 2025, completion levels were at over 99.5% across L&Q demonstrating a strong compliance culture.
- We continue to develop our corporate office and depot facilities to ensure that we have modern workplaces which enable frontline colleagues to be based close to the residents they support and for our office and ‘hybrid’ colleagues to work and collaborate effectively.

Talent Development

Talent Development is part of the Learning and Development Academy within Human Resources. Talent Development provides a variety of programmes for people to achieve their potential and career aspirations within L&Q. Through these programmes, we support people to fulfil their potential and aspirations and in turn, secure the future analysts, surveyors, carpenters, managers, and leaders of L&Q.

Key Achievements in the year include:

- We continued to invest on our Early Talent Programme with 21 new apprentice and graduate roles created in diverse roles across the organisation during the year, bringing the total to 36. We continue to develop the technical skills they need through robust qualification as well as through centrally delivered soft-skills and career confidence development.
- We have invested over £650,000 of Apprenticeship Levy funds in developing our people in this year including apprentices and upskillers. With 51 new enrolments this year, we now have 91 of our people undertaking technical apprenticeships, building in-demand skills in areas such as data, surveying and housing management.
- 65% of alumni from our Aspiring Managers and Emerging Leader Pathway programmes have seen career progression within two years of completing the programme. This year’s cohorts of Aspiring Managers and Emerging Leaders continued to be diverse with 57% of the cohort made up of women and 68% made up of ethnic minority colleagues.
- Our internal Mentoring and Coaching programmes supported over 100 colleagues.
- Over the coming year, we will double the investment in our Early Talent programme with at least 40 new apprentice and graduate roles across the business in hard to recruit areas such as construction, technology and finance and including 20 trade apprentice roles to support our workforce planning. We will also be designing an impactful and sustainable work experience programme to promote both housing as a sector and L&Q as an employer of choice.

Diversity and Inclusion

L&Q is dedicated to embedding equality, diversity, and inclusion into every aspect of our work. This commitment spans the entire colleague journey—from recruitment and onboarding through to training, development, appraisal, promotion, and retirement. Equally, we apply these principles to how we deliver services, ensuring fairness and respect for all.

We are committed to fostering an environment free from discrimination, harassment, and victimisation—where dignity and mutual respect are the norm. Employment decisions are made objectively, without bias, and based solely on role requirements and individual merit. We remain responsive to the diverse needs of our colleagues, residents, and the wider community.

Our four colleague diversity networks—Inspire, Spectrum, Kaleidoscope, and Ability—partner with the business to drive progress and visibility in these areas. Oversight of our equality, diversity, and inclusion efforts rests with the Governance & People Group, which ensures our policies are effectively implemented and regularly reviewed. Their role is to uphold equality of opportunity in both service delivery and colleague experience.

As a Disability Confident (Level 2) employer, we guarantee interviews for disabled applicants who meet the essential criteria for a role and continue to support disabled colleagues throughout their employment.

As part of the G15, L&Q has signed the G15 Ethnic Diversity Pledge, committing to:

- Increase ethnic diversity at all levels of the organisation
- Collaborate to invest in and support ethnic minority talent
- Celebrate the achievements of ethnic minority colleagues.

We are founding members of the Leadership 2025 programme, which champions ethnic minority leadership in the sector, and we actively support participate in the G15 Accelerate programme, with a number of L&Q colleagues currently undertaking formal qualifications. In Greater Manchester, we participate in the BOOST programme, which includes reverse mentoring opportunities for ethnic minority colleagues and the opportunity to share best practice and learning.

Our other ongoing work around Equality, Diversity and Inclusion included the launch of our Recruitment Advocate scheme in March, which increases the diversity of our recruitment panels. The first cohort of 12 advocates, who are all colleagues employed at L&Q, are now participating in recruitment panels for senior roles (head of service level and above) on a voluntary basis and work is underway to recruit two to three further cohorts during 2025/26.

Our annual Equality, Diversity and Inclusion report which, for the first time, covers residents as well as colleagues was published in December and can be viewed on our website.



Pay Ratios

As well as publishing our corporate gender pay gap figures, we also voluntarily publish equivalent figures for ethnicity and disability. These are all set out in more detail in a separate report which is published each year, available on our website.

Our current median gender pay gap (9.86%) compares well with the wider UK pay gap but still leaves room for improvement as we strive to achieve a zero pay gap.

Since 2022, with the aim of providing greater transparency on pay, we also began to report on our CEO pay ratio. This compares the pay of our CEO to that of all staff employed by L&Q. Although not a legal requirement for L&Q to report as it currently only applies to listed companies, we have followed the same methodology set out by the government, which requires us to calculate the total full-time remuneration of all employees within the financial year, and then rank these in order from lowest to highest. From this list, the remuneration of employees at the 25th, 50th and 75th percentiles can be identified, and is compared to the CEO salary for that year.

CEO Pay Ratio			
L&Q Group	25th percentile	50th percentile	75th percentile
2024/25 Ratio	12.16	9.97	7.17
2023/24 Ratio	12.84	10.42	7.35
2022/23 Ratio	13.80	10.91	7.54

Due to the limited number of similar organisations currently reporting, there is very little benchmarking information published. L&Q’s CEO pay ratio of 9.97:1 shows a year on year reduction and continues to compare favourably with that average ratio of FTSE 100/250 companies, which was 87:1 for those reporting in 2024 (comparing data available at the time of writing). L&Q’s CEO pay ratio results are significantly below most publicly reported, and have reduced year on year.

9.86%
our median
gender pay gap

02 Value for money

Our strategic goals and performance

At L&Q, we define value for money as achieving operational excellence, which is reflected in our Future Shape Corporate Strategy. This means we aim to deliver the “best total cost solution” for our residents and customers through reliable, repeatable and consistent products and services. We do this alongside continuing to strengthen L&Q’s long-term financial health and sustainability, enabling a positive cycle of further investment in the provision of social rented homes and good services.

As such, value for money related targets underpin everything we do. They are integrated into our Future Shape Corporate Strategy, through the five strategic pillars that our strategy is centred around: Service, Homes, People, Governance and Assurance, and Finance.

Delivery Assurance

Ultimately, accountability for delivering value for money sits with our Group Board. However, in developing our Future Shape Corporate Strategy, we have aligned our Officer-led Governance Groups to each strategic pillar. These Governance Groups play a critical role in overseeing and assuring delivery of our strategy and as such, value for money. On a quarterly basis, these groups scrutinise Business Performance Reports for every department within the business. These reports detail progress of the initiatives within our Transformation, Change and “Run the Business” plans and how they impact group/directorate balanced scorecard Key Performance Indicators (KPIs) and Performance Indicators (PIs). This, alongside our approach to internal controls and assurance (comprising enterprise risk management, assurance, including internal and external audit activity), is used to oversee and ensure successful delivery of our Corporate Strategy, ultimately ensuring we achieve value for money.

Governance and oversight of the delivery of Value for Money

Our governance structure is key to the oversight and enablement of the delivery of our corporate strategy and value for money as a core tenet. This is set out in the illustration opposite.

Value for money initiatives and achievements delivered in 2024/25

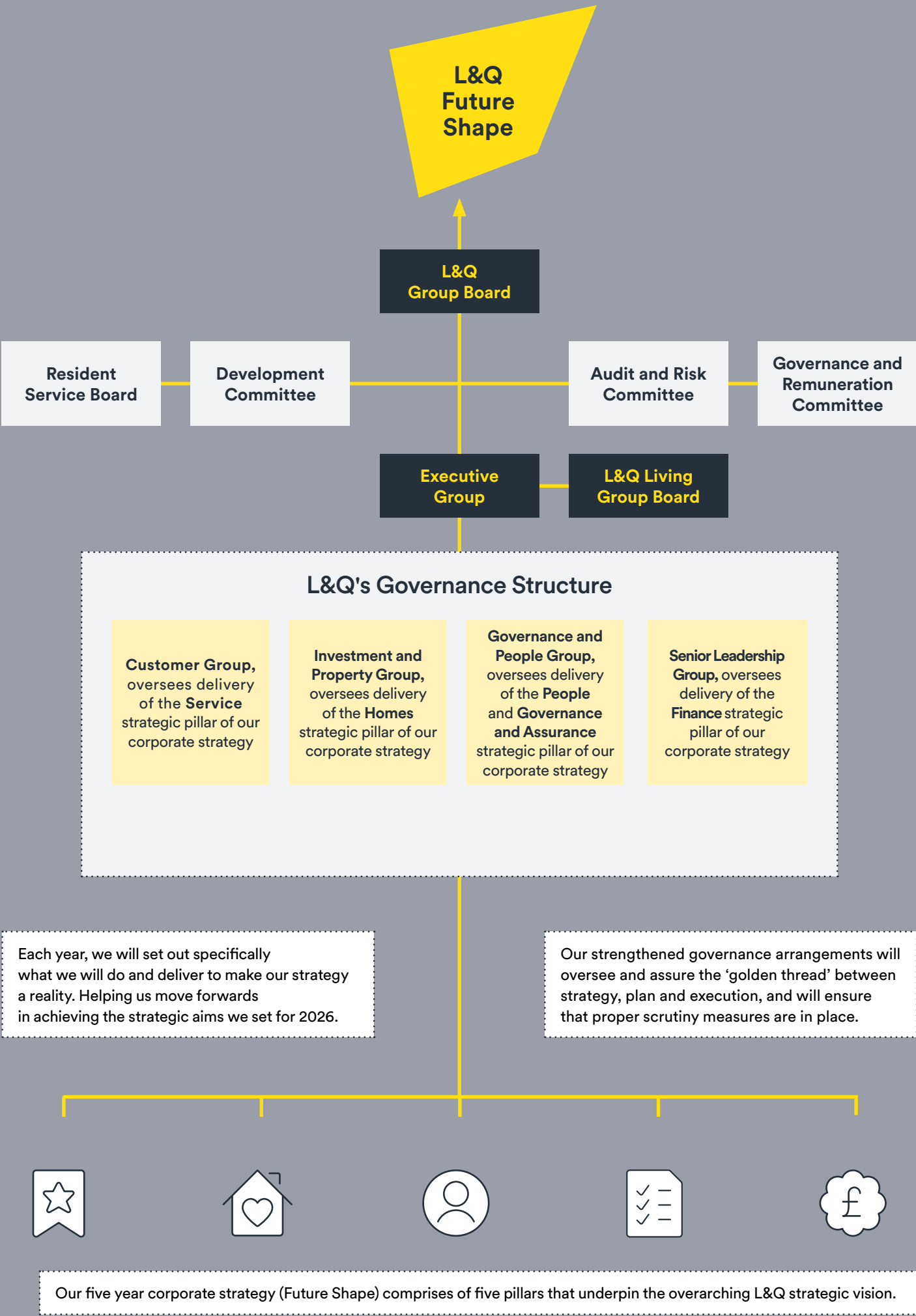
L&Q and the housing sector more broadly have experienced unprecedented pressures both financially and operationally in recent years. Whilst the Government’s agreement to set rent increases for the next ten years at CPI +1% provides some security over our primary revenue stream, external factors such as high interest rates, increased costs associated with materials, services and energy, and the

volatile housing market, continue to play a significant role in how we balance our business to ensure successful delivery of our corporate strategy and in mitigating business risks. Previous commitments to introduce additional legislation to improve building and fire safety are now coming to pass, and these alongside the introduction of Tenant Satisfaction Measures and consumer ratings, demonstrate the continued tightening of the regulatory regime in which we operate and increasing levels of scrutiny by the Housing Ombudsman and Regulator for Social Housing.

Our response to these challenges has been to use the outcomes we want to achieve in our Future Shape Corporate Strategy, alongside our approach to the management of our strategic risks, to guide decision making and help us prioritise. Our strategic objectives have not changed, but in light of the environment we are operating in, we continue to balance our business decision making and focus to protect our core priorities; increasing our focus and investment in the safety of our residents and colleagues; investing more in our existing homes; and ensuring we deliver reliable, repeatable, and consistent services. At the same time, we remain committed to becoming an operationally excellent organisation, radically simplifying and improving our operating model, investing in transforming and changing our processes, ways of working and systems. This not only ensures we remain compliant, but critically, also ensures we are best placed to weather the continued macroeconomic challenges we will face into the future.

We have also leveraged efficiencies through our centralised procurement function, ensuring that value for money is delivered and monitored throughout the life of the contracts we procure. In 2024/25, we have delivered £8m savings and procurement efficiencies, £3m above the target set for this year and contributing to a projected 10 year total of £68m by 2030. In addition, this year marked a significant milestone in L&Q’s procurement maturity with the successful implementation of the Procurement Act 2023. We have fully embraced the Act’s five key principles—delivering value for money, acting with integrity, treating suppliers equally, ensuring transparency, and maximising public benefit. Our procurement governance and operational practices have been aligned accordingly, reinforcing our commitment to ethical and effective procurement. As part of this alignment, L&Q has adopted the Most Advantageous Tender (MAT) criteria a shift that enables us to evaluate tenders not only on cost and quality but also on broader outcomes such as social value, environmental sustainability, and workforce welfare. This approach supports our long-term value for money objectives and enhances our ability to deliver sustainable and socially responsible outcomes.

Looking more closely at our core priorities, over the course of the last four years we have seen an organisational wide focus across each of them.



Safety

L&Q has one of the sectors’ largest building safety remediation programmes, comprising 32,000 homes in 1,850 buildings. Our building safety programme is forecast to cost c. £450m over its lifetime, and to date, £26m has been deployed using the Building Safety Fund with a further £100m invested direct. Whilst all of our planned work will not be completely achieved by 2026, we have still made significant progress; for buildings above 18 metres, 24 buildings have been remediated with 26 underway, leaving 31 where remediation has not yet started but planned. Of these, 23 are planned to be remediated before April 2026. For buildings below 18 metres, 39 buildings have been remediated, 21 are underway, leaving 79 where remediation has not started but is planned over the duration of our next corporate strategy. More broadly, we continue to take compliance with our statutory duties seriously and have seen steady improvements in our performance to complete safety inspections of specific assets such as fire and gas related components.

Investing in existing homes

Moving to our commitment to invest more in our existing homes, in the fourth year of delivery of Future Shape, we have completed over 10,400 work items, including 791 kitchens, 446 bathrooms, 2,157 whole house window replacements, and 185 new roofs. Our annual spend on existing homes continues to increase year on year, and we are on track with our asset investment programme more broadly. These achievements are being delivered as a result of the £3bn major works programme which began last year. This programme is not only delivering the improvements needed, but also created £37m of social value (2024: £24m) through providing job opportunities and apprenticeships, revamping community spaces and running classes for residents.

Delivering reliable, repeatable and consistent services

Finally, our focus on delivering reliable, repeatable and consistent service remains relentless. Two such examples relate to our efforts to improve our routine repair service delivery and our complaint handling.

Taking routine repairs first, at the post-pandemic peak the number of open repairs we had exceeded 50,000. Since that point as a business we have centred huge efforts on driving this number down, recognising that wait times were causing resident dissatisfaction and also creating significant service failure demand. At the start of the year the ‘work in progress’ number was 32,500 open repairs. As we enter the final year of Future Shape, our efforts to improve the way in which we ‘diagnose’ a repair, our work to strengthen contract management, and focus on improving our internal process and standard operating procedures has reduced this to less than 19,000 open repairs, which now more closely aligns to others of our size across the sector, also setting the foundation for us to go even further in 2025/26. In turn, this is all leading to reduced service failure demand including complaints, improved resident satisfaction, and better value for money.

Turning to complaints, our organisation wide focus has resulted in a significant reduction in active complaints. ‘Stage 1’ complaints (as defined by the Housing Ombudsman code) have reduced by over 52% from 1,149 to 546, and ‘Stage 2’ by over 58% from 725 to 304. We expect that our continued work to improve our complaint handling experience, together with our work to reduce the root cause of complaints, will continue to contribute to improved customer satisfaction and value for money.

The future

We continue on our transformation and change journey over the course of this coming year and into the next corporate strategy period – our ‘north star’ for this remains transforming our business operating model. We will deliver good landlord services and value for money, enabled through designing and shaping services at the centre but delivering them regionally, so that they are reliable, repeatable, and consistent whilst remaining responsive to local needs. This will involve continuing to introduce new processes, ways of working, team structures, technology and data and information architectures. We expect this to deliver value for money in the future as the technology infrastructure supporting services works seamlessly in the background to support more efficient processes.

Measuring value for money

Value for money is a key deliverable across our Future Shape Corporate Strategy, and is therefore woven into our aims, objectives, and the measures we have put in place to guide our progress to making our strategy a reality. These are outlined in our Group Balanced Scorecard.

In establishing this, we have adopted a pyramid approach to measuring KPIs across the business. This avoids having too many KPIs at the top level that could dilute the necessary strategic focus, whilst allowing departmental and operational metrics to diagnose and highlight the need for early corrective action. These top level KPIs have been set with annual targets shown in the value for money performance measures section below, and were assigned a five-year target, showing the trajectory of improved performance that we are working to achieve over the life of the Future Shape Corporate Strategy. In achieving this, we will ensure we deliver value for money across all of our strategic initiatives.

The full list of detailed KPIs can be found in our published in L&Q Future Shape Corporate Strategy available on our website.

We’re now nearing the end of that corporate strategy, and we’re proud of what we’ve achieved, including launching our 15-year plan to invest over £3 billion in our existing homes, significantly reducing the number of repairs on our waiting list, transforming the way we handle complaints, inspecting almost 2,000 buildings to ensure they meet new building safety rules, and introducing new ways of working and systems to help us manage residents’ rent and information more efficiently than ever.

Whilst we’re pleased with this progress, we have also been listening hard to residents, and they have clearly told us that we still need to do more to improve their homes and the services we provide. Future Shape helped us define what we felt was important to us as an organisation, to colleagues who work for us, and most importantly, to our residents and these things haven’t changed. Development of our next corporate strategy is well underway and this will be an evolution of what we set out in Future Shape, albeit centred around three commitments; We will provide social homes to meet housing need, We will provide good landlord services, and We will be efficient and maximise our social impact.

Whilst the targets may have been updated over the life of the strategy, our commitment remains unchanged to deliver unprecedented levels of investment into our housing stock to ensure safety, improving the impact we have on our environment, ensuring decent home standards and delivering a customer service that is operationally excellent, enabling reliable, repeatable and consistent services.

In the next section we have highlighted some key observations regarding performance across L&Q’s internal and sector specific value for money measures.

Value for money performance measures

The Sector Scorecard aims to benchmark housing associations’ performance, demonstrates the sector’s accountability to its tenants and stakeholders and includes a range of consistent and reliable measures from financial gearing ratios to customer satisfaction.

All 15 measures are reported below for the L&Q Group and are set out compared to L&Q’s prior year performance (2023/24) and L&Q’s targeted performance for 2024/25. We have also chosen to benchmark against the G15 median where possible, using the most recent publicly available data from the Global Accounts of Private Registered Providers. The G15 are a Group of London’s largest Housing Associations, and therefore we deem the median to be the most appropriate data for us to benchmark against.

Targets for future years

When we set our Future Shape Corporate Strategy, we included some of the key metrics most clearly linked to delivering value for money in our reporting here, alongside our target for the fifth and final year of Corporate Strategy 2025-26. We have used these to measure our progress and success over the last few years Development of our next Corporate Strategy is underway, which will be an evolution of the previous 5 years. As such our long range targets are not available for publishing against non-financial metrics. However, we remain committed to continuing to provide social homes to meet housing need, providing good landlord services and operate efficiently to maximise social impact.

Following a review of key operational metrics that we monitor internally as an organisation, alongside aligning to the new Tenancy Satisfaction Measures (TSMs), some items previously featured on the sector scorecard will no longer be measured or might have different methodology going forward. A clear explanation will be provided where a measure and target has been rebased, along with any impact on how we measure value for money.

02 Value for money

Business Health							
Source	Measure	L&Q 2024/25 Actual	L&Q 2024/25 Target	L&Q 2023/24 Actual	G15 2023/24 Median	L&Q 2025/26 Target	L&Q 2026/27 Target
L&Q Balanced Scorecard	Covenant interest cover	156%	150%	142%	n/a	150%	>150%
Regulator	EBITDA MRI (as % interest) ⁷	85 %	80%	80%	52%	75%	n/a
L&Q Balanced Scorecard and Regulator	Operating margin (overall) ⁸	25%	>18%	21%	12%	>21%	>10%
Regulator	Operating margin (social housing lettings)	34%	36%	32%	23%	30%	n/a

Key observations (Business Health)

L&Q’s business health has shown year on year improvement across all measures, continuing to demonstrate strong viability, stability and significant headroom against banking covenants. We were pleased that our internal covenant interest cover measure at 156% ended the year ahead of budget, and 14% higher than last year. This was mainly driven by increased EBITDA performance while interest payable decreased moderately. This continues to maintain significant headroom before the risk of an interest cover covenant breach, and therefore proves non-reliance on development sales to meet our covenant. The calculation of L&Q’s internal covenant (which aligns to our banking covenants) and the regulator’s interest cover differs. The regulator’s EBITDA MRI (as % interest) excludes surplus on disposal of fixed assets and share of profits from joint ventures, both of which we deem to be a core part of our operating performance that drives efficient asset management and enables us to develop through partnerships. While the regulator’s measure at 85% could be of concern for being below 100%, it is above the target of 80% and a 5% improvement on the previous year.

From this year onwards, we have aligned our overall operating margin measure, excluding the impact of disposal of fixed assets and share of profits or losses from joint ventures. This will enable us to focus more on driving efficiencies and delivering value for money within the parts of the business that serve residents, and more easily monitor the impact of budget discipline across the organisation. Performance for the year has improved compared to prior year and achieved 6% higher than budget, mainly due to higher rental income from PRS units being retained in the group longer than anticipated, additional income from successful contractor recovery claims for defective works, and some cost savings delivered from overheads from staff budgets being 4% lower than expected over the year.

As stated previously, our corporate objective is to increase investment in our existing homes. We have taken the deliberate decision to spend more to achieve this, which will negatively impact operating margins in the future. We are acutely aware of the need to balance this with remaining financially resilient to future challenges that will present themselves. The improvement initiatives discussed earlier in this report, such as the Repairs Change Project alongside Procurement efficiencies, are expected to deliver an improvement in operating margins longer term, through reduced expenditure on responsive repairs and improved service delivery leading to fewer resident complaints and compensation.

⁷ EBITDA MRI % interest calculated as EBITDA MRI ÷ Gross interest payable x 100 as prescribed in the current Sector Scorecard - see glossary for full calculation.
⁸ Excludes gain/(loss) on disposal of fixed assets, share of joint venture results and revaluation of investment properties from operating profit.



D’Urton Grange, Preston

Development (Capacity and Supply)							
Source	Measure	L&Q	L&Q	L&Q	G15	L&Q	L&Q
		2024/25 Actual	2024/25 Target	2023/24 Actual	2023/24 Median	2025/26 Target	2026/27 Target
L&Q Balanced Scorecard	New home starts	519	756	813	-	1,135	1,200
L&Q Balanced Scorecard and Sector Scorecard	New supply delivered (absolute)	2,316	2,605	2,955	892	2,069	2,189
Sector Scorecard	- Social housing homes	1,876	2,133	2,017	867	n/a	n/a
Sector Scorecard	- Non-social housing homes	440	472	938	89	n/a	n/a
Sector Scorecard	New supply delivered % ⁹	2.1%	2.4%	2.7%	2.3%	n/a	n/a
Regulator	- Social housing homes	2.1%	2.4%	2.2%	1.1%	n/a	n/a
Regulator	- Non-social housing homes	0.4%	0.4%	0.9%	0.1%	n/a	n/a
Regulator	Gearing ¹⁰	46%	45%	47%	47%	33%	45%

Key observations (Capacity and Supply)

As previously explained last year, a strategic decision was made by the Group to pause development new business in order to prioritise investment on the three Corporate Objectives that focus on investing in existing homes. This explains why there were fewer completions in the year contributing 2,316 homes to new supply, in addition to the 519 new homes started being intentionally below previous years’ performance and target for the year. Importantly, of this 81% of new supply was for social housing tenures, cementing our commitment to providing affordable homes, and lowering our risk profile.

We continue to maintain high quality standards for taking handover of new homes, which has adversely impacted new supply delivered, primarily because we refused to take handover of homes that did not meet our quality standards. It is vital that homes are delivered to a high quality, as in recent times we have incurred significant costs in rectifying defects on sub-standard development projects that if avoided would have provided more capacity for additional projects.

While we have again fallen short of the development targets that we set for the year, the volume of development that is being delivered is still significantly greater than most of our peers.

Gearing measures the level of debt compared to the carrying value of assets, and consequently the degree of dependence on debt finance. Gearing remained at 46% this year and in line with the G15 median, reflecting a growth in assets funded by operating surpluses, whilst maintaining net debt levels.

Key observations (Outcomes delivered)

Following the introduction of Tenant Satisfaction Measures (TSM) in April 2024, we have moved away from our previous approach to measure a blended Customer Satisfaction with Service Delivery. TSMs are performance measures introduced by the Regulator for all social housing providers, to measure how well we are doing at providing quality homes and services. We have elevated three TSM measures to our Group Balanced Scorecard, being ‘Overall Satisfaction’, ‘Satisfaction we keep residents informed on things that matter to them’ and ‘Agreement we treat residents fairly and with respect’. Independent service satisfaction with the different business streams continue to be measured and monitored at our officer-led Governance groups. More can be found about what TSMs are, other measures we are reporting against and how we are delivering against them on our website. The results tell us that we broadly maintained satisfaction levels over the year, but there are some key areas where we must do better, and we are dedicated to working with Residents to achieve this.

Outcomes delivered							
Source	Measure	L&Q	L&Q	L&Q	G15	L&Q	L&Q
		2024/25 Actual	2024/25 Target	2023/24 Actual	2023/24 Median	2025/26 Target	2026/27 Target
TSM and L&Q Balanced Scorecard	Overall Satisfaction - Low Cost Rental ccommodation (new)	54%	n/a	53%	n/a	>54%	n/a
TSM and L&Q Balanced Scorecard	Overall Satisfaction - Low Cost Home Ownership (new)	29%	n/a	31%	n/a	>54%	n/a
Sector Scorecard	Customer satisfaction with services provided by landlord ¹¹	78%	80%	75%	70%	83%	83%
L&Q Balanced Scorecard	Average days taken to complete repairs	29 days	20 days	26 days	-	superceded	
L&Q Balanced Scorecard	Routine repairs completed within service level (new)	74%	n/a	n/a	n/a	>80%	>80%
Regulator	Reinvestment % ¹²	6%	6%	6%	6%	n/a	n/a
Sector Scorecard	Investment in communities	£7m	£7m	£8m	£5m	£9m	£9m

We were really pleased to see improvement in customer satisfaction with services provided by landlord to 78%, although it is still slightly behind where we set our target. It is clear that the efforts of our Repairs Change project, which is taking an end-to-end service approach to improving customer service, have started to have a positive impact. Average days to complete repairs remains high at 29 days because we have been focussing on clearing the backlog of ‘work in progress’, which inevitably increases the average turnaround time. However, we were delighted to report that the number of repairs outstanding fell below 20,000 for the first time since 2021 during the year, representing a 42% reduction from the previous year. This was delivered through increasing the number of repairs delivered by in-house teams, closely managing the contractors we work with to ensure effective performance, and introducing a new approach to how we diagnose and manage repairs as they are notified to us. As the older backlog continues to reduce, we expect the delivery time for each repair to move closer to the target. A conscious decision was made in setting the budget and next five year financial plan to spend more on responsive maintenance, to boost efforts to clear work in progress and reduce turnaround times. This corresponds to the increase seen in targeted housing cost per unit later in this report. Going forward, we have changed the way we measure performance on routine repair completion to ensure we are delivering against our agreed service level. This measure will provide an overview of performance against our service standard, covering routine repairs completed within 20 working days, emergency works where there is an immediate danger to the occupant or members of the public within 24 hours, and to ‘make

safe’ within four hours any out of hours emergency works to lower the immediate risk. Average days will continue to be monitored at our officer-led Governance groups.

Our continued focus on addressing the root cause of complaints and ensuring sufficient resource is available to resolve them has helped us to reduce our open complaints from 1,821 to 850 at the end of the year. We are very pleased to have achieved the target we set last year to reduce complaints to under 1,000 within six months. We will continue to focus on this, as reduced volumes will improve response times, and resource can be used more effectively to deliver better value for money.

Reinvestment remains consistently high year on year at 6% in line with the G15 median, with investment in new housing supply increasing to £552m (2024: £426m). Investment in existing homes at £141m continued at the significantly higher rate introduced last year, reflecting our continued commitment to increase the level of major works investment in our existing homes.

Our investment in communities of £7m in line with our target is a decrease on the previous year but is still one of the highest in our G15 peer group and demonstrates our commitment to driving social value outcomes that support our residents and wider communities. The social value of £22m that is driven from this investment is considered to be excellent value for money, in addition to the £37m social value delivered through the major works programme. This area is covered in more detail under the L&Q Foundation section of the Strategic report.

⁹ As a % of social housing stock owned and total stock owned at end of year.
¹⁰ Gearing calculated as net debt ÷ carrying value of housing properties x 100 as prescribed in the current Sector Scorecard, where net debt represents total bank and debenture loans less cash and cash equivalents.

¹¹ Customer satisfaction with services provided by landlord is based on maintenance repairs surveys only
¹² Investment in properties as a percentage of the value of total housing properties held at end of year.

Effective asset management							
Source	Measure	L&Q 2024/25 Actual	L&Q 2024/25 Target	L&Q 2023/24 Actual	G15 2023/24 Median	L&Q 2025/26 Target	L&Q 2026/27 Target
Regulator	Return on capital employed ¹³	3.1%	3.4%	2.7%	1.9%	3.3%	n/a
Regulator	Occupancy	98%	99%	98%	99%	n/a	n/a
Sector Scorecard	Ratio of responsive repairs to planned maintenance ¹⁴	0.9	0.7	1.1	0.7	n/a	n/a

Key observations (Effective asset management)

Return on Capital Employed (ROCE) compares the operating surplus to total assets, less current liabilities, and indicates the efficient investment of our capital. Our ROCE of 3.1% this year is ahead of previous year performance mainly due to improved operating performance leading to a higher operating surplus. However, it was marginally below our target of 3.4% due to the delayed sale of our private rented business, which will reduce total fixed assets by c£1bn. We now expect this to complete in FY2026.

Occupancy remained at 98%, despite our focus to reduce the turnaround time on our empty homes. This result was impacted by lower occupancy of key worker accommodation over the year. Occupancy on social rented homes was 99% as we continue to work to reduce delays with lettings in relation to local authority nomination delays and internal resource constraints.

Our ratio of responsive repairs to planned maintenance further reduced in the year, as we continue to undertake more major repairs and investment to improve the quality and safety of the homes we manage. The procurement of an investment programme during 2023/24 has ensured that we continue to improve this ratio. However, compared to our G15 peer group we are still spending higher proportions on responsive repairs than investment in planned and major repairs, whilst we work through a long-standing backlog of repairs jobs. The balance of spend was significantly higher on planned and capital maintenance compared to the previous year as a result of tighter controls on reactive spending throughout the year. We know there is still a lot to do to meet this ratio target, but we are encouraged to see improvement as part of our Repairs Change Project initiatives begin to be implemented.

Key observations (Operating efficiencies)

(Refer to table opposite for measures in this section.)

The Group’s headline operating cost per social housing unit was broadly consistent compared to last year below target, and in line with our peer group. This demonstrates our focus on delivering value for money and it is encouraging that we are beginning to see efficiencies being delivered from the many initiatives aimed at improved customer service and satisfaction, alongside focussing on improving our maintenance service. This was achieved against the continuing challenging macro-economic environment of high interest levels higher than anticipated inflation impacting building materials, gas, and electricity.

Next year we have intentionally set out to spend more with a higher headline operating cost per unit target, and plan to continue this trajectory over the next five years. This decision was made to enable higher investment in homes, ensuring we maintain the Decent Homes Standard, alongside allocating a higher budgeted spend on reactive repairs to reflect the increased demand on this service and to boost efforts to complete the work in progress jobs and reduce turnaround times with empty homes.

Our management cost per unit was under target and continues to be almost half of our peer’s cost per unit, despite a recent restructure in our neighbourhood services to reduce patch sizes, hire more team members and focus on delivering a more local service to residents.

Service charge costs per unit were under budget, despite a small increase in the year. These are forecast to increase in line with expected inflation.

Operating efficiencies							
Source	Measure	L&Q 2024/25 Actual	L&Q 2024/25 Target	L&Q 2023/24 Actual	G15 2023/24 Median	L&Q 2025/26 Target	L&Q 2026/27 Target
Regulator	Headline social housing cost per unit	£6,395	£6,794	£6,221	£6,221	£7,419	£5,000
Sector Scorecard	Management cost per unit	£812	£820	£797	£1,578	£974	n/a
Sector Scorecard	Service charge cost per unit	£1,246	£1,312	£1,129	£1,129	£1,329	n/a
Sector Scorecard	Maintenance and major repairs cost per unit	£4,126	£4,181	£3,608	£3,200	£4,524	n/a
Sector Scorecard	Other social housing cost per unit	£211	£481	£687	£520	£592	n/a
Sector Scorecard	Rent collected as % of rent due (General needs)	100%	100%	100%	99%	n/a	n/a
Sector Scorecard	Overheads as a % of turnover	8%	11%	9%	12%	n/a	n/a

Our maintenance cost per unit was higher than in the previous year as we had intended, in line with our strategic decision to spend more on planned maintenance, but ended the year below target despite ramping up performance in the last quarter. Despite a higher cost per unit, we are confident that we continue to deliver better value for money through the Repairs Change Programme, Major Works Investment Panel and procurement efficiencies being achieved by partnering with key contractors. Not only this, we have delivered an increase in satisfaction with these services during the year.

Rent collection for General needs at 100% represents strong performance in this area when taking into account the financial pressures residents are under due to the cost-of-living crisis. This is in part due to the success of the L&Q Foundation's work to support residents with tenancy sustainments and income management services.

Overheads as a percentage of turnover has decreased further to 8%, representing a £5m saving against our budget target of 3%. Our total overheads increased £3m (4%) during the year whilst adjusted turnover increased by £121m (14%). L&Q continue to consider this a key metric to ensure we deliver value for money, ensuring that we utilise resources effectively across the Group, and invest a greater proportion of resource in to delivering front-line services to our residents. We continue to monitor this metric closely to ensure any growth is efficient and are pleased that we have consistently performed at a much lower percent compared to our G15 peers in recent years.

¹³ Return on capital employed calculated as operating surplus including gain/(loss) on disposal of fixed assets and share of operating surplus/(deficit) in joint venture or associates ÷ total fixed assets + total current assets less current liabilities at end of year
¹⁴ Routine maintenance as a percentage of planned maintenance + major repairs expenditure + capitalised major repairs and re-improvements expenditure

Context and Scope

L&Q’s energy consumption and associated carbon emissions are reported below in line with the UK government’s streamlined energy and carbon reporting (SECR) regulations. These figures represent the carbon emissions associated with the Group’s consumption of natural gas, electricity and transport fuel.

Specifically, they include:

- Gas and electricity used in our offices
- Gas and electricity procured for use in our residential portfolio, eg for communal heating

- Temporary gas and electricity supplies to empty homes units in our residential portfolio
- Mains gas and electricity used on our construction sites
- Fuel used by our transport fleet, and
- Fuel used for business purposes by all employees within the L&Q Group.

Note: Details on the methodology applied can be found in the glossary and alternative performance measures section at the end of our Financial Statements (Note 35).

	2024/25	2023/24	Unit	% Change
Total energy consumption (used to calculate emissions):	164.9	180.7	GWh	(9%)
Gas	122,024	128,848	MWh	(5%)
Electricity	32,481	40,304	MWh	(19%)
Transport fuel	10,484	11,569	MWh	(9%)
Emissions from combustion of gas (Scope 1)	22,689	23,570	tCO2e	(4%)
Emissions from purchased electricity (Scope 2, location-based)	6,725	8,346	tCO2e	(19%)
Emissions from combustion of fuel for transport purposes (Scope 1)	2,116	1,895	tCO2e	12%
Emissions from business travel in rental or employee-owned vehicles where L&Q is responsible for purchasing the fuel (Scope 3)	389	508	tCO2e	(23%)
Total carbon emissions (excluding renewable energy)	31,919	34,319	tCO2e	(7%)
Total renewable electric procured	2,224	-	MWh	-
Total remaining brown electricity	30,257	40,304	MWh	(25%)
Total net carbon emissions (including renewable energy)	31,530	33,811	tCO2e	(7%)
Carbon emissions intensity ratio	0.27	0.26	tCO2e /unit	-

2024/25 Performance

L&Q’s total carbon emissions across scopes 1, 2 and 3 decreased by 7% in comparison to last year. Our carbon emissions intensity ratio increased to 0.27 tCO2e per unit, likely due to a reduction in the number of homes managed. With the exception of our fleet, data indicates reductions across all categories.

While no single activity can be clearly identified as the main driver of the reduction, several factors have contributed to the trends, including the impacts of completed energy efficiency works and changes to our portfolio, alongside estimated annual consumption (EAC) adjustments.

Key points:

- Gas and Electricity data provided by our broker was adjusted to resolve data gaps and discrepancies following transition to a new provider. Specifically, last year’s high EACs were likely driven by the previous energy market crisis and suppliers hedging their positions on expected consumption for sites without hard data. This year’s reduced figures in EAC represents a more accurate understanding of our portfolio usage.
- The portfolio size has reduced slightly, from 6,118 supply points (5,733 electricity and 385 gas) to 6,034 supply points (5,661 electricity and 373 gas).

- There are early indications that investment works on our heat networks over the last few years have resulted in reduced gas consumption. We will continue to monitor and verify the data and trends for future reports to draw more firm conclusions.
- We resumed purchasing renewable electricity for our offices after a temporary pause due to high Renewable Energy Guarantees of Origin (REGOs) prices. Our priority was to prevent costs from being passed on to residents. However, we are now able to fulfil our commitment to renewable energy in a manner that is proportionate to our strategic objectives.

Scope 1 – Gas: Emissions from our Scope 1 Gas used in leasehold offices, development sites, residential properties including heat networks, and construction decreased by 5% from 128,848 MWh last year to 122,024 MWh. Across both gas and electricity, there was an overall 14% reduction in consumption from void properties. However, it should be noted that we were unable to obtain complete consumption data for this financial year, and therefore this is an estimated figure.

In positive news, we are starting to see indications that there is reduced gas consumption for sites which have received upgrades to heat network infrastructure. While we continue to work on the reliability of data across the portfolio, there continue to be a number of sites reporting zero or very low consumption.

Scope 2 – Electricity: Overall, our electricity consumption has reduced by 19% from 40,304 MWh to 32,481 MWh. While the move to purchase renewable electricity for our offices will have had a positive influence on carbon emissions associated with our reported Scope 2 emissions, this does not account for the full reduction. It is noted that there are data gaps in the electricity consumption data from our supplier, including sites without a meter reading and others with no data and zero consumption. The total number of zero consumption sites has reduced from 644 last year to 594 this year, signalling progress on correcting erroneous data. However, there remains 1,127 sites which have not been read in 12 months, and these will be billing under EAC estimates.

Scope 1 – Transport Fuel: By far the largest contributor to our fleet emissions is our Direct Maintenance Fleet. We increased the number of vehicles in operation this year, along with an increase in the size of some Caretaking vehicles, resulting in an increase in overall fuel consumption. Emissions from our Facilities fleet, however, has decreased.

Construction fuel usage has reduced by 45%. We continue to work with our stakeholders to raise the minimum standards and improve design guidelines to keep driving reductions.

Scope 3 – Employee mileage: We saw a significant reduction in this category (21%) after implementing a new way of reporting to ensure consistency. Other contributing factors were the restructure of some business units, as well as a reduction in patch sizes for Neighbourhood Housing Leads, limiting the distances they need to travel between homes managed.

Energy efficiency measures

After securing funding from the Social Housing Decarbonisation Fund (SHDF) Wave 2.1, we set out with an ambition to improve over 3,000 homes across the two-and-a-half-year delivery programme. By the end of year two, we had completed energy efficiency upgrades in 675 homes, and we expect this to rise to around 750 homes by the end of the programme in September 2025.

Like many in the sector, we’ve faced a number of challenges that have affected delivery timelines. A combination of budget constraints and a nationwide shortage of skills and capacity in this specialist area meant we had to adapt our plans. In addition, many of the homes we initially identified for improvement turned out to be performing better than expected, making them ineligible for funding. As a result, we had to spend time identifying alternative homes to carry out the works. We also encountered a higher-than-expected level of resident refusals, which also slowed down progress. Despite these challenges, the work delivered so far has laid strong foundations, and we continue to learn, adapt and collaborate with partners to build capacity and drive future progress.

In total, we have installed 6,865 energy efficiency measures in 2024/25 across SHDF and the Major Works planned programme. We are proactively improving the way we report the measures and how we record them to enhance accuracy.

Seven out of eight sites that have undergone communal energy efficiency works are showing signs of reductions in consumption. Some are due to pipeline works being completed and subsequent improvements to heat networks as well as users being vacated with current works, making the consumption zero. We will continue to monitor our efficiency works in 2025/26.

While data shows a notable drop in consumption across electricity and gas, caution should be exercised in interpreting these figures due to known data quality issues. Improving the data quality for the portfolio will be a continued priority to minimise the impact on our annual reporting commitments.

In 2024/25 across both SHDF and Major Works Improvements programmes, L&Q has installed:

- “A’ rated double-glazed windows to 2,284 homes
- 1,849 ‘A’ rated insulated external doors
- 1,876 upgraded boiler systems
- 318 homes with additional loft insulation
- 97 homes with additional cavity wall insulation
- 149 homes with improved ventilation
- 226 homes additional wall insulation upgraded

The energy efficiency of our homes is measured through Energy Performance Certificate (EPC) scores, which are based on data calculated through the Standard Assessment Procedure (SAP) methodology. This year we used SAP 2012, as we did last year; however, we plan to adopt the new SAP 10 methodology in the coming years. Our target for this year was to attain an average calculated SAP score of 72.90 (equivalent to a low EPC ‘C’). We achieved an average SAP score 73.21, exceeding our target and showing a continued improvement from last year’s average SAP score of 72.37.

Several initiatives played a role in this increase, including the handover of new, high-performing new homes meeting EPC B or above, improved data collection methods, and the delivery of energy efficiency improvements through our major works programme, supported by the Social Housing Decarbonisation Fund (SHDF) Wave 2.1

Overall, we now have 748 fewer homes below EPC C, almost 4% less than we did in 2024. We remain committed to ensuring all our new homes achieve a minimum EPC rating of B or higher, and in 2024/25 100% of homes handed over met this standard.

In the last year, the Healthy Homes project evolved and continued to support residents affected by damp and mould in several ways. We completed assessments and Clean and Shields – mould wash down of the affected areas – at 5,283 homes and installed over 2,600 sensors. During these visits, energy experts optimise boiler, heating, and radiator settings and offer tailored advice on energy-saving practices. In addition, residents of existing homes benefit from expert advice on ventilation and heating strategies.

For newly built homes, comprehensive information is provided in the Home User Guide, covering the operation of heating and ventilation systems and effective management of overheating issues. Additionally, the guide offers valuable tips on using recycling facilities and promoting other sustainable living practices.

This year, we enhanced ways of working by introducing in-house assessments and state-of-the-art air filtration systems to treat mould and improve the air quality of homes with dangerous levels of mould.

We’ve also worked closely with contractors to adjust commercial agreements, so that properties with mould are treated sooner. These new ways are proving to be not only more efficient, but also more cost-effective.

Gas consumption accounts for 72% of our emissions reported in SECR, with heat networks representing a significant portion of this usage. These systems primarily run on gas boilers, and we are reducing emissions by improving their operational efficiency.

Last year, we reported enhancing operational efficiency and reducing the carbon emissions intensity of six district heating schemes, as well as conducting optimisation studies or dilapidation reports for 18 schemes by 31 March 2024. In 2023/24, four optimisation studies and two efficiency projects were completed. A small number of related projects were carried over into early 2024/25.

This year, two optimisation studies were completed, in addition to an application being submitted for funding for three further studies, and six efficiency projects being largely completed, with one formally handed over and the rest are either closing out snags or waiting on access for a few remaining properties.

Energy efficiency measures implemented across these sites included heat network upgrades, boiler replacements, Building Management System (BMS) enhancements, and Heating Interface Unit (HIU) replacements.

As part of our efforts to improve generation capacity and safety of our existing solar PVs, we have signed a new 3-year contract with Low Carbon Exchange to manage our PV assets. To help improve generation capacity and safety, we introduced annual servicing of all our PV systems. We also continue to partially power our West Ham Lane office with solar panels.

As one of the UK’s largest housing associations, we recognise that our activities have a profound impact on the environment and that we have a responsibility to minimise this impact. We have been an Adopter of the Sustainability Reporting Standard (SRS) for Social Housing since 2022, and our sustainability priorities are aligned with the United Nation Sustainable Development Goals (SDGs).

Our published Sustainability Finance Framework paved the way for us successfully completed the first sustainability linked bond issuance in the Social Housing Sector in January 2022, placing a £300m landmark issue. The Framework was updated in August 2024 and within this we set updated ESG metrics for the remainder of the life of the corporate strategy, to 2026. Details on our Streamlined Energy and Carbon Reporting methodology can be found in Note 35.

Our 2026 sustainability key performance targets:



72.8

Average calculated SAP score of 72.8 by 31 March 2026



3,898

homes built by 31 March 2026



£800k

invested in financial support services for residents by 31 March 2026

Progress against our sustainability performance targets is published in our annual Sustainability report



03

Governance

Group Board

Internal control and risk management

Audit and Risk Committee

Statement of responsibilities of the
Board in respect of the Board's report
and the financial statements

The L&Q group is governed by its Group Board (the Board) – Board member biographies can be found in the following pages, and are available on our website.

London & Quadrant Housing Trust (LQHT) is the parent of the L&Q Group and is an exempt charity and registered society under the Co-operative and Community Benefit Societies Act 2014. It has overall control of all of its subsidiaries and is responsible for the leadership of the L&Q Group.

Governance update

Following a Regulatory Inspection carried out in Q1 of 2025/26, the Regulator of Social Housing published its latest judgment of LQHT in August 2025, confirming that we remain compliant against its governance standard.

The Regulator awarded a G2 rating for governance, which is a re-grade from our previous G1 rating. It agreed that our Group Board is appropriately skilled and experienced, that our governance arrangements are effective in delivering our strategic objectives, and that we make best use of our resources.

G2 is a compliant grade, but we aspire to return to the highest G1 governance rating as soon as practicably possible. We are required to conduct a governance review every three years under the NHF’s Code of Governance, however prior to this regulatory judgement, we had already committed to bring forward the next iteration of this by a year so that any changes can align with our next strategy period starting from April next year. The review will look at our full board and committee level governance structure.

We have waited for the inspection to be completed so our review can also be informed by the Regulator’s feedback and are now progressing this work as a priority. We aim to complete the review and implement any recommendations within the next 12 months.

Code of Governance

LQHT adopted the principles and provisions of the NHF Code of Governance 2020. An assessment of compliance with the Code is undertaken annually and we are confident that we remain compliant in all material aspects. There are no areas of non-compliance highlighted, but we continue to strengthen our approaches on an ongoing basis to ensure we are fully compliant. The NHF Code of Governance applies to LQHT’s relationship with the subsidiaries. LQHT’s principal subsidiaries have adopted the Group Governance Standing Orders or a tailored version proportional to the nature and size of such subsidiary. By adopting sections of the Group Governance Standing Orders, each of the subsidiaries acknowledges that LQHT has the power to intervene, if necessary, in its governance. A list of L&Q’s direct and indirect subsidiaries can be found in note 34 of these financial statements.

Code of Conduct

LQHT has adopted the NHF Code of Conduct 2022. An assessment of compliance with the Code is undertaken annually and we are confident that we remain compliant in all material aspects.

Leadership and control

The Board consists of between five and twelve Board Members (excluding co-optees). As at 31 March 2025 there were nine members which includes the Group Chief Executive and the Group Finance Director.

As part of the G15, L&Q have committed to aspirational targets for 30% of Board roles to be held by individuals from an ethnic minority background and 50% to be held by women. As at 31 March 2025, of the nine Board members in office 22% were from ethnic minority backgrounds and 44% were women.

The key management personnel of the Group consists of the Board and the Executive Group as listed at the end of this document in section 5 – other company information at the end of these Financial Statements. Changes in leadership are listed in Note 10 of these Financial Statements.

Board and Committee membership

The table opposite sets out the Board membership and attendance as at 31 March 2025, which is shown as the number of meetings attended out of the total number of meetings possible for the individual board member during the year.

Board member	Group Board	Audit & Risk Committee	Governance & Remuneration Committee	Development Committee	Resident Services Board
Liam Coleman (Chair) (appointed September 2024)	6/6		1/2		
Edward Farnsworth (appointed January 2025)	2/2				
Fayann Simpson	6/6	6/6	5/5		5/5
Louise Brooke-Smith	6/6			6/6	
Fiona Fletcher-Smith	6/6				
Nigel Hopkins	5/6	6/6			
Raj Kumar	6/6				5/5
Maria Da Cunha	6/6		5/5		
Dominique Kent	4/6				
Other committee members					
Sarah Bundy				6/6	
Kris Peach			4/5		
Faith Smith					4/5
Nadya Enver					5/5
Dave Bedford					5/5
Tim Shand (appointed to Development Committee November 2024)				2/2	5/5
Elisse Penney					3/5
James Rolton				6/6	
Raj Kambo		6/6			
Anne Turner (appointed May 2025)		6/6			
Retired during the year					
Aubrey Adams (retired September 2024)	3/3		2/3	2/3	
Waqar Ahmed (retired December 2024)	4/4				
Carl Shillito (resigned December 2024)					3/3

Group Board member biographies



01
Liam Coleman
Chair of
L&Q Group

Liam is currently also Chair of Great Western Hospitals NHS Foundation Trust, a Non-Executive Director and Chair of the Audit Committee at the Financial Conduct Authority and a Non-Executive Director and Chair of the Customer Services Committee at VIVID Housing. Before these roles, he held several senior executive positions in the Financial Services sector.

Liam has over 30 years of experience in the financial services industry in various roles spanning retail and commercial banking and wholesale banking in his role as Treasurer at three major banking organisations.

Liam worked as Deputy Chief Executive Officer and subsequently Chief Executive Officer at The Co-operative Bank plc from May 2016 to July 2018, joining the bank in June 2013 as Treasurer and subsequently moving to become the Director of Retail & Commercial Banking.

Before joining The Co-operative Bank plc, Liam was Deputy Group Treasurer and Group Head of Capital Management at RBS and Group Director of Treasury at Nationwide Building Society.

Earlier in his career, Liam worked at NatWest in corporate banking and at Hambros and Bank of Tokyo-Mitsubishi in corporate and structured finance.

He is an Associate of the London Institute of Banking and Finance (ACIB) and an Associate of the Association of Corporate Treasurers. He holds an MBA from Warwick Business School.



02
Fayann Simpson OBE
Chair of Resident
Services Board

Fayann has been an L&Q resident for more than 25 years and an involved resident for more than 20 years.

Fayann is Chair of the L&Q Resident Services Board, a member of L&Q's Group Board, Audit and Risk Committee, and Governance and Remuneration Committee, and was appointed Senior Independent Director in 2021.

Fayann is a member of the Industry Safety Steering Group, chaired by Dame Judith Hackett, and sits on the Building Safety Regulator Statutory Resident Panel and the Single Regulator Advisory Board.

Fayann has been a Board member at Sustainability for Housing since July 2021 and is also a member of the Mount Anvil's Independent Residents Advisory Panel.

Fayann was awarded the OBE in the birthday honours list 2020 for services to people living in social housing.



03
Nigel Hopkins
Chair of Audit and
Risk Committee

Nigel Hopkins is an experienced Non-Executive Director who is currently Chair of MHS Homes, Chair of a Social Finance fund for End-of-Life Care and Chair of Instructus, and was previously Chair of the Audit Committee of Places for People.

He has enjoyed a successful and varied executive career with International Blue Chip and Regulated businesses.

He has extensive experience in organisational transformation in both the private and public sectors, most recently in businesses delivering social impact through housing, skills, jobs, senior living, and care.



04

Maria Da Cunha

Chair of Governance and Remuneration Committee

Maria is a former senior executive of British Airways plc where she worked for 18 years until 2018. Maria was BA's Head of Legal and Government and Industry Affairs for four years before becoming its Director of People and Legal in 2011, responsible for human resources, legal, risk and compliance. Maria has extensive experience in corporate governance, risk and compliance, regulated industries, transformation programmes, employee engagement and industrial relations.

Prior to joining BA, Maria held various positions with Lloyds of London, Lovells LLP and the College of Europe. She was formerly a Non-Executive Director of De La Rue plc and a Trustee of Community Integrated Care.

Maria is a Non-Executive Director of International Distribution Services plc and Irwin Mitchell Holdings LLP and a Panel Member of the Competition and Markets Authority.



05

Dr Louise Brooke-Smith OBE

Chair of Development Committee

Louise is a Chartered Surveyor and Chartered Town Planner with experience drawn, over 35 years, from the UK and overseas.

She provides strategic development advice for national and international clients from the public and private sectors. Formerly a Partner of Arcadis LLP, a Global Consultancy for the Built Environment, she was UK Head of Development & Strategic Planning, Head of Social Value, and continues to advise as a Strategic Consultant.

Louise was the first female Global President of the Royal Institution of Chartered Surveyors. She championed diversity and inclusion and led initiatives including the RICS Inclusive Employers Quality Mark and the Property Strategy for Sub-Saharan Africa. Her accolades include Outstanding Woman in Construction and National Achiever in Construction. Louise was awarded an OBE in 2019 for 'services to the built environment, diversity and inclusion'.

Louise is an experienced non-executive director holding positions on many boards, including Board Member and Employee Engagement Lead for Genuit Group plc, Board Trustee of The Land Trust and Board Member of the Greater Birmingham and Solihull LEP.



06

Dominique Kent

Chair of L&Q Living Board

Dominique holds a number of Non-Executive Director and Advisory roles in the Health and Social Care sector and has built her experience in Executive posts throughout her career.

Dominique was CEO of Pacific Investments for their Senior Living business until November 2022. Prior to this, she was appointed by Sodexo as the COO for the Sodexo UK and Ireland Homecare business portfolio. This was subsequent to the Sodexo takeover in April 2019 when Dominique was appointed Managing Director for The Good Care Group (TGCG). TGCG was a fast-growing provider of live-in care services enabling older people to stay in their own homes and communities. Dominique is particularly proud to have achieved an Outstanding Care Quality Commission (CQC) rating in all five categories. Prior to that, she held positions with Sunrise Senior Living and Sainsbury's.

Dominique has also Chaired the Homecare Association, where she was a non-executive director for 9 years. In September 2022 she joined the board of Trinity Home Care. She is also an advisor for Thalamos, a business set up to improve outcomes for mental healthcare.

She is Chair of the L&Q Living Board.



07

Raj Kumar

Board Member

Raj has over 35 years of practical experience of working in the registered provider sector. This includes being Head of Service for a Local Authority, during which he helped set up an Arm's Length Management Organisation (ALMO).

Since 2006 Raj has headed up One Enterprise Ltd, a housing consultancy working across the UK. He has previously managed several best practice clubs for Housemark. He also heads up an Independent Tenant Advisory (ITA) service, which is supporting residents on a regeneration scheme in Harrow. Raj is the independent chair of the Customer Committee at Nottingham Community Housing Association.

Raj is a member of the Chartered Institute of Housing, a Fellow of the Royal Society of Arts and Manufacturing (RSA) and a qualified mediator.

Raj is also L&Q's Member Responsible for Complaints (MRC). He has lead responsibility for complaints and ensuring a positive complaint handling culture. In this role, he ensures that L&Q's Group Board receives regular information on complaints that provides insight on our complaint handling performance.



08

Fiona Fletcher-Smith

Group Chief Executive

Fiona was appointed as L&Q's Chief Executive in September 2020.

With almost 30 years of experience in the housing sector, Fiona has worked in a variety of voluntary and public sector roles including advising homeless people in Dublin, housing management, development and regeneration, strategy and policy development.

Fiona was previously L&Q's Director of Development and Sales, spearheading a £5.1 billion development programme. Whilst in this role, Fiona led our development and strategic land programmes, including landmark projects such as the 10,800-home Barking Riverside development. She also oversaw the group's expansion beyond the South East and delivered change programmes to improve both the efficiency and diversity of our Development and Sales function.

Prior to joining L&Q, Fiona was Executive Director for Development, Enterprise and Environment at the Greater London Authority (GLA). As part of their senior management team, Fiona was responsible for overseeing the delivery and implementation of key strategies such as the London Plan and overseeing the operation of the Mayor's powers in relation to significant planning applications in the capital.

Fiona is the current chair of trustees at the Centre for London, helping the capital's think tank to meet their charitable objectives.



09

Edward Farnsworth

Executive Group Director, Finance

Ed has worked for L&Q for 20 years, joining us as a graduate trainee in 2005 and holding various finance roles before being appointed Executive Group Director, Finance in January 2025.

Ed is a qualified accountant with extensive experience working in social housing finance and is committed to the positive social impact the sector has on communities and residents' life chances.

Ed has been instrumental in forging a financial strategy at L&Q based on strong commercial discipline that enables us to continue making landmark investments in the safety, quality and sustainability of resident's homes, while providing vital services to some of the most vulnerable groups in society, and maximising the delivery of new, affordable homes.

Ed is also Co-Chair of Barking Riverside Limited, a Board Member and Chair of the Audit & Risk Committee at North London Muslim Housing Association, and Chair of the National Housing SORP (Statement of Recommended Practice) Working Party for the sector.

If any board members are unable to attend a meeting, they are encouraged to communicate their opinions and comments on the matters to be considered via the Chair or the relevant committee.

Membership of committees is drawn from both Board members of L&Q, and independent members.

Delegation

The focus of the Board is on L&Q's strategy and objectives, business plan and viability. It also has responsibility for overseeing the performance of L&Q and its activities to help L&Q deliver long-term success. The Board's Schedule of Matters Reserved by the Board lists matters that are specifically reserved for decision by our Board. In order that it can operate efficiently and give the right level of attention and consideration to relevant matters, the Board delegates certain responsibilities to Board committees.

Board committee agendas and schedules of items to be discussed at future meetings are prepared in accordance with the terms of reference of each committee and take account of a combination of standing, topical and ad hoc matters.

The four standing Board committees for the 2024/25 financial year were:

- **Audit and Risk Committee** – responsible for overseeing internal audit, external audit, the effectiveness of internal controls, monitoring and challenging management on its identification and mitigation of risk, and reviewing the financial statements and financial performance.
- **Governance and Remuneration Committee** – responsible for advising the Board on governance, remuneration, and Board and committee succession planning and appointments.
- **Development Committee** – responsible for appraising and reviewing major development and investment schemes, and sustainability.
- **Resident Services Board** - responsible for monitoring and challenging operational performance in relation to quality, maintenance and repairs, customer service, satisfaction, and complaints, with a focus on compliance with the Social Housing Regulator's Consumer Standards and engaging with Neighbourhood Committees.

All of our committees have at least one resident member, and the Resident Services Board comprises up to nine residents (including the chair) and one independent board member.

At Board committee meetings, items are discussed and, as appropriate, may be endorsed, approved, or recommended to the Board, by the committee. All committees report back to the Board at each board meeting.

Day-to-day management of L&Q and its subsidiaries and delivery of the Board approved strategies are delegated to the Executive Group. The Executive members of the Board also sit on the board of individual subsidiaries where additional oversight is required by the Board.

Modern Slavery and human trafficking statement

The Group is committed to understanding modern slavery risks and ensuring that we comply with our legal and regulatory responsibilities, including the Modern Slavery Act 2015. We take care to ensure that slavery and human trafficking does not exist in any part the Group or supply chain.

L&Q's full statement on modern slavery is available on our website.

Stakeholders

Stakeholder engagement is mostly carried out on a group wide basis, to ensure that Directors understand the views of stakeholders when making decisions and setting strategy. This includes business relationships with suppliers, residents, communities, and colleagues, amongst others. The values and behaviours upheld when engaging with stakeholders are consistent across the Group, whichever company is communicating with stakeholders.

More details can be found in the publicly available Financial Statements of the relevant subsidiary companies in the Group required to report under s172 of the Companies Act.



Internal control and risk management

The Board has overall responsibility for the framework of internal control and risk management across the Group, and for reviewing its effectiveness. The framework is designed to manage and reduce, rather than eliminate, the risk of failing to achieve business objectives. It provides the Board with reasonable, and not absolute, assurance against material misstatement or loss.

The framework consists of:

1. Governance arrangements

2. Leadership structures and portfolio accountabilities

3. Risk management, controls and assurance arrangements.

1. Governance Arrangements

The governance arrangements support the whole Group and are subject to regular review to ensure continuous improvement. The Board itself sets and assures strategy, risk appetites, financial and treasury plans. Four Committees, each with prescribed terms of reference, between them provide Board with assurance across all the Group’s activities.

The Audit and Risk Committee review and assure that internal control systems are operating effectively. They scrutinise the quarterly internal controls status reports. They oversee the internal audit programme, liaise with external auditors, and review the outcomes of the audit programme overall. They oversee the process to ensure outcomes from the assurance and audit programme is effective in identifying and implementing measures to mitigate gaps in controls. This is a delegated authority on behalf of Group Board.

The Resident Services Board provide assurance that residents are able to contribute to high-level strategic decision making and that resident views have been sought and taken into account on relevant policy and service delivery issues. They take a lead on monitoring compliance against the Regulators Consumer Standards and Group Service Standards, and report on performance annually to Board.

The Development Committee provides assurance to Board on major development and investment decisions, including new projects, housing products, stock transfers, joint ventures, and disposals. They oversee investment in existing homes, ensuring compliance and quality, and monitors alignment with net zero and sustainability goals.

The Governance and Remuneration Committee provide assurance to the Board in relation to governance standards and effectiveness. They provide advice on remuneration, culture, diversity, and inclusion.

Underpinning and broadly mirroring the Board Committees, internal governance groups oversee and assure performance against our business plans. There is a clear and defined escalation path between governance groups and committees, as prescribed by their terms of reference.

2. Leadership Structures and Portfolio Accountabilities

A defined organisational leadership structure exists, with defined and prescribed accountabilities for the full range of activities undertaken and delivered by the business (referred to as ‘portfolios accountabilities’). This approach ensures a single and explicit point of ownership and leadership for each portfolio accountability.

3. Risk management, controls and assurance arrangements

The risk management approach operates on two levels. Our strategic risks and associated risk appetites are reset annually in line with our strategic priorities in the context of our internal and external operating environment. These appetites provide guardrails to enable risk-based decision making that supports the delivery of our strategic priorities.

At an operational level, risks set are identified by leaders in line with their portfolio accountabilities. They are required to identify current and forthcoming legislation and regulation and associated risks. They identify and continuously improve controls to effectively manage the risks.

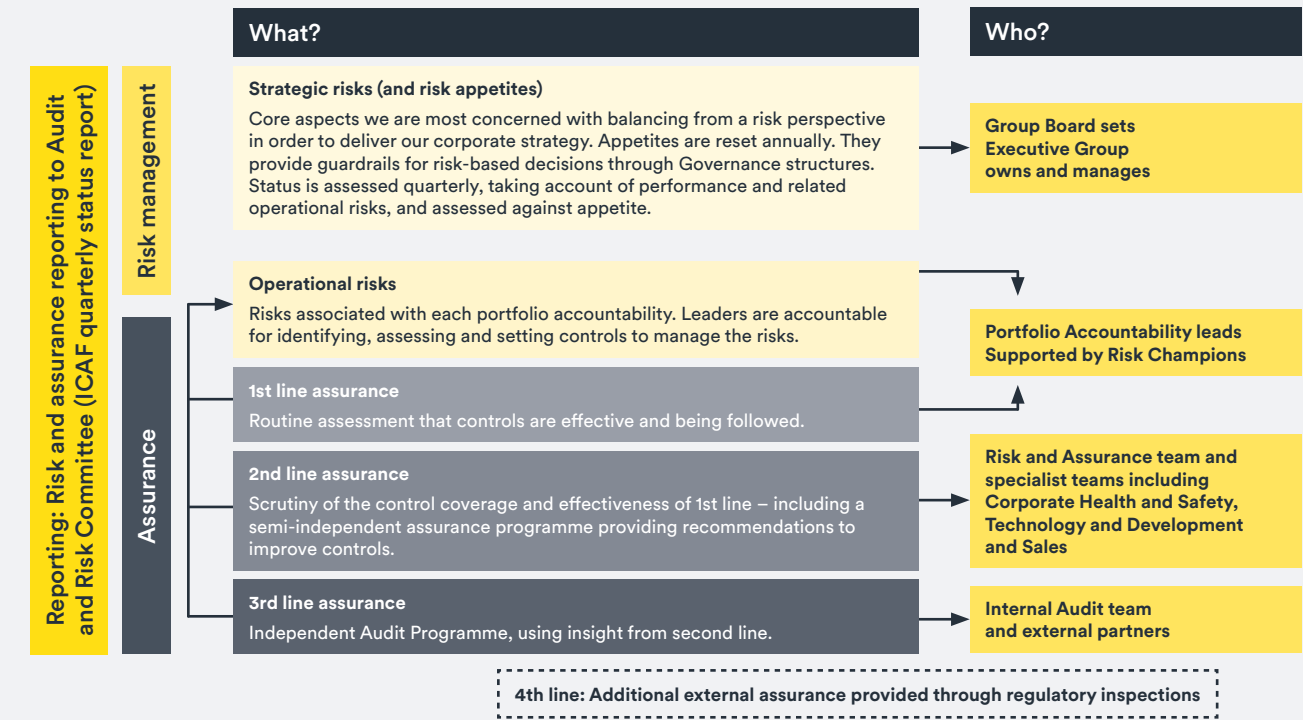
Assurance centres on the critical controls that manage the operational risks and that in turn underpin the strategic risks. Assurance and Audit activity assesses the effectiveness of risk management and identifies gaps in controls or issues with implementation of controls to effectively mitigate risk.

Alongside assurance and audit outcomes, quarterly ‘internal controls and assurance’ status reporting sets out the risk status of each strategic risk and the effectiveness of controls. The risk and assurance report also sets out any external regulatory activity such as that related to the Regulator of Social Housing, the Care Quality Commission and Housing Ombudsman, as well as internal governance reports and checks completed to assure compliance with regulatory reporting requirements. This reporting is scrutinised through governance arrangements and provides assurance to Board. The internal controls and assurance status report is reviewed annually by Board as part of their review of overall effectiveness of controls.

The Audit and Risk Committee has received regular reports on risk and internal controls throughout the year. They have also received the annual report from the Director of Internal Audit and reported its findings to the Board. Our overall approach is set out in the diagram below "Risk and Assurance Framework - at a glance".

The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2025, and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss, which require disclosure in the financial statements.

Risk and Assurance framework – at a glance



Risk Statement

Group Board has overall responsibility for overseeing our approach to risk management and strategy. They also set our strategic risk appetites, which we use to guide our governance and decision making as an organisation. Our strategic risks are the core aspects across our organisation that we’re most focused on balancing in order to support the delivery of our strategic objectives. They are identified and reviewed annually with Group Board, taking account of our internal and the external operating environments, also informed by our operational risk status across the whole Group. We set appetites for each of our strategic risks annually, setting out where we’re least and most willing to accept risk as an organisation, and which measurements we’ll use to assess our risk status. They are reviewed annually to ensure they remain fit to guide us through the course of the current corporate strategy and beyond.

We have the lowest appetite for risk in relation to our strategic risk: a) Health and Building Safety, b) Asset Condition, c) Financial Resilience and d) Organisational Governance and Control. In contrast we have highest appetite for risk in relation to our strategic risks a) Growth and b) Environment and Climate Change. Whilst these areas remain a priority for us, we recognise the greater need to prioritise other areas in line with our strategic priorities.

The actual status of each strategic risk is reviewed quarterly and compared with our risk appetites, with the ultimate target being to bring actual risk status within appetite. Figure 2 (overleaf) shows our strategic risks, their risk appetites and risk status at the end of 2024/25. It also shows any change in risk status since the previous financial year.

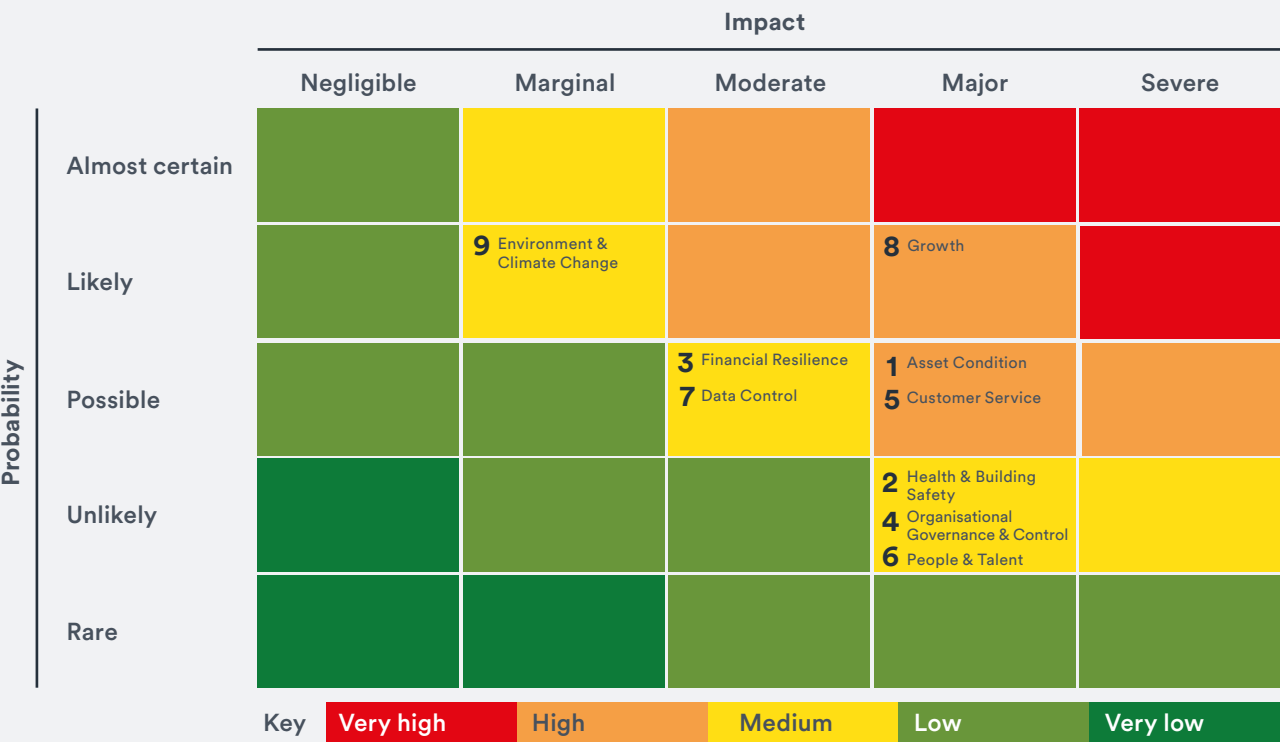
Our risk heat map shown at Figure 1 (opposite), shows our strategic risks, and their risk status at the end of 2024/25 based on assessed probability and impact.

Where we are currently operating above our risk appetite, we use our quarterly Internal Controls and Assurance reporting to Audit and Risk Committee to set out what we are doing to address the risk and the anticipated timeframes for bringing the risks within appetite.

- At the end of quarter four we were above risk appetite on five of our nine strategic risks: Health and Safety, Asset Condition, Financial Resilience, Organisational Governance and Control and Customer Service.
 - For most of 2024/25 we have been working hard to reduce and manage the tension between the risks that cover Asset condition, Customer Service and Financial Resilience. In practice, this has played itself out in us working to ensure we find the best balance between;
 - i) managing and improving the condition of our homes,
 - ii) the associated reactive repair demand, customer dissatisfaction and complaint volumes, and
 - iii) maintaining a strong financial position and managing financial resilience.
- The work is ongoing and we expect progressive improvement which will result in L&Q being fully within our risk appetite in these areas within three years.
- In relation to the Strategic risks covering Health and Safety and Organisational Governance and Control, we expect to return to risk appetite within a shorter timeframe, by mid-way through 2025/26 financial year for Health and Safety and by the end of the financial year for Organisational Governance and Control.
 - We were operating below our appetite in relation to Environment and Climate Change. Through the setting of our risk appetite as ‘high’ in this area, we are signalling a need to slow down financial and operational commitment to the Environment and climate change agenda in the short to mid-term.

Evidence of our effectiveness in balancing these risks can be observed through our end of 2024/25 performance on our balanced scorecard KPIs, which shows a stabilised or even improving picture in asset and customer related matters, alongside robust financial performance. Commentary on how we are managing each of the strategic risks is set out below in Figure 1.

Figure 1: Strategic Risk Map showing risk status at 31 March 2025



03 Internal control and risk management

Figure 2: Strategic risks and commentaries, presented to show from the top those that are most above risk appetite based on their current status, with year on year (YoY) status change

Strategic risk	Strategic risk commentary	Risk appetite	2024/25 risk status	Status change YoY
1. Asset Condition: Failure to repair and maintain our homes and estates and/or to do so in a way that enables best overall value for money, resulting in poor condition of homes and estates, customer dissatisfaction, complaints, and regulatory and stakeholder intervention.	<p>We are committed to investing and providing safe, high-quality homes that our residents can be proud of, and this remains one of our core priorities.</p> <p>We are doing this by continuing the successful delivery of our long-term asset investment programme, where we have committed to spend £3bn over 15 years. This is fully supported by our financial plan and is accelerating the improvement to the safety and quality of residents' homes, enabling compliance with legislation including 'Decent Homes Standard', energy efficiency requirements, plus current and emerging building safety and fire safety legislation. Future planning for our asset investment programme is informed by our rolling stock condition survey programme is helping us to build a more comprehensive understanding of our assets.</p> <p>Alongside our investment programme, through Transformation and Change, we will be resetting processes, team structures, technology, data architecture and ways of working for the delivery of our repairs and maintenance services, and are in the meantime improving the delivery of the repairs service and putting in place tactical interventions to improve the resident experience.</p> <p>We anticipate that these efforts combined will enable us to be operating within our 'Low' risk appetite within three years.</p>	Low	High	→

Strategic risk	Strategic risk commentary	Risk appetite	2024/25 risk status	Status change YoY
2. Health and Building Safety: Failure to effectively manage the safety of our residents, colleagues, suppliers or members of the public, causing harm, reputational damage and regulatory intervention	<p>Safety is our number one priority, and we are committed to keeping our residents, colleagues, suppliers and members of the public safe through the delivery of our business operations. We take a risk-based approach to decision making to ensure we understand the implications of any operational decision on health and safety risk.</p> <p>We have a robust Health and Safety performance framework, setting out requirements, monitoring compliance and ensuring action plans are in place to address any gaps across eight primary risk categories fire, asbestos, gas, electrical, work equipment, water safety, resident health, and personal safety.</p> <p>In respect of fire and building safety, the location and nature of our stock means that we have significant exposure. The five year External Wall System inspection programme is in its final year. Our March 2026 target to have completed remediation of all higher-risk buildings is delayed due to our ongoing pursuit of developer contributions. However, safety measures remain in place to protect residents and we will have either completed, be in progress or commenced works on all our higher risk buildings by March 2026.</p> <p>Our wellbeing programme remains sector-leading, with further improvements underway through our enhanced health surveillance strategy, targeting risks such as noise and vibration exposure.</p> <p>While we continue to operate above our low-risk appetite in this area because we have not been meeting compliance targets primarily in relation to overdue first risk assessment actions, overall compliance has improved significantly, and we expect to be back within risk appetite in the first half of 2025/26.</p>	Low	Medium	→

03 Internal control and risk management

Strategic risk	Strategic risk commentary	Risk appetite	2024/25 risk status	Status change YoY
3. Financial Resilience: Inability to provide sufficient financial control results in loss of financial resilience, restricting or limiting our ability to fulfil our vision, purpose and corporate strategy.	<p>We remain financially strong and robust and continue to maintain investment-grade credit ratings, deliver against loan covenants, possess an unencumbered property portfolio that enables capital raising and retain strong liquidity.</p> <p>Whilst we maintain an average A credit rating, the risk of a downgrade remains, due to increased pressure on operating margins and the required investment in existing homes and services.</p> <p>The delivery of the financial plan is subject to macro-economic uncertainties, including increased costs of financing and inflation. We are managing and mitigating this risk through strong budget control and activity to reduce our debt burden, primarily through the planned sale of our PRS portfolio and our stock divestment programme. We are also ensuring adequate contingencies are in place to protect against potential delays or reduction in sales, ensuring capacity for investment in existing homes and services.</p> <p>Whilst financial resilience remains a key focus, our journey back to within our 'Low' risk appetite is dependent upon delivering opportunities above and beyond those included in the current financial plan. Therefore, we expect to maintain a 'Medium' level risk over the next three years, although we expect it to be heading towards 'Low' at the end of this period.</p>	Low	Medium	→

Strategic risk	Strategic risk commentary	Risk appetite	2024/25 risk status	Status change YoY
4. Organisational Governance: Failure of our governance structures and arrangements to direct and effectively control delivery and change in line with our strategic objectives, business design and our target operating model, and/or failure to provide adequate assurance on these arrangements, leading to inefficiency, delays or complete failure to deliver our strategy and/or comply with our regulatory requirements.	<p>We are committed to achieving our corporate strategy aimed at enabling social homes, supported by reliable, repeatable and consistent landlord services. In the pursuit of that we are committed to maintaining our status as an externally validated well governed organisation and we have robust governance arrangements, a clear strategy and rigorous business performance and risk and assurance frameworks in place to support this.</p> <p>Our core governance arrangements remain robust. We continue to operate in compliance with multiple regulatory frameworks, and have undertaken self-assessment assurance in line with the new Consumer Standards. We will be expecting the outcome of our in-depth assessment in quarter 2 2025/26.</p> <p>This year's review of the strategic risks led to a broadening of this risk to include the way in which we control delivery and change in line with our strategic objectives and our target operating model. Our 3-year Transformation and Change roadmap is the primary vehicle for mitigating these risks and bringing them down to align with our enhancing alignment with our low-risk appetite. In the near term, the implementation of unified delivery processes and enhanced control mechanisms across processes, people, technology, and data will significantly strengthen our assurance framework over the next 12 months.</p> <p>Whilst the actual risk to the business in itself has not increased, nor have the means by which we are working to reduce it altered, explicit broadening of the strategic risk has resulted in an increase in the status of this strategic risk from 'Low' to 'Medium' against a 'Low' appetite. We expect to be within risk appetite by the end of 2025/26.</p>	Low	Medium	↑

03 Internal control and risk management

Strategic risk	Strategic risk commentary	Risk appetite	2024/25 risk status	Status change YoY
5. Customer Service: Failure to provide reliable, repeatable and consistent services to residents (with tailored support to customers who need us most), leading to customer dissatisfaction, complaints, reputational damage, legal, regulatory and stakeholder interventions	<p>We are committed to providing reliable, repeatable and consistent services to our residents. This is an absolute priority for us, and it is front and centre in our corporate strategy. This means ensuring that our residents can contact us easily and we deliver an efficient, cost-effective and compliant service that takes into account residents with additional needs. We have appropriate support in place to enable residents to sustain their tenancies and when things go wrong, we are committed to putting things right and learning to improve our services. We have also started a very important piece of work to set out a refreshed and clear resident service offer. Working with residents and stakeholders to bring further clarity about the role we play as their landlord, what our responsibilities are, and where we rely on and work with other partner agencies to take the lead.</p> <p>We are addressing the historic underinvestment in our service through the delivery of our long-term asset investment programme. We remain focussed on continued improvement of our reactive repairs service and transforming and simplifying our ways of working so we can provide a more consistent and responsive resident experience. This will be crucial to improving the customer experience and satisfaction of residents.</p> <p>Alongside this, we continue to strengthen our housing management services and our focus on shared ownership and managing agents to improve satisfaction for shared owners and leaseholders. Our approach remains to deepen our collaborative partnership with residents, ensuring their voice plays a central influencing role in the decisions we make.</p> <p>We continue to work on lowering our risk status in relation to customer service and expect to be within appetite in the next three years.</p>	Medium	High	→

Strategic risk	Strategic risk commentary	Risk appetite	2024/25 risk status	Status change YoY
6. People and Talent: Failure to attract, retain and develop the people and talent we need to lead and deliver our corporate strategy, and failure to maintain an engaged, values led and high performing workforce, impacting our ability to deliver on our strategic and operational objectives	<p>Our people are central to our fulfilment of our purpose, vision and values through the delivery of our corporate strategy enabled by an agreed (target) operating model. We are committed to building and maintaining strong leadership and management capability, that develops their teams in line with organisational design principles, supports wellbeing and development, delivering high performance and consistent ways of working.</p> <p>Working in a changing business and regulatory environment, we are the alert to the current and future skills and talent shortages and are working to mitigate these risks to ensure we maintain the people and talent we need.</p> <p>We offer a good range of support and benefits for colleagues to help with attracting, retaining and developing talent, from flexible working arrangements to financial health coaching. We have a robust framework of colleague learning and development, plus a comprehensive performance management and people development offer.</p> <p>We use data and insight to track progress including through our colleague wellbeing and engagement surveys.</p> <p>Our mitigations remain broadly effective in ensuring we continue to attract and retain the right talent to help us achieve our goals.</p> <p>We have a medium risk appetite with respect to this risk.</p>	Medium	Medium	→
7. Data Control: Failure to ensure quality and integrity of data and/or to prevent loss and/or disclosure, resulting in ineffective business decisions and/or breach of information putting residents, colleagues or partners at personal risk, legal and regulatory repercussions, financial penalties and reputational damage.	<p>We are committed to ensure our data is accurately captured, held and managed, in a way that best enables the provision of consistent, reliable and repeatable services and equips us to make effective business decisions. This will enable us to exploit new technologies such as machine learning and artificial intelligence.</p> <p>Our cyber controls are appropriately robust, and we continue to invest in our data and information security arrangements, using data and insight from a range of sources to ensure we continuously improve and strengthen our level of governance, assurance and overall protection which include current and emerging risks such as those associated with the prominence of artificial intelligence.</p> <p>We are working to improve and strengthen our overall control framework for data and information.</p> <p>We are committed to a robust programme of assurance to check our controls, including for example all colleague training and awareness on data control, and testing through routine phishing campaigns. We use insight from these assurance checks to continually improve our arrangements.</p> <p>In line with our 'medium' appetite for this risk, we seek to maintain our current risk profile for data control.</p>	Medium	Medium	→

03 Internal control and risk management

Strategic risk	Strategic risk commentary	Risk appetite	2024/25 risk status	Status change YoY
8. Growth: Failure to develop and regenerate quality affordable homes within Greater London and Greater Manchester in line with our strategic priorities resulting in reduced contribution to the affordable homes crisis, associated reputational damage, reduced future income, and impacting our ability to influence the housing sector and investors.	<p>We remain one of the biggest developing associations, targeting completion of over 2,000 new homes in 2025/26 across our core geographies of Greater London and Greater Manchester.</p> <p>However, we remain committed to investing in our existing homes and improving our financial resilience and therefore, have reduced our growth programme, which means we will not fulfil the targets as set out in our corporate strategy.</p> <p>We will continue to explore ways to create financial capacity to deliver more homes, in future, through development and regeneration. We will seek to do so in a way that presents no greater development risk nor debt funding requirements for L&Q and fully aligns with our wider strategic risk landscape.</p>	High	High	→
9. Environment and Climate Change: Failure to plan for and meet L&Q's net zero carbon emissions targets by 2050, and failure to plan for and take reasonable precautions to protect our residents and our assets from the effects of climate change, resulting in financial losses and increased costs, regulatory non-compliance, stranded assets, and disruption and negative outcomes for residents.	<p>We remain committed to contributing to the 2050 net zero target, and to improve the efficiency of our existing homes to EPC C by 2030. However, through the setting of our risk appetite in this area we are signalling a need to slow down financial and operational commitment to the environment and climate change agenda in the short to mid-term. As a result, the probability of the risk materialising has increased, while the impact is unlikely to materialise in the short-term.</p> <p>Our current risk exposure varies across the group, although the main sources of carbon emissions are from our supply chain, and our development and property services operations. We are currently exploring a range of options to help us continue to reduce our impact on the environment, with all decisions being made in line with our wider strategic risk landscape.</p> <p>Despite our current risk appetite, will continue to target improvements in the energy efficiency of our homes in 2025/26. These improvements are closely aligned with works already included in the Financial Plan, with the expectation that additional budget will be available for 2026/27.</p>	High	Medium	↑



Throughout the financial year, the Audit and Risk Committee members met six times as part of the work of the committee in discharging its responsibilities.

The committee discussed with the external auditors the adequacy, nature, and scope of the annual financial audit plan, including reviewing and agreeing the engagement letter issued by the external auditor at the outset of the Group audit, assuring itself that the external auditor has the fullest co-operation of staff and to oversee the satisfactory completion of the annual external audit process. The committee has also considered all relevant reports by the external auditor and by regulatory authorities and the findings of the external auditor in the course of its work, and the adequacy of management’s responses.

The committee has reviewed and monitored the external auditor’s independence, judgement and robustness in handling key decisions, objectivity, and the effectiveness of the audit process and particularly in respect of safeguards established to mitigate threats to its independence.

Significant financial statement areas considered during the year

In respect of significant issues that the committee considered in relation to the financial statements, and to monitor the integrity of the financial statements, a detailed report was presented to the committee and discussions were held to ensure members’ understanding of the issues, and the potential impact on the presentation of the financial statements. These were discussed in sufficient detail with our external auditors to ensure resolution of any issues was in line with auditing standards and accounting requirements. Matters of significant importance and risk to the Group financial statements audit were agreed by the committee.

Estimation of the recoverable amount of Fixed Asset Housing Properties under the course of Construction

The committee has considered the recoverable amount from fixed asset properties under construction and gains confidence from the supporting work of the Development Committee and Investment Property Group, which oversees all major development and investment schemes including joint ventures undertaken by the Group.

For fixed assets under construction, a report was presented to the committee detailing the approach and methodology in making judgements, sensitivities to the assumptions applied and the outcome of the assessment of impairment detailing specific schemes that were considered to be impaired.

Land and properties for sale, work in progress relating to current assets

The committee has considered the risk of impairment of land and properties for sale as well as work in progress in current assets and gains confidence from the supporting work of the Development Committee and Investment Property Group, which oversees all major development and investment schemes including joint ventures undertaken by the Group.

Land available for sale is most susceptible to changes in circumstances that could lead to the net realisable value falling below carrying value at a Group level given these are currently held at fair value on acquisition. The committee is provided updates on land sales performance separate from property sales and joint ventures. This ensures that these asset classes are treated and assessed separately in terms of performance and for impairment testing purposes.

For work in progress relating to current assets, a report was presented to the committee detailing the approach and methodology, sensitivities to the assumptions applied and the outcome of the assessment of impairment detailing specific schemes that were considered to be impaired.

Viability statement

L&Q’s current viability rating of ‘V2’ during the last Regulatory Inspection recognised that L&Q manage financial viability well, but reflected increased economic pressures faced by housing associations. This judgement should be viewed as confirmation to residents, investors, partners, and other stakeholders that the Group’s ambitions remain anchored by sound financial management and a robust approach to risk management, business planning and stress testing. The ratings are also an external validation that our Board has an integral role to the business and that a highly effective governance structure is in place across the organisation. The Regulator reviews L&Q’s ratings on a regular basis through submitted data and inspections, with the latest inspection completed in 2025 confirming our compliant ‘V2’ rating.

The Board has assessed the viability of the Group over a five-year period. The Board’s assessment is also supported by the longer 30 year financial forecast shared annually with the Regulator and the annual review of the adequacy of resources available to the Group to prepare the financial statements on a going concern basis.

The Board approves the Group financial plan twice a year and its output which is submitted annually to the Regulator in the form of a Financial Forecast Return. The Board is, to the best of its knowledge, satisfied that covenant compliance is maintained throughout the life of the plan on the basis that the financial plan has been stress tested to withstand significant composite risks materialising without breaching lender covenants, thus confirming the future viability of the Group.

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. The Group has considerable financial resources together with long term cash generating assets. Consequently, the Board believe that the Group is well placed to manage its business risks successfully. For this reason they continue to adopt the going concern basis in preparing the Group’s financial statements.

No material uncertainties related to events or conditions that may cause significant doubt about the ability of the L&Q Group (defined as London & Quadrant Housing Trust and its subsidiaries) to continue as a going concern have been identified by key management personnel after taking into account the relevant facts and circumstances.

Our positive viability statement is supported by documented evidence in the form of a Board approved Treasury Strategy that addresses liquidity risk, refinancing risk, projected covenant performance, credit and regulatory ratings, viability review and access to funding. L&Q’s Group insurance policy covers full reinstatement value of £19 billion (2024: £15 billion). Our forecasting and budgeting processes are long established and use proven techniques where critical assumptions are subject to independent challenge and stringent sensitivity analysis. In addition, the Group has put in place a stress test recovery planning process in the event there is a forecast covenant breach.

The Board has considered L&Q’s exposure to contingent liabilities and the potential source of cash outflows during the review period relating to legal proceedings, guarantees, margin or other credit support provisions under derivative contracts and product liability.

The Board can also confirm that it has complied in all material respects with the Governance and Financial Viability Standard set out by the Regulator of Social Housing as evidenced through our annual compliance regime. Through the adoption of a new five-year Corporate Strategy in March 2021 and ongoing work to set a new Corporate Strategy beyond FY2026 the Group can evidence clear strategic direction with targets set which are challenging and stretching and monitored on an ongoing basis. Governance oversight is clear through our reporting framework and covers risk around financial investment and protection of social housing assets.

03 Statement of responsibilities of the Board in respect of the Board's report and the financial statements

The Board is responsible for preparing the report of the Board and the Group and Parent association financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs and the income and expenditure of the Group and the Parent association for that period.

In preparing each of the Group and Parent association 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 UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess the Group and Parent association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or Parent Association or to cease operations, or have no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Parent association and to prevent and detect fraud and other irregularities.

Financial statements are published on L&Q's website in accordance with UK legislation governing the preparation and dissemination of financial statements. The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

As referred to in the Viability Statement, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements, and for this reason has continued to adopt the going concern basis in preparing the Group's financial statements.

Statement of compliance

The Strategic Report has been prepared in accordance with applicable reporting standards and legislation. The Board can also confirm that the Group has complied with the Regulator of Social Housing's Governance and Financial Viability Standard.

Provision of information to the auditor

All of the current Board members have taken the steps that they ought to have taken to ensure they are aware of any information needed by the Group's auditor for the purposes of their audit, and to establish that the auditor is aware of that information. The Board members are not aware of any relevant audit information of which the auditor is not aware.

By order of the Board



Liam Coleman
Group Chair

19 September 2025



04

Financial Statements

2024/2025

Independent auditor's report to
London & Quadrant Housing Trust

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Consolidated statement of cash flows

Notes to the financial statements

1. Our opinion is unmodified

We have audited the financial statements of London & Quadrant Housing Trust (“the Association”) for the year ended 31 March 2025 which comprise the Group and Association Statements of Comprehensive Income, Group and Association Statements of Financial Position, Group and Association Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of the Group’s and the Association’s affairs as at 31 March 2025 and of the income and expenditure of the Group and the Association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit and risk committee.

We were first appointed as auditor by the Board on 1 March 2013. The period of total uninterrupted engagement is for the 13 financial years ended 31 March 2025. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview			
Materiality:		£10.8m (2024: £11.5m)	
Group financial statements as a whole		1% (2024: 1%) of Group total revenue	
Key audit matters		vs 2024	
Recurring risks	Estimation of the recoverable amount of Fixed Asset Housing Properties under the course of Construction	◀▶	
	Estimation of net realisable value of stock and work in progress	◀▶	

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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.

We summarise below the key audit matters (unchanged from 2024), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Fixed Asset – Housing Properties under the course of construction (Group and Association)	Estimation of the recoverable amount of Fixed Asset Housing Properties under the course of Construction The Group and Association holds social housing under the course of development at historic cost under Section 17 of FRS102 and Chapter 8 of the Social Housing SORP. In line with Section 27 of FRS102 and Chapter 14 of the Social Housing SORP the Group has undertaken an annual review to identify any indication of impairment. The Group has assessed that an indicator of impairment existed due to an increase in market interest rates and the material affect of these increases on the discount rate in calculating the value in use for schemes in the course of construction. This indicator of impairment existed for all schemes within the Group and Association’s Fixed Asset – Housing Properties under the course of construction. The Group’s principle valuation of the recoverable amount is the higher of the value in use, calculated as the discounted cashflow, or value in use in respect of assets held for their service potential, calculated as the depreciated replacement cost. Auditor judgement is required to assess whether the Group’s overall estimate, taking into account the discount rate, rental inflation and build cost assumptions, falls within an acceptable range. The effect of these matters is that, as part of our risk assessment, we determined that the calculation of the recoverable amount of Fixed Asset – Housing Properties under the course of construction has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 12) disclose the sensitivity estimated by the Group.	Our procedures included: We performed the tests below rather than seeking to rely on any of the group’s controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: Benchmarking assumptions: We challenged key inputs used in calculating the discount rates used by the Group, including comparisons with external data sources and comparator data used by the Group. We compared the rental inflation assumption applied by the Group to externally derived forecasts. Benchmarking assumptions: We compared the rental inflation assumption applied by the Group to externally derived forecasts. Our sector experience: We assessed, based on our knowledge of the Group’s schemes under the course of construction and our knowledge of development schemes within the sector, the method used to calculate the depreciated replacement cost, comparing the developer margin assumption and market valuation of properties to externally derived data and valuation experience. Sensitivity analysis: We performed sensitivity analysis over the build cost assumptions including the level of costs already procured and contracted and considered the outcomes. Reperform: We recalculated the Group’s calculations to determine whether impairment losses have been allocated and recorded correctly. Assessing transparency: We assessed whether the Group’s disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflect the risks inherent in the valuation. Our results: We found the carrying amount of the Group’s and the Association’s Fixed Asset – Housing Properties under the course of construction to be acceptable. (2024: acceptable)

	The risk	Our response
Land and properties for sale and work in progress in current assets (Group and Association) (Land and properties for sale and work in progress £271 million (net of impairment release of £19 million); 2024: £590 million (net of impairment of £10 million) Refer to page 88 (Audit and Risk Committee Report), note 2 and note 15 (accounting policy) and note 15 (financial disclosures).	Estimation of net realisable value of stock and work in progress Stock and work in progress is required to be held at the lower of cost and net realisable value. In order to assess the net realisable value of property held in stock and work in progress, the Group prepared site appraisals which include forecast revenue and costs and provide an indication of the recoverability of property held in stock and work in progress. Site appraisals include a number of judgements that could have a significant effect on the net realisable value of the property. The effect of these matters is that, as part of our risk assessment, we determined that the recoverability of stock and work in progress has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	<p>We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <p>Inspection of the Group's impairment assessment and cashflow forecasts and performing the following procedures:</p> <p>- Board paper review: We inspected Board papers to assess any potential site impairment indicators.</p> <p>The following procedures were performed for schemes with a greater risk of a material misstatement:</p> <p>Reperformance: We checked the mathematical accuracy of valuation models for schemes.</p> <p>Benchmarking assumptions: We assessed the rationale for forecasted sales prices and consideration of sales conditions within the geographical area with reference to market data.</p> <p>Sensitivity analysis: We performed sensitivity analysis over the key assumptions and considered the outcomes.</p> <p>Our valuation expertise: We engaged our internal valuation specialists to assist us in our assessment of the net realisable value of sites identified as land banks during the financial year.</p> <p>Our results</p> <p>We found the carrying amount of the Group's and the Association's land and properties for sale and work in progress to be acceptable (2024: acceptable).</p>

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £10.8m (2024: £11.5m), determined with reference to a benchmark of Group total revenue, of which it represents 1% (2024: 1%).

Materiality for the Association financial statements as a whole was set at £9.4m (2024: £9.4m), determined with reference to a benchmark of total revenue, of which it represents 1% (2024: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2024: Group 75% and Association 65%) of materiality for the financial statements as a whole, which equates to £8.1m (2024: £8.62m) for the Group and £7.05m (2024: £6.11m) for the Association. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

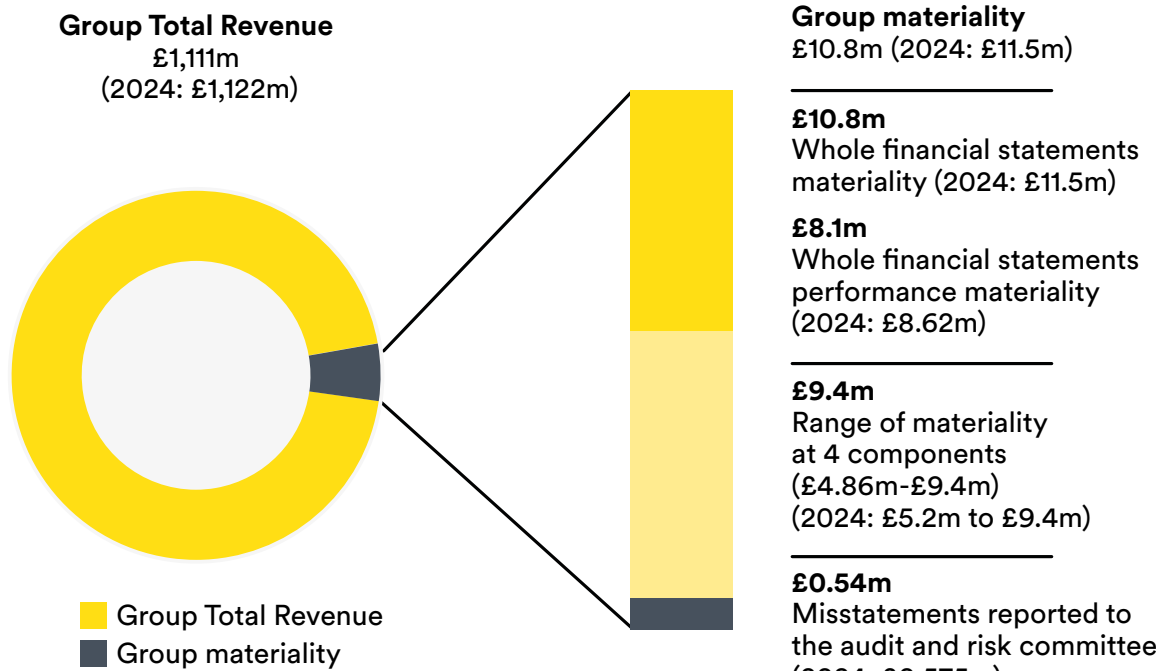
We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.54m (2024: £0.58m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement (“RMMs”). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group’s components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.



In total, we identified 11 components, having considered our evaluation of the Group's operational structure, the Group's legal structure, the existence of common information systems, the existence of common risk profile across entities/business units, the presence of key audit matters and our ability to perform audit procedures centrally.

Of those, we identified 2 quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

We also identified 1 component as requiring special audit consideration, owing to Group risk relating to stock and work in progress residing in the component.

Additionally, having considered qualitative and quantitative factors, we selected 1 components with accounts contributing to the specific RMMs of the Group financial statements.

Accordingly, we performed audit procedures on 4 components. We involved component auditors on 1 component. We also performed the audit of the Association.

We set the component materialities, ranging from £4.86m to £9.4m, having regard to the mix of size and risk profile of the Group across the components.

Our audit procedures covered 89% of Group revenue. We performed audit procedures in relation to components that accounted for 94% of Group surplus before tax and 99% of Group total assets.

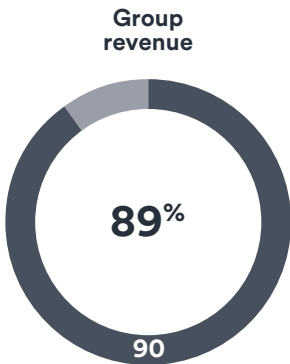
Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meeting with the component auditor to discuss Group audit risks relevant to the component.

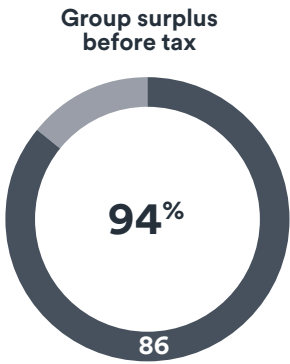
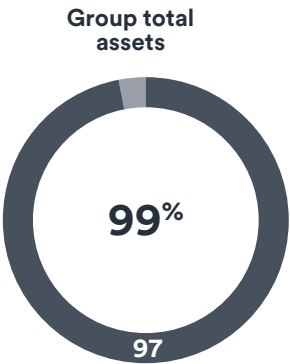
Meetings were held in person with the component auditors. At these meetings, the results of the further audit procedures communicated to us were discussed in more detail, and any further work required by us was then performed by the component auditor.

We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on Investment Properties.

Our audit procedures covered the following percentage of Group revenue:



We performed audit procedures in relation to components that accounted for the following percentages of Group total assets and Group surplus before tax:



4. Going concern

The Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Association or to cease their operations, and as they have concluded that the Group's and the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Association's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Association's available financial resources and/or metrics relevant to debt covenants over this period were:

- Reduction in value of properties for sale; and
- Increase in cost of maintenance and asset investment.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's and Association's financial forecasts.

We consider whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Board's assessment of going concern.

Our conclusions based on this work:

- We considered that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Association's ability to continue as a going concern for the going concern period; and
- We found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Association will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading the Board and the audit and risk committee minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the non-complex nature of material revenue streams and the limited opportunity for management to manipulate revenue transactions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included infrequent user postings, those posted to seldom used accounts and unusual journal pairings posted to cash and revenue.

04 Independent auditor's report to London & Quadrant Housing Trust

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: health and safety (including related fire safety and building standards), anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatements. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Board is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- The Association has not kept proper books of account
- The Association has not maintained a satisfactory system of control over its transactions
- The financial statements are not in agreement with the Association's books of account
- We have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 90, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

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



Joanne Lees

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

19 September 2025

04 Statement of comprehensive income for the year ended 31 March 2025

		Group Continued Operations	Group Discontinued Operations	Group Total	Group Continued Operations	Group Discontinued Operations	Group Total
	Note	2025 £m	2025 £m	2025 £m	2024 £m	2024 £m	2024 £m
Turnover	3a	1,102	9	1,111	1,042	80	1,122
Cost of sales	3a	(176)	-	(176)	(197)	(44)	(241)
Operating costs	3a	(654)	(3)	(657)	(644)	(6)	(650)
Surplus on disposal of fixed assets and investments	6	149	-	149	117	-	117
Share of profits from joint ventures	14a	(10)	-	(10)	15	-	15
Change in value of investment property	14c	(40)	-	(40)	(30)	-	(30)
Operating surplus	5	371	6	377	303	30	333
Interest receivable and similar income	7	7	-	7	6	1	7
Interest payable and similar charges	8a	(229)	(1)	(230)	(213)	(4)	(217)
Other finance income/(costs)	8b	(6)	-	(6)	(10)	-	(10)
Disposal of business interest	33	-	(120)	(120)	-	-	-
Surplus/(loss) on ordinary activities before tax		143	(115)	28	86	27	113
Tax on surplus on ordinary activities	11	5	-	5	4	-	4
Surplus/(loss) for the year		148	(115)	33	90	27	117
Other comprehensive income							
Actuarial gain/(loss) on pension schemes	9	-	-	-	(11)	-	(11)
Total comprehensive income/(loss) for the year		148	(115)	33	79	27	106

	Note	LQHT 2025 £m	LQHT 2024 £m
Turnover	3a	960	899
Cost of sales	3a	(116)	(158)
Operating costs	3a	(617)	(590)
Surplus on disposal of fixed assets and investments	6	150	119
Share of profits from joint ventures	14a	-	-
Change in value of investment property	14c	1	-
Operating surplus	5	378	270
Gift aid received		20	57
Interest receivable and similar income	7	44	69
Interest payable and similar charges	8a	(222)	(216)
Other finance costs	8b	(11)	(18)
Disposal of business interest	33	(238)	-
(Loss)/surplus on ordinary activities before tax		(27)	162
Tax on surplus on ordinary activities	11	-	-
(Loss)/surplus for the year		(27)	162
Other comprehensive income			
Actuarial gain/(loss) on pension schemes	9	-	(11)
Total comprehensive income for the year		(27)	151

The accompanying notes form part of these financial statements.

04 Statement of financial position for the year ended 31 March 2025

		Group 2025	Group 2024	LQHT 2025	LQHT 2024
	Note	£m	£m	£m	£m
Fixed assets					
Housing properties	12	11,807	11,617	11,473	11,271
Other tangible fixed assets	13a	36	43	33	34
Intangible assets	13b	57	38	55	38
Equity investment in subsidiaries	14e	-	-	805	1,116
Investments - jointly controlled entities	14a	242	292	-	45
Investments - HomeBuy equity loans	14b	78	82	78	83
Investment properties	14c	1,178	1,185	16	3
Investments - Real Lettings property fund	14d	3	6	3	6
		13,401	13,263	12,463	12,596
Net pension assets	9	3	5	3	5
Debtors due after more than one year	16a	69	58	625	653
Current assets					
Land and properties for sale and work in progress	15	271	590	190	224
Debtors	16b	197	175	212	134
Cash and cash equivalents	17	98	175	71	60
		566	940	473	418
Creditors: amounts falling due within one year	18	(448)	(599)	(459)	(461)
Net current assets /(liabilities)		118	341	14	(43)
Total assets less current liabilities		13,591	13,667	13,105	13,211

Creditors: amounts falling due after more than one year

Deferred social housing grant
Grant on HomeBuy equity loans
Provisions for liabilities
Net pension liability

Net assets

Capital and reserves

Share capital
Revenue reserve
Revaluation reserve

	Group 2025	Group 2024	LQHT 2025	LQHT 2024
Note	£m	£m	£m	£m
19	(5,682)	(5,734)	(5,309)	(5,356)
20	(1,996)	(2,020)	(2,039)	(2,063)
14b	(70)	(74)	(70)	(74)
23	(71)	(91)	(39)	(34)
9	(18)	(27)	(17)	(26)
	5,754	5,721	5,631	5,658
25	-	-	-	-
	4,001	3,957	3,695	3,711
	1,753	1,764	1,936	1,947
	5,754	5,721	5,631	5,658

The accompanying notes form part of these financial statements.

These financial statements were approved and authorised for issue by the Board and signed on its behalf by:

Liam Coleman
Group Chair

Nigel Hopkins
Chair of Audit and Risk Committee

Edward Farnsworth
Group Finance Director

Adeyemi Kehinde
Company Secretary

Date of approval: 19 September 2025

04

Statement of changes in equity
Year ended 31 March 2025

Group	Called up share capital	Revaluation reserve	Revenue reserve	Total equity
	£m	£m	£m	£m
Balance at 1 April 2023	-	1,771	3,844	5,615
Surplus for the year	-	-	117	117
Reserves transfer	-	(7)	7	-
Actuarial losses	-	-	(11)	(11)
Balance at 31 March 2024	-	1,764	3,957	5,721
Surplus for the year	-	-	33	33
Reserves transfer	-	(11)	11	-
Actuarial gains	-	-	-	-
Balance at 31 March 2025	-	1,753	4,001	5,754

LQHT

Balance at 1 April 2023
Surplus for the year
Reserves transfer
Actuarial losses
Balance at 31 March 2024
Loss for the year
Reserves transfer
Actuarial gains
Balance at 31 March 2025

Called up share capital	Revaluation reserve	Revenue reserve	Total equity
£m	£m	£m	£m
-	1,954	3,553	5,507
-	-	162	162
-	(7)	7	-
-	-	(11)	(11)
-	1,947	3,711	5,658
-	-	(27)	(27)
-	(11)	11	-
-	-	-	-
-	1,936	3,695	5,631

The accompanying notes form part of these financial statements.

04 Consolidated statement of cash flows for the year ended 31 March 2025

	Note	2025 £m	2024 £m
Cash flows from operating activities			
Surplus for the year		33	117
Adjustments for non-cash items:			
Depreciation, amortisation and impairment	5	129	120
Deferred government grant		(28)	(28)
		101	92
Adjustments for investing or financing activities:			
Change in value of investment property		40	30
Interest receivable and similar income		(7)	(7)
Interest payable and similar charges (including capitalised interest)		230	217
Other finance costs		6	10
Gain on sale of fixed assets		(149)	(117)
Share of profit/(losses) from joint ventures		10	(15)
Disposal of business interests		120	-
Taxation		(5)	(4)
		245	114
Adjustment for working capital movement:			
(Increase)/decrease in trade and other debtors		(64)	(8)
Decrease in stock		88	109
(Decrease)/increase in trade and other creditors		(68)	(80)
Increase in provisions and employee benefits		(4)	(14)
		(48)	7
Tax recovered/(paid)		-	-
Net cash flow from operating activities		331	330

Cash flows from investing activities

Proceeds from sale of tangible fixed assets	6	391	291
Proceeds from sale of investments	6	-	1
Purchase of other fixed assets	13a	(26)	(18)
Interest received	7	7	7
Other finance costs	8b	(6)	(10)
Investments in jointly controlled entities	14a	(26)	(24)
Receipts from jointly controlled entities	14a	57	68
Acquisition of investment property	14c	-	(2)
Government grant received	20	28	1
Government grant repaid or transferred to other providers	20	(16)	(16)
Capitalised expenditure on development and construction	12	(401)	(436)
Capital expenditure on existing properties	12	(146)	(112)
Net proceeds from disposals of business interests	33	80	-
Net cash from investing activities		(58)	(250)

Cash flows from financing activities

Loans received		500	695
Loans repaid		(605)	(497)
Interest paid		(245)	(249)
Net cash from/(to) financing activities		(350)	(51)
Net increase/(decrease) in cash and cash equivalents		(77)	29
Cash and cash equivalents at 1 April		175	146
Cash and cash equivalents at 31 March	17	98	175

1. Legal status

London and Quadrant Housing Trust (LQHT) is a charitable housing association. It is registered as a community benefit society under the Cooperative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a social landlord. LQHT is the ultimate parent of the Group.

2. Principal accounting policies

Basis of preparation

The financial statements of the Group and association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (FRS 102) and the Housing SORP 2018 “Statement of Recommended Practice for Registered Social Housing Providers” and comply with the Accounting Direction for Private Registered Providers of Social Housing from April 2022.

The financial statements are presented in Million Sterling (£m) to the nearest million except where specifically stated otherwise.

We have chosen to adopt the following disclosure exemptions in respect of the individual accounts of LQHT:

- The requirement to present a statement of cash flows and related notes
- Financial instrument disclosures, including:
 - A. Categories of financial instruments,
 - B. Items of income, expenses, gains or losses relating to financial instruments, and Impairment
 - C. Exposure to and management of financial risks.

The principal accounting policies adopted in the preparation of these financial statements are set out in the relevant notes to these financial statements. Accounting policies not specifically attributed to a note are set out below.

Segmental reporting

For the purpose of segmental reporting, the chief operating decision maker (CODM) is considered to be the Board.

In line with the segments reported to the CODM, the presentation of these financial statements and accompanied notes are in accordance with the Accounting Direction for Private Registered Providers of Social Housing from April 2022 and is considered appropriate. Information about income, expenditure, and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group.

This is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the Group operates. The CODM do not review disaggregated financial information of assets and liabilities at this level of operating segment. Refer to Note 3b for further disclosed information.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group prepares a 30 year financial plan which is updated quarterly and board approved on a semi-annual basis. The most recent financial plan was approved in March 2024 by the Board. As well as considering the impact of a number of scenarios on the financial plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The board, after reviewing the group and association budgets for 2024/25 and the Group’s medium term financial position as detailed in the 30 year financial plan, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern

assessment period). To reach this conclusion, the Board has considered the following factors:

The property market – budget and financial plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes. The base financial plan follows the expected Board approved development pipeline output;

Maintenance costs – budget and financial plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years. The base financial plan expects works levels to reduce in future years as a result of clearing the backlog created through the pandemic;

Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and financial plan scenarios included potential future reductions in rents. The base financial plan assumes the standard regulatory rent increase is applied;

Liquidity – current available cash and unutilised loan facilities of over £1bn which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;

The Group’s ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties. Scenarios covering increase in interest rates were considered, however 62% of the Group’s debt is fixed which limits exposure. Further downside scenarios included sensitivities over achieving planned divestment and fixed asset disposals.

The Board believe the Group and association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

The Group’s business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term

borrowing facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group’s day to day operations. The Group also has a long-term financial plan which shows that it is able to service debt facilities whilst continuing to comply with lenders’ covenants.

Consequently, the Board and Directors are confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Significant judgements and estimates
Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are set out below.

Significant management judgements and estimates
The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

- The **indicators of impairment** of the Group’s fixed assets and the assumptions made in:
 - A. Determining the cash-generating unit (CGU) level at which recoverable amount is to be assessed
 - B. Estimating the recoverable amount of the cash-generating unit
 - C. Calculating the carrying amount of the cash-generating unit and
 - D. Comparing the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

2. Principal accounting policies (continued)

The following are the significant management estimates made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

- When an impairment trigger is identified, the estimation of the amount of impairment is determined by calculating a recoverable amount based on discounted future cashflow. Management are particularly required to apply judgement where a development or scheme has a specific issue, defect or risk which is still under review at the reporting date. Management have made a judgement that there is no open market to be able to obtain a fair value less cost to sell, therefore as per the requirements of the Housing SORP 2018, the recoverable amount is estimated as the value in use. When calculating the value in use, the estimated future cashflows are derived from the continued use of the asset and its ultimate disposal, discounted at a rate reflecting the current cost of debt to determine the EUV-SH. Management have also calculated a depreciated replacement cost to determine a Value In Use Service Potential (VIU-SP), and applied the higher of EUV-SH or VIU-SP in impairment estimations.
- **The carrying value of stock and work in progress and estimate of costs to complete:** The Group holds stock stated at the lower of cost and net realisable value. Such stock includes land, work in progress and completed units. Due to the nature of development activity and in particular the scale and duration of the Group's developments, in determining forecast costs it is required to allocate site-wide development costs between units being built and/or completed in the current year and those for future years. The Group also forecasts the forecast sales values and costs to complete on such developments, using spot rates at today's values. In making such assessments and cost allocations, there is a degree of inherent estimation uncertainty; in particular due to the need to take account of future sales prices, and direct input costs alongside an

appropriate allocation of site wide costs to reflect the overall level of development risk. The Group has established internal controls designed to effectively assess and centrally review carrying values and net realisable value calculations, and to ensure the appropriateness of estimates made which will evolve over the life of the development in line with the risk profile. These estimates impact the carrying value of stock and work in progress at each reporting date

- **Provisions:** The Group makes assumptions to determine the timing and its best estimate of the quantum of its liabilities for which provisions are held. In particular significant judgement is used by management in estimating post-completion defect obligations in respect of construction of complex mixed-use property developments. The Group continually reviews at each reporting date the identified risks that it is aware of to ensure that the amount of the provision remains appropriate. The Group also continually reviews its utilisation of the provision, releasing it in line with expenditure which was provided for, or adjusting as necessary in line with the remaining obligation at the reporting date. Refer to the accounting policy and disclosures within note 23 for further detail.
- **The valuation of pension liabilities.** The critical selection of financial and actuarial assumptions in relation to defined benefit scheme obligation (DBO) based on best estimates derived from the Group's policies and practices and their applications across all pension schemes operated by the Group where appropriate and confirmed with actuaries where these are beyond management expertise, eg Mortality tables have been chosen based on published research by the Continuous Mortality Investigation Bureau (supported by the Actuarial Profession). Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in note 9).

- Management reviews the application of suitable assumptions by third-party experts to provide a reasonable valuation of investment property, especially in light of the current economic climate of prolonged high inflation and rising interest rates.
- Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to circumstances which may require more frequent replacement of key components.

The key judgements and estimates applied in respect of housing properties and property components are disclosed in note 12 and include:

- A. The useful economic life of property structure is set to 100 years; and
- B. That properties have no residual values at the end of their useful life.

These are conservative assumptions that have been aligned with general practice followed by registered housing providers.

- Management reviews the appropriate point at which a development project is more likely than not to continue, allowing capitalisation of associated development costs and borrowing costs.
- Management reviews the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.
- Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument

- Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices. Fair value measurements applied to fixed rate and hedged debt carry a significant mark-to-market exposure year on year, the accounting for which can impact on the presentation of the financial statements depending on whether hedge accounting is applicable and whether management opts to apply hedge accounting.
- Management perform estimates for receivables relating to the recoverability of outstanding balances (rental and other trade debtors, see note 16). A review is performed each year end on an individual debtor basis to consider whether each debt is recoverable.

Basis of consolidation

The Group has prepared consolidated financial statements as required by the Housing SORP 2018 "Statement of Recommended Practice for Registered Social Housing Providers" under the purchase method in which the financial statements of LQHT and its subsidiaries are presented as those of a single economic entity. Intercompany transactions and balances between group companies are therefore eliminated in full on consolidation.

The consolidated accounts comprise the financial statements of LQHT, the parent company, and its subsidiary undertakings, control of which is achieved where LQHT has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

A list of all subsidiaries is provided in note 34.

2. Principal accounting policies (continued)

Jointly controlled entities

The Group participates in a number of joint ventures that involves the establishment of a corporation, partnership or other entity. As such, these are jointly controlled entities and accounted for using the equity method of accounting under which the equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect the Group’s share of the profit or loss.

Value added tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on expenditure to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Turnover

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership properties and from properties developed for open market sales, from land sales at the point of sale completion, revenue grants receivable, and includes, in accordance with FRS 102, the amortisation of Social Housing Grant (SHG). By applying the accrual model, deferred grant income is released as an income over the life of the asset structure. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales, sales of properties built for sale and land sales is recognised at the point of legal completion of the sale.

Other grants are receivable from local authorities or other government administrated bodies. Grants in respect of revenue expenditure, which includes some elements of building safety, are credited to the statement of comprehensive income in the same period as the expenditure to which they relate. Capital grants are carried as deferred income in the statement of financial position and released to the statement of comprehensive life of the asset for which it was received.

Income from sale of strategic land and infrastructure can be recognised in one of two ways depending on the agreed contract. Sale of strategic land is recognised when the benefits of ownership and related planning consents are passed to the purchaser. Long term infrastructure contracts are included in revenue on the basis of the sales value of work performed during the year by reference to the total sales value and stage of completion of these contracts.

Cost of sales

Cost of sales represents those costs including capitalised interest, direct overheads incurred during the course of development of those properties and marketing and other incidental costs incurred during the course of sale of those properties.

In addition to the land costs originally stocked under construction attributable to each sales transaction, included within cost of sales are expenses relating to fees expended in promoting developments through the planning system which are written off to the statement of comprehensive income until the viability of such a development is reasonably secure, after which such costs are capitalised in accordance with the accounting policy in respect of land and properties held for sale. At the date a sale is recognised all costs, including planning and infrastructure costs attributable to that sale, are taken to cost of sales.

Joint ventures

The Group has entered various property development and land enabling activities conducted through joint ventures, the majority of which are jointly controlled entities. These are represented in Statement of Comprehensive Income by applying the equity accounting method as set out in note 14a.

For those which are jointly controlled assets the results are proportionally consolidated within the Statement of Comprehensive Income, while L&Q recognises its share of assets and liabilities within the Statement of Financial Position.

Reserves

There are no restricted or designated reserves held.

The revaluation reserve was established on transition to FRS 102 on application of the deemed cost model, which allowed first time adopters to elect to measure an item of fixed assets at its fair value at the date of transition and use that fair value as its deemed cost at that date. Movements in the revaluation reserve relate to disposals in the year of homes held at deemed cost.

Foreign Currency

Transactions in foreign currencies are translated to the Group's functional currency (£ sterling) at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-translated to the functional currency at the foreign exchange rate ruling at that date. The Group operates two Euro bank accounts.



Victoria Riverside, Manchester

04 Notes to the financial statements for the year ended 31 March 2025

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

Group	2025					2024				
	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Social housing lettings										
General needs	465	-	(346)	-	119	430	-	(337)	-	93
Supported housing	61	-	(50)	-	11	55	-	(46)	-	9
Intermediate market rent	32	-	(22)	-	10	29	-	(19)	-	10
Low-cost home ownership	106	-	(48)	-	58	93	-	(40)	-	53
Affordable rent	115	-	(48)	-	67	98	-	(39)	-	59
	779	-	(514)	-	265	705	-	(481)	-	224
Other social housing activities										
Care and support	8	-	(8)	-	-	13	-	(12)	-	1
First tranche low-cost home ownership sales	111	(97)	-	-	14	131	(96)	-	-	35
Development	17	-	(44)	-	(27)	5	(9)	(58)	-	(62)
Community investment	-	-	(7)	-	(7)	-	-	(8)	-	(8)
Other	-	-	-	-	-	-	-	(3)	-	(3)
Surplus on disposal of fixed assets	-	-	-	149	149	-	-	-	117	117
	136	(97)	(59)	149	129	149	(105)	(81)	117	80
Non-social housing lettings										
Student accommodation	1	-	-	-	1	-	-	(1)	-	(1)
Market rent	67	-	(20)	(41)	6	57	-	(21)	(30)	6
Non-social homeowners	29	-	(29)	-	-	29	-	(31)	-	(2)
Commercial	4	-	(2)	1	3	3	-	(3)	-	-
Garages, sheds, parking spaces	1	-	(1)	-	-	2	-	(1)	-	1
	102	-	(52)	(40)	10	91	-	(57)	(30)	4

Group	2025					2024				
	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-social housing activities										
Open market sales	52	(34)	(3)	-	15	84	(94)	(6)	-	(16)
Land sales	33	(45)	(3)	-	(15)	83	(42)	(5)	-	36
Resales	1	-	-	-	1	1	-	-	-	1
Other non-social housing activity	8	-	(26)	-	(18)	9	-	(20)	-	(11)
Share of (losses)/profits from joint ventures	-	-	-	(10)	(10)	-	-	-	15	15
	94	(79)	(32)	(10)	(27)	177	(136)	(31)	15	25
	1,111	(176)	(657)	99	377	1,122	(241)	(650)	102	333
Analysis of Discontinued Operations										
Land sales - discontinued	9	-	(3)	-	6	80	(44)	(6)	-	30
Land sales - continued	24	(45)	-	-	(21)	4	2	-	-	6
	33	(45)	(3)	-	(15)	84	(42)	(6)	-	36

Notes:

Social housing lettings: There was no net impairment within general needs operating costs in the year considered to be fixed asset impairment (2024: nil charge).

Other social housing activities: First tranche low-cost home ownership cost of sales of £97m includes a net impairment release of £1m (2024: £22m release) considered to be current asset impairment. Development operating costs £44m (2024: £58m) includes £25m net impairment charge considered to be fixed asset impairment (2024: £45m), £1m abortive site costs (2024: £nil), £18m overheads (2024: £17m) and £2m latent defects (2024: £11m), of which £nil (2024: £6m) relates to a net increase in provision (see Note 23 for more detail).

Non-social housing lettings: Market rent "other operating items" represents the change in valuation of investment property which forms part of operating income and expenditure.

Non-social housing activities: Open market sales cost of sales of £34m includes a net impairment release on sale of £8m (2024: £1m charge) considered to be current asset impairment, and Land cost of sales of £45m (2024: £42m) includes a net impairment charge of £8m (2024: £6m release). Share of losses from joint ventures totalling £10m (2024: £15m profit) includes no impairment in the year (2024: nil release).

04 Notes to the financial statements for the year ended 31 March 2025

3a. Particulars of turnover, cost of sales, operating costs and operating surplus – LQHT

LQHT	2025					2024				
	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Social housing lettings										
General needs	465	-	(346)	-	119	430	-	(337)	-	93
Supported housing	61	-	(50)	-	11	55	-	(46)	-	9
Intermediate market rent	32	-	(22)	-	10	29	-	(19)	-	10
Low-cost home ownership	106	-	(48)	-	58	93	-	(40)	-	53
Affordable rent	115	-	(48)	-	67	98	-	(39)	-	59
	779	-	(514)	-	265	705	-	(481)	-	224
Other social housing activities										
Care and support	-	-	-	-	-	-	-	-	-	-
First tranche low-cost home ownership sales	111	(99)	-	-	12	131	(114)	-	-	17
Development	12	-	(33)	-	(21)	-	(11)	(45)	-	(56)
Community investment	-	-	(7)	-	(7)	-	-	(8)	-	(8)
Other	-	-	-	-	-	-	-	(3)	-	(3)
Surplus on disposal of fixed assets	-	-	-	150	150	-	-	-	119	119
	123	(99)	(40)	150	134	131	(125)	(56)	119	69
Non-social housing lettings										
Student accommodation	1	-	-	-	1	-	-	(1)	-	(1)
Market rent	7	-	(8)	-	(1)	1	-	(1)	-	-
Non-social homeowners	29	-	(30)	-	(1)	29	-	(30)	-	(1)
Commercial	4	-	(2)	1	3	3	-	(3)	-	-
Garages, sheds, parking spaces	1	-	(1)	-	-	1	-	(1)	-	-
	42	-	(41)	1	2	34	-	(36)	-	(2)

LQHT

Non-social housing activities

	2025					2024				
	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Open market sales	5	(5)	-	-	-	21	(33)	-	-	(12)
Land sales	3	(12)	-	-	(9)	-	-	-	-	-
Resales	1	-	-	-	1	1	-	-	-	1
Other non-social housing activity	7	-	(22)	-	(15)	7	-	(17)	-	(10)
	16	(17)	(22)	-	(23)	29	(33)	(17)	-	(21)
	960	(116)	(617)	151	378	899	(158)	(590)	119	270

Notes:

Other social housing activities: First tranche low-cost home ownership cost of sales of £99m (2024: £114m) includes a net impairment release of £3m (2024: £14m charge) considered to be current asset impairment. Development operating costs of £33m (2024: £45m) includes £20m net impairment charge considered to be fixed asset impairment (2024: £38m), £nil abortive costs (2024: £nil), £17m overheads (2024: £17m) and £1m latent defects (2024: £11m).

04 Notes to the financial statements for the year ended 31 March 2025

3b. Particulars of income and expenditure from social housing lettings

Group	General needs	Supported housing	Intermediate market rent	Low-cost home ownership	Affordable rent	2025 Total	2024 Total
	£m	£m	£m	£m	£m	£m	£m
Rent receivable net of identifiable service charges and void losses	407	45	23	71	96	642	593
Service charges receivable	33	14	5	25	17	94	81
Net rents receivable	440	59	28	96	113	736	674
Amortised government grant	15	2	-	10	1	28	28
Government grants taken to income	-	-	3	-	-	3	1
Other income	10	-	1	-	1	12	2
Total income from lettings	465	61	32	106	115	779	705
Expenditure on letting activities:							
Management	44	8	5	8	8	73	72
Services	51	14	6	28	14	113	102
Routine maintenance	136	10	4	8	12	170	173
Planned maintenance and major repairs	37	6	4	3	5	55	41
Bad debts	4	-	-	-	1	5	-
Depreciation of housing properties	74	11	3	1	8	97	93
Impairment of housing properties	-	-	-	-	-	-	-
Other costs	-	1	-	-	-	1	-
Total expenditure on lettings	346	50	22	48	48	514	481
Operating surplus on lettings	119	11	10	58	67	265	224
Voids losses	6	2	3	-	2	13	12

Government grant is receivable in relation to building safety expenditure incurred in the period that is assessed as being eligible under the grant scheme.

LQHT

Rent receivable net of identifiable service charges and void losses	407	45	23	71	96	642	593
Service charges receivable	33	14	5	25	17	94	81
Net rents receivable	440	59	28	96	113	736	674
Amortised government grant	15	2	-	10	1	28	28
Government grants taken to income	-	-	3	-	-	3	1
Other income	10	-	1	-	1	12	2
Total income from lettings	465	61	32	106	115	779	705
Expenditure on letting activities:							
Management	44	8	5	8	8	73	72
Services	51	14	6	28	14	113	102
Routine maintenance	136	10	4	8	12	170	173
Planned maintenance and major repairs	37	6	4	3	5	55	41
Bad debts	4	-	-	-	1	5	-
Depreciation of housing properties	74	11	3	1	8	97	93
Impairment of housing properties	-	-	-	-	-	-	-
Other costs	-	1	-	-	-	1	-
Total expenditure on lettings	346	50	22	48	48	514	481
Operating surplus on lettings	119	11	10	58	67	265	224
Voids losses	6	2	3	-	2	13	12

Government grant is receivable in relation to building safety expenditure incurred in the period that is assessed as being eligible under the grant scheme.

04 Notes to the financial statements for the year ended 31 March 2025

4. Group housing stock

	Owned and directly managed	Owned but managed by other organisations	Managed on behalf of other organisations	2025 Total	Owned and directly managed	Owned but managed by other organisations	Managed on behalf of other organisations	2024 Total
Social housing accommodation								
General needs	54,099	173	157	54,429	54,887	174	182	55,243
Affordable rent	9,630	-	6	9,636	9,352	-	7	9,359
Intermediate rent	3,401	-	51	3,452	3,011	-	1	3,012
Housing for older people	4,894	20	11	4,925	4,947	20	11	4,978
Supported housing	794	1,648	7	2,449	864	1,670	7	2,541
Care homes	-	304	-	304	36	275	-	311
Total social housing	72,818	2,145	232	75,195	73,097	2,139	208	75,444

Other social housing accommodation

Key worker accommodation	783	808
Low-cost home ownership	11,679	11,739
Shared equity	2,007	2,080
Other social homes	67	93
Social leased housing	176	179
Total other social housing	14,712	14,899

Non-social housing accommodation

Leaseholders and freehold with services	13,817	13,372
Market rent	3,156	3,112
Student accommodation	157	157
Other landlords	2,613	2,493
Commercial	9	8
Total non-social housing	19,752	19,142

Total homes owned or managed

Garages, parking spaces and other non-habitable units	13,253	12,447
Total homes and units owned or managed	122,912	121,932

Homes in development pipeline (restated)

Strategic land plots	8,877	11,137
	25,480	83,062

The methodology for calculating homes under development was changed in the year, with those completed on live development schemes now deducted from the total to better reflect homes actively under development. The prior year has been restated accordingly.

5. Operating surplus on ordinary activities before tax

Operating surplus is stated after charging/(crediting):

Depreciation on social housing properties	97	93	97	93
Depreciation on other non-social housing	-	-	-	-
Depreciation and amortisation on other fixed assets	8	9	8	9
Impairment charge on fixed asset housing properties (note 12)	25	21	19	28
Impairment release on fixed asset housing properties (note 12)	-	-	-	-
Net impairment on fixed asset housing properties	25	21	19	28
Impairment charge on current assets under development (note 15)	19	10	12	14
Impairment release on current assets under development (note 15)	(20)	(13)	(12)	(18)
Net impairment on current assets	(1)	(3)	-	(4)
Impairment release on joint ventures	-	-	-	-
Surplus on sale of fixed assets	(149)	(117)	(150)	(119)
Operating lease rentals - Land and buildings	1	2	2	2
Change in valuation of investment property	40	30	(1)	-

During the year, the following services were provided by the Group auditor:

Auditor's remuneration (excluding VAT):

- In their capacity as auditor
- In respect of other services

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
97	93	97	93
-	-	-	-
8	9	8	9
25	21	19	28
-	-	-	-
25	21	19	28
19	10	12	14
(20)	(13)	(12)	(18)
(1)	(3)	-	(4)
-	-	-	-
(149)	(117)	(150)	(119)
1	2	2	2
40	30	(1)	-

Group 2025 £'000	Group 2024 £'000	LQHT 2025 £'000	LQHT 2024 £'000
967	897	707	717
61	61	61	61

04 Notes to the financial statements for the year ended 31 March 2025

6. Surplus on disposal of fixed assets and other investments

Disposals

Surplus on disposal of fixed assets and investments is recognised on legal sale completion.

Group	Housing properties £m	Investment disposals £m	HomeBuy £m	Other £m	2025 Total £m	2024 Total £m
Sales proceeds	394	-	9	-	403	303
Cost of sales	(221)	(1)	(4)	-	(226)	(162)
Grant recovered	(31)	-	-	-	(31)	(25)
Grant abated	-	-	-	-	-	-
Depreciation on sales	13	-	-	-	13	12
Incidental sale expense and write downs	(10)	-	-	-	(10)	(11)
Total	145	(1)	5	-	149	117

LQHT

	Housing properties £m	Investment disposals £m	HomeBuy £m	Other £m	2025 Total £m	2024 Total £m
Sales proceeds	393	-	8	-	401	302
Cost of sale	(219)	(1)	(4)	-	(224)	(159)
Grant recovered	(31)	-	-	-	(31)	(25)
Grant abated	-	-	-	-	-	-
Depreciation on sales	13	-	-	-	13	12
Incidental sale expense and write downs	(9)	-	-	-	(9)	(11)
Total	147	(1)	4	-	150	119

7. Interest receivable and similar income

Bank interest receivable
Other interest receivable

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
4	4	3	3
3	3	41	66
7	7	44	69

8a. Interest payable and similar charges

Interest payable

Interest expense on liabilities at amortised cost is calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability.

Interest capitalised

Interest on borrowings is capitalised to housing properties during the course of construction up to the date of completion of each scheme. The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. For the year ending 31

March 2025, interest has been capitalised at an average rate of 4.21% (2024: 4.13%) that reflects the weighted average effective interest rate on the Group's borrowings required to finance housing property developments.

Interest is not capitalised on strategic land developments.

Release of loan fair values

Where loans have been fair valued on acquisition of another entity, the difference on fair value at the time of acquisition is released to the statement of comprehensive income in line with the repayment profile of the specific loans. Where the loan is fully repaid, the full amount of fair value remaining is released.

Interest expense on liabilities at amortised cost

Amortisation of loan set-up costs

Less: interest capitalised in housing properties

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
245	249	237	236
3	(1)	3	3
(18)	(31)	(18)	(23)
230	217	222	216

8b. Other finance income and costs

Movements in financial instruments relating to deferred land payments

Release of loan fair values on repayment and refinancing

Other charges

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
3	2	3	1
5	5	-	-
(14)	(17)	(14)	(19)
(6)	(10)	(11)	(18)

9. Employee information

The average full-time equivalent employees based on their individual contracted hours:

Chief Executive Department
Contact Centre and Income Management
Development, Sales and Asset Management
Finance, Treasury, Insurance and Procurement
Governance, Strategy and Communications
Human Resources, Learning and Development and Facilities
L&Q Foundation
Care and Support
Maintenance and L&Q Energy
Housing Management
Private Rented and Commercial Lettings
Technology and Digital
Transformation

Group 2025 No.	Group 2024 No.	LQHT 2025 No.	LQHT 2024 No.
11	11	11	11
420	432	420	432
529	589	529	555
202	197	202	189
144	139	144	138
108	105	108	105
65	60	65	60
241	343	24	26
852	841	852	841
755	700	755	700
72	72	-	72
234	236	234	236
32	22	32	22
3,665	3,747	3,376	3,387

Staff costs (for the above persons)

Wages and salaries
Social security costs
Other pension costs

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
176	172	167	160
20	19	19	18
23	22	22	21
219	213	208	199

The completion of the sale of L&Q Estates during the year explains the majority of the reduction of Development, Sales and Asset Management directorate staff. During the year, Private Rented and Commercial staff were TUPE from LQHT to PRS Co Ltd, and therefore are now only reported at Group. The reduction of Care and Support staff at Group reflects the strategic decision to exit care packages within L&Q Living Ltd, resulting in staff moving to new care and support providers under TUPE. The increase in Housing Management staff reflects the restructure and recruitment drive to ensure a more local service to residents.

Holiday pay accrual

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

L&Q Staff Benefits Plan

The Group operates the L&Q Housing Trust Staff Benefits Plan (the LQHT scheme), providing benefits based on final pensionable pay. The LQHT scheme has 10 active members (2024: 11). The assets of the scheme are held separately from those of the Group. This scheme has been closed to new entrants since 2001.

The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary using the projected unit method and is not materially different from that arising from the current employer’s contribution rate.

The pension contributions payable by the Group to the LQHT scheme during the accounting period were equal to 36.1% (2024: 36.1%) of pensionable salary as recommended by the actuary. Surpluses and deficits are reviewed at each triennial actuarial valuation, and the pensions charge recorded by the Group during the accounting period was equal to the contributions payable.

The Group also participates in three defined benefit pension schemes (“LGPS”) which are administered by:

- London Borough of Waltham Forest with 1 active member (2024: 1);
- Buckinghamshire County Council with no active members (2024: nil); and
- Greater Manchester Pension Fund with 88 active members (2024: 96).

The pension contributions paid during the year for these schemes were:

- London Borough of Waltham Forest scheme 21.2% (2024: 21.2%);
- Buckinghamshire County Council scheme nil (2024: nil); and
- Greater Manchester Pension Fund 34.1% (2024: 34.1%).

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Pension scheme surpluses (to the extent that they are recoverable) or deficits are recognised in full. The results of the schemes as set out below have been based on assumptions prepared by the LQHT actuary using the best estimate chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The movement in the scheme surpluses/deficits other than cash contributed by the Group are split between operating charges, finance items and actuarial gains or losses in the statement of other comprehensive income.

The carrying value of any resulting pension scheme asset is restricted through the application of an 'asset ceiling' adjustment, to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

9. Employee information (continued)

The Social Housing Pension Scheme

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. At 31 March 2019 as a result of additional information, a full FRS 102 valuation was adopted for the first time.

The Group has two employers participating in SHPS namely LQHT, and L&Q Living Limited.

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore both gross DBOs and assets have fallen.

NHS Pension Scheme

The NHS pension scheme is a statutory multi-employer scheme, with benefits fully guaranteed by the government.

Contributions from both members and employers are paid to the exchequer, which meets the cost of the scheme benefits. The exchequer also pays for the costs of increasing benefits each year by the rate of inflation. This cost is not met by contributions from scheme members or employers and consequently the scheme is accounted for as a defined contribution scheme. This scheme relates to employees of L&Q Living Limited only and has been closed to new and existing employees not already in the scheme since 1 April 2008. In April 2024 the last member left the scheme.

Money purchase scheme

The Group also participates in defined contribution schemes where the amount charged to the statement of consolidated income represents the contributions payable to the scheme in respect of the accounting period. During the year a new scheme was entered following the TUPE of staff from LQHT to PRS Co Ltd, whilst the Group exited a different scheme on the completion of the disposal of L&Q Estates group of companies.

a) L&Q Staff Benefits Plan - Group and LQHT

Financial assumptions (range)

Discount rate

Inflation (RPI)

Inflation (CPI)

Salary growth

Mortality assumptions

- Base table
- Improvement method
- Projection

Mortality tables have been chosen based on published research by the Continuous Mortality Investigation Bureau of the Institute of Actuaries and Faculty of Actuaries.

b) Social Housing Pension Scheme Plan - Group and LQHT

Financial assumptions

Discount rate

Inflation (RPI)

Inflation (CPI)

Salary growth

Mortality assumptions

- Base table
- Improvement method
- Projection

Mortality tables have been chosen based on published research by the Continuous Mortality Investigation Bureau of the Institute of Actuaries and Faculty of Actuaries.

2025	2024
5.7%	4.7%
3.0%	3.1%
2.3%	2.4%
3.0%	3.1%
S3PA	S3PA
CMI 2023 with 1.25% LTR 7	CMI 2022 with 1.25% LTR 7
Year of birth	Year of birth

2025	2024
5.7%	4.8%
3.0%	3.1%
2.8%	2.8%
3.0%	3.1%
S3PA	S3PA
CMI 2023 with 1.25% LTR 7	CMI 2022 with 1.25% LTR 7
Year of birth	Year of birth

04 Notes to the financial statements for the year ended 31 March 2025

9. Employee information (continued)

Summary of pension scheme balances

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
Net pension asset				
LGPS schemes	37	28	37	28
Net pension asset	37	28	37	28
Asset ceiling adjustment	(34)	(23)	(34)	(23)
Net pension asset recognised	3	5	3	5
Net pension liability				
LGPS schemes	-	-	-	1
LQHT staff benefits plan	3	7	3	7
SHPS	15	20	14	18
Net pension liability	18	27	17	26

LGPS Defined benefit schemes - Net Pension Asset

As at 31 March 2025 there were two (2024: two) LGPS schemes in a net pension asset position - Buckinghamshire County Council and the Greater Manchester Pension Fund. The maximum surplus recognised has been calculated by determining the net present value of future service costs as at 31 March 2025, with the asset ceiling adjustment highlighting the difference between the actuarial surplus, and value of asset recognised in the financial statements.

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
Analysis of the amount recognised in comprehensive income				
Current service cost	(1)	(1)	(1)	(1)
Net interest on the defined liability	2	1	2	1
	1	-	1	-

Analysis of amount recognised in other comprehensive income

Actual return less expected return on plan assets	(4)	(1)	(4)	(1)
Amount included in net interest on net defined benefit liability	4	3	4	3
Remeasurements – return on plan assets excluding interest income	-	2	-	2
Changes in assumptions underlying the present value of the plan liabilities	8	2	8	2
Changes due to experience	-	(2)	-	(2)
Changes in effect of the asset ceiling	23	20	23	20
Remeasurements recognised	31	22	31	22

Movement in (deficit)/surplus during the year

At beginning of the year	5	5	5	5
Movement in year:				
Current service cost	(1)	(1)	(1)	(1)
Employer contributions	1	1	1	1
Other finance income	1	1	1	1
Remeasurements	31	22	31	22
Net surplus/(deficit) at end of the year	37	28	37	28
Asset ceiling adjustment	(34)	(23)	(34)	(23)
Net surplus at end of the year	3	5	3	5

Movement in fair value of plan assets

At beginning of the year	82	80	82	80
Assets distributed on settlements*	-	(3)	-	(3)
Transfer to pension liability	(2)	-	(2)	-
Interest income	4	4	4	4
Remeasurements on plan assets	(1)	2	(1)	2
Employer contributions	2	1	2	1
Benefits paid	(2)	(2)	(2)	(2)
At end of the year	83	82	83	82

* Assets distributed on settlements was erroneously omitted in the prior year publication.

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
(4)	(1)	(4)	(1)
4	3	4	3
-	2	-	2
8	2	8	2
-	(2)	-	(2)
23	20	23	20
31	22	31	22

5	5	5	5
(1)	(1)	(1)	(1)
1	1	1	1
1	1	1	1
31	22	31	22
37	28	37	28
(34)	(23)	(34)	(23)
3	5	3	5

82	80	82	80
-	(3)	-	(3)
(2)	-	(2)	-
4	4	4	4
(1)	2	(1)	2
2	1	2	1
(2)	(2)	(2)	(2)
83	82	83	82

04 Notes to the financial statements for the year ended 31 March 2025

9. Employee information (continued)

Movement in liabilities during the year

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
Past service liability at start of the year	54	55	54	55
Transfer to pension liability	(2)	-	(2)	-
Service cost	1	1	1	1
Interest cost	2	3	2	3
Remeasurement:				
- Due to changes in assumptions	(8)	(2)	(8)	(2)
- Due to experience	-	2	-	2
Benefits paid	(2)	(2)	(2)	(2)
Liabilities extinguished on settlements	-	(3)	-	(3)
Past service liability at end of the year	45	54	45	54

L&Q Staff Benefits Plan Defined benefit scheme and LGPS – Net Pension Liability

There were two pension schemes in a net pension liability position as at 31 March 2025, (2024: two). These were the LQHT Staff Benefits Plan, and London Borough of Waltham Forest.

Analysis of the amount recognised in comprehensive income

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
Current service cost	-	-	-	-
Net interest on the defined liability	-	-	-	-
	-	-	-	-

Analysis of amount recognised in other comprehensive income

Actual return less expected return on plan assets	(7)	(4)	(7)	(4)
Amount included in net interest on net defined benefit liability	(5)	(5)	(5)	(5)
Remeasurements – return on plan assets excluding interest income	(12)	(9)	(12)	(9)
Changes in assumptions underlying the present value of the plan liabilities	13	2	13	2
Changes due to experience	-	-	-	-
Remeasurements recognised	1	(7)	1	(7)

Movement in deficit in the year

Net deficit at beginning of the year	(7)	(2)	(7)	(2)
Movement in year:				
Employer contributions	3	2	3	2
Remeasurements	1	(7)	1	(7)
Net deficit at end of the year	(3)	(7)	(3)	(7)

9. Employee information (continued)

Movement in liabilities during the year

Past service liability at beginning of the year	106	107	106	107
Transfer from pension asset	2	-	2	-
Interest cost	4	5	4	5
Remeasurement:				
- Due to changes in assumptions	(13)	(2)	(13)	(2)
- Due to experience	-	1	-	1
Benefits paid	(4)	(5)	(4)	(5)
At end of the year	95	106	95	106

Movement in fair value of plan assets

At beginning of the year	98	104	98	104
Transfer from pension asset	2	-	2	-
Net interest income	5	5	5	5
Remeasurements	(12)	(9)	(12)	(9)
Employer contributions	3	3	3	3
Benefits paid	(4)	(5)	(4)	(5)
At end of the year	92	98	92	98

SHPS - Net pension liability

Analysis of the amount recognised in comprehensive income

Net interest on the defined liability	(1)	(1)	(1)	(1)
Total	(1)	(1)	(1)	(1)

Analysis of amount recognised in other comprehensive income

Actual return less expected return on plan assets	(2)	(3)	(2)	(2)
Amount included in net interest on net defined benefit liability	(4)	(4)	(4)	(4)
Remeasurements – return on plan assets excluding interest income	(6)	(7)	(6)	(6)
Changes in assumptions underlying the present value of the plan liabilities	11	3	11	2
Changes due to experience	(4)	1	(4)	1
Remeasurements recognised	1	(3)	1	(3)

Movement in (deficit) in the year

Net deficit at beginning of the year	(20)	(20)	(18)	(19)
Movement in year:				
Employer contributions	5	4	4	4
Other finance costs	(2)	(1)	(1)	(1)
Remeasurements	1	(3)	1	(2)
Net deficit at end of the year	(14)	(20)	(14)	(18)

04 Notes to the financial statements for the year ended 31 March 2025

9. Employee information (continued)

Movement in fair value of plan assets

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
At beginning of the year	81	82	76	77
Net interest income	4	4	4	4
Remeasurements	(6)	(7)	(6)	(6)
Employer contributions	5	5	5	4
Benefits paid	(4)	(3)	(4)	(3)
At end of the year	80	81	75	76

Movement in liabilities during the year

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
Past service liability at beginning of the year	101	103	95	97
Interest cost	5	5	4	4
Remeasurement:				
- Due to changes in assumptions	(12)	(3)	(11)	(3)
- Due to experience	4	(1)	4	-
Benefits paid	(4)	(3)	(4)	(3)
Other costs	-	-	-	-
Past service liability at end of the year	94	101	88	95

The fair value of the plan assets for all LGPS and SHPS was as follows:

Group	2025 £m	2025 %	2024 £m	2024 %
Equities	75	30	77	30
Gilts	1	-	1	-
Corporate bonds	27	11	24	9
Property	11	4	15	6
Cash	8	3	8	3
Other assets	132	52	136	52
	254	100	261	100

LQHT	2025 £m	2025 %	2024 £m	2024 %
Equities	75	30	77	30
Gilts	1	-	1	-
Corporate bonds	27	11	24	9
Property	11	4	15	6
Cash	8	3	8	3
Other assets	127	51	132	52
	249	100	257	100

We were notified in 2021 by the Trustees of the SHPS Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2025. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provision basis.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Company are currently considering the implications of the case for the Social Housing Pension Scheme. In addition, the Company has been informed by the scheme's trustee that this will be affected by questions which are being put to the High Court in the case of Verity Trustees Limited v Wood and others, which will be heard by the High Court in February 2025. In line with the prior year, the defined benefit obligation has been calculated on the basis of the pension benefits currently being administered, and at this stage the directors do not consider it necessary to make any adjustments to these financial statements as a result of the Virgin Media case.

10. Board members and executive directors

Group Board remuneration for the year was:

	2025 £	2024 £
Aubrey Adams (Chair - retired 30/09/2024)	18,579	36,251
Liam Coleman (Chair - appointed 01/06/2024)	30,964	-
Fiona Fletcher-Smith (Chief Executive)	-	-
Edward Farnsworth (Executive Group Director - Finance)	-	-
Fayann Simpson	27,083	22,520
Louise Brooke-Smith	21,501	20,977
Maria Da Cunha	21,501	20,977
Raj Kumar	19,177	16,856
Dominique Kent	21,501	20,977
Nigel Hopkins	25,501	20,977
	185,807	159,535

Board expenses of £3,882 (2024: £1,155) were incurred in the year.

- The Chief Executive and Group Finance Director receive no remuneration in respect of being members of the Board
- Remuneration is pro-rated from date of appointment to Board or committee

Directors Emoluments

The directors are defined as the Chief Executive and the Executive Group. The Chief Executive was also the highest paid director.

	Group 2025 £'000	Group 2024 £'000	LQHT 2025 £'000	LQHT 2024 £'000
Emoluments payable to the directors (excluding pension contributions, or cash in lieu payment thereof but including benefits in kind)	1,844	1,722	1,844	1,722
Pension contributions, or cash in lieu payment thereof, in respect of services as directors	183	167	183	167
	2,027	1,889	2,027	1,889
Emoluments payable to the Chief Executive (excluding pension contributions but including benefits in kind)	366	357	366	357

Director emoluments do not include any bonuses for the year.

Chief Executive – Fiona Fletcher-Smith

The Chief Executive was a member of the L&Q Housing Trust Staff Benefits Plan (a defined contribution scheme) until 30 June 2021. She was an ordinary member of the Fund and no enhanced or special terms applied. The Chief Executive received cash in lieu of pension payment of £22,380 (2024: £20,520). The Trust does not make any further contribution to an individual pension arrangement for the Chief Executive. A car allowance of £8,500 (2024: £8,500) is included in total emoluments.

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2024: £nil). The emoluments of all directors are reviewed and agreed on an annual basis by our Governance & Remuneration Committee. They are based on an individual assessment of pay scales prevailing the market and an assessment of performance against our corporate objectives.

04 Notes to the financial statements for the year ended 31 March 2025

10. Board members and executive directors (continued)

Salary banding for key management personnel, considered as Board members and Executive Directors, earning over £60,000 (including salaries, performance related pay, benefits in kind, compensation for loss of office and pension contributions paid by the employer) is set out below. The amounts are pro rata and reflect the amounts paid during the reporting period while in occupation of a key management personnel role. Full details of key management personnel is set out in the Other Company Information section 5 at the back of these Financial Statements.

Salary Banding

	Group 2025 No.	Group 2024 No.	LQHT 2025 No.	LQHT 2024 No.
£60,000 to £70,000	1	-	1	-
£70,001 to £230,000	-	-	-	-
£230,001 to £240,000	2	3	2	3
£240,001 to £250,000	1	1	1	1
£250,000 to £260,000	1	1	1	1
£260,001 to £270,000	1	-	1	-
£270,001 to £300,000	-	-	-	-
£300,001 to £310,000	-	1	-	1
£310,001 to £320,000	-	-	-	-
£320,001 to £330,000	1	-	1	-
£330,001 to £370,000	-	-	-	-
£370,001 to £380,000	-	1	-	1
£380,001 to £390,000	1	-	1	-
	8	7	8	7

11. Tax on surplus on ordinary activities

Current and deferred taxation

The tax expense for the year comprises both current and deferred tax.

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

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- The Group is able to control the reversal of the timing difference; and
- It is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset.

Current tax

UK corporation tax

Total current tax

Deferred tax

Net origination and reversal of timing difference

Total tax on results on ordinary activities

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
-	-	-	-
-	-	-	-
5	4	-	-
5	4	-	-

11. Tax on surplus on ordinary activities (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 25% (2024: 25%). The differences are explained as follows:

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
Surplus/(loss) on ordinary activities before tax	28	113	(27)	162
Surplus multiplied by 25% (2024: 25%) the standard rate of UK corporation tax	7	28	(7)	40
Effects of:				
Non-taxable income	3	-	-	-
Origination and reversal of timing differences	-	7	-	-
Non-taxable charitable activities	(15)	(39)	7	(40)
Total tax charge/(credit) for the year	(5)	(4)	-	-

LQHT has charitable status for tax purposes and is exempt from corporation tax on income and gains falling within Sections 466-493 Corporation Tax Act 2010 and Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Where income and gains received by the Trust do not attract the tax exemption these will be liable to corporation tax at the prevailing rate.

The main rate of corporation tax applicable for the year ending 31 March 2025 was 25% (2024: 25%).

Deferred tax has been provided in the year to reflect the timing difference between the accounting and taxable profits on the revaluation of our investment properties. Although a provision is made it is not expected that the tax charge will materialise in the foreseeable future as the underlying assets are held principally for lettings at market rates. When disposal profits do materialise these profits are gifted to LQHT, effectively creating a tax credit which offsets the current tax. A total deferred tax asset of £19m (2024: £16m) is included in other debtors and is included in note 16a and 16b. The deferred tax liability as at 31 March 2025 has been calculated based on tax rate that is expected to apply to the reversal of the timing differences.



Prime Point Sales Suite, London

12. Fixed assets – Housing properties

Housing properties

Housing properties in the course of construction are stated at either historic or deemed cost on conversion to FRS102. Cost includes the cost of acquiring land and buildings, development costs, and interest charges incurred during the development period. Staff costs and overheads which are directly attributable to bringing housing properties into working condition for their intended use are capitalised.

Under low-cost home ownership arrangements, the Group disposes of a long lease on low-cost home ownership housing units to people who occupy them at a share equal to between 25% and 75% of value. The occupier has the right to purchase further proportions up to 100% at the then current valuation. Low-cost home ownership properties are split between current and fixed assets on sale. The proceeds from the sale of the current asset element (‘first tranche’) are included in turnover and the related asset expensed through the profit and loss statement as a cost of sale. The remaining element of the property is accounted for as a fixed asset and any subsequent tranche sale treated as a part disposal of a fixed asset, shown in note 6. Social housing grant in respect of low-cost home ownership properties is allocated against the retained element of the low-cost home ownership property and is treated as a deferred grant income, shown in note 20.

The Group operates two flexible intermediate products whereby the tenant can rent the property and then at a future point purchase a portion of the property in the same way that low-cost home ownership schemes operate. The future point of sales is determined by the Group or the tenant depending on the product. Tenants are able to purchase a proportion of their property from day one, to be defined at a later date. These properties have been classified as fixed assets within the housing properties note under the intermediate market rent category unless the tenant has indicated that they wish to purchase a proportion of the property from the outset. This will then be treated as a first tranche sale with the purchased proportion reclassified as a current asset and the associated sales costs taken to cost of sales. For those tenants who rented the property to begin with or wish to purchase further tranches, this will be treated as a part disposal of a fixed asset.

Where land has been acquired with the intention to develop as mixed tenure schemes but the precise mix is yet to be

finalised, the land is treated as a fixed asset until certainty of tenure mix is established at which point the portion of land that relates to properties held for sale is transferred to current assets. All other development costs are allocated proportionately based on the floor area of each tenure type intended to be developed at each scheme. Other housing property costs for mixed tenure schemes in management are allocated proportionately based on number of homes of each tenure at the scheme.

Non-component works to existing properties

Non-component works to existing housing properties are capitalised where they relate to stock transferred from local authorities or relate to large-scale regeneration projects and where those properties are below the standards set by Group policies as there is a clear enhancement of the property beyond the standard assessed when the property was first acquired or constructed.

Fixed assets and depreciation

Land (including leasehold land) is not depreciated. Depreciation of housing property components is charged so as to write down the cost of the components to their estimated residual value, on a straight-line basis, over their estimated useful economic lives within the Group. No residual value remains for properties at the end of their useful life.

Housing property components are depreciated from the year following replacement. The ranges of estimated useful economic lives are assumed as follows:

Major components

• Housing properties structure	50-100 years depending on type
• Kitchens	18-20 years
• Bathrooms, electrical, heating windows and doors	20-30 years
• Boilers	15 years
• Roofs	25-65 years

Low-cost home owners and leaseholders are responsible for the costs of maintenance and replacement of components, except in some specific circumstances where management make a policy decision otherwise eg replacement of defective cladding.

All social housing grant (SHG) is amortised to income over 100 years for social housing lettings and over 25 years for low cost home ownership. Accumulated grant amortisation and any grant recognised through the performance method in equity is recorded as a contingent liability in the notes to the accounts (note 24).

Impairment of fixed assets

Social housing properties are held for their service potential and are not held solely for the cash inflows generated. As such, there is no requirement to perform an impairment assessment on initial recognition of those schemes that are developed or acquired and completed in accordance with approved Group policies and planned scheme appraisals.

Housing properties under construction and held for letting are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, a detailed assessment is undertaken to compare the carrying amount of cash generating units for which impairment is indicated to their recoverable amounts. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of a cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets, or cash generating units concerned, or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use. The Group defines a cash generating unit as a scheme (across mixed tenures) within housing properties. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to the Statement of Comprehensive Income.

Where any potential indicator as defined in FRS 102.27 ‘Impairment of Assets’ is identified, a review of the affected scheme is undertaken to determine if an impairment is required.

Section 27.7 of FRS102 states that an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. 27.9c requires the entity to assess impairment whereby market interest rates or other market rates of return on investments have increased the period, with those increases likely to materially impact the discount rate used in calculating the value in use of an asset. Interest rates increased during the reporting period and have continued to do so post the reporting period.

In undertaking an impairment assessment, a discount rate of 5.4% has been used as the current cost of borrowing based on the bond information of L&Q’s existing debt and the yields (2024: 5.1%). Applying a 0.3% increase on the discount rate to 5.7% would increase impairment calculations by £25m provided in the absence of a change to any other factor affecting the impairment calculation on the Group’s developments, such as a change in future development costs.

To determine future income streams rental inflation has been based on independent inflation forecasts and current government rent increase agreements of CPI + 1% for Social Housing and RPI + 0.5% for Low cost home ownership (2024: CPI + 1% for Social Housing and RPI + 0.5% for Low cost home ownership). Over the 100-year discount term this averages out to be 3.0% for Social Housing (2024: 3.1%) and over the 25 year discount term this averages out to be 3.1% for Low cost home ownership (2024: 3.3%).

In assessing impairment the higher of the discounted cashflow or Depreciated Re-placement Cost (DRC) has been used to determine value in use for fixed assets. Calculation of DRC has been based on a 10% reduction based on the open market value of fixed assets. Applying a 15% reduction would increase impairment by £3m (2024: £3m).

Group additions to new housing properties during the year include capitalised interest of £15m (2024: £17m) and capitalised directly attributable internal costs of £25m (2024: £29m). The amount of cumulative interest capitalised in housing properties is not separately identifiable.

Group expenditure on works to existing properties during the year amounted to £371m (2024: £342m) of which £146m (2024: £112m) was capitalised and included as additions to properties held for lettings.

04 Notes to the financial statements for the year ended 31 March 2025

Housing properties - Group

	Properties under construction			Properties held for lettings			Total
	Social housing lettings	Low-cost home ownership	Non-social housing lettings	Social housing lettings	Low-cost home ownership	Non-social housing lettings	
	£m	£m	£m	£m	£m	£m	
Cost							
At 1 April 2024	557	311	60	10,255	1,553	123	12,859
Reclassifications	39	(46)	18	(2)	(9)	-	-
Reclassifications from/(to) investment properties	-	-	(24)	-	-	(35)	(59)
Schemes completed in the year	(402)	(197)	(2)	402	197	2	-
Additions	285	101	15	138	8	-	547
Capitalised interest in the year	8	7	-	-	-	-	15
Transfer from/(to) current assets	(1)	15	(16)	-	-	-	(2)
Disposals	-	-	-	(169)	(75)	-	(244)
At 31 March 2025	486	191	51	10,624	1,674	90	13,116
Depreciation							
At 1 April 2024	-	-	-	1,044	7	4	1,055
Charge for year	-	-	-	96	1	-	97
Eliminated in respect of disposals	-	-	-	(27)	(3)	(1)	(31)
At 31 March 2025	-	-	-	1,113	5	3	1,121
Impairment							
At 1 April 2024	57	1	26	73	1	29	187
Schemes completed in the year	(17)	-	-	17	-	-	-
Charge for year	19	4	1	-	1	-	25
Release in the year on disposal	-	-	-	-	-	-	-
Transfer to investment properties	-	-	(2)	-	-	(22)	(24)
At 31 March 2025	59	5	25	90	2	7	188
Net book value:							
At 31 March 2025	427	186	26	9,421	1,667	80	11,807
At 31 March 2024	500	310	34	9,138	1,545	90	11,617

For the Group, a total funding value of £ 11,265m (2024: £10,070m) has been pledged as security on debt.

Housing properties - LQHT

	Properties under construction			Properties held for lettings			Total
	Social housing lettings	Low-cost home ownership	Non-social housing lettings	Social housing lettings	Low-cost home ownership	Non-social housing lettings	
	£m	£m	£m	£m	£m	£m	
Cost							
At 1 April 2024	545	360	6	9,942	1,527	119	12,499
Reclassifications	39	(46)	18	(2)	(9)	-	-
Reclassifications from/(to) investment properties	-	-	-	-	-	(35)	(35)
Schemes completed in the year	(402)	(197)	(2)	402	197	2	-
Additions	280	102	3	138	8	-	531
Capitalised interest in the year	8	7	-	-	-	-	15
Transfer from/(to) current assets	(1)	15	(16)	-	-	-	(2)
Disposals	-	-	-	(169)	(75)	-	(244)
At 31 March 2025	469	241	9	10,311	1,648	86	12,764
Depreciation							
At 1 April 2024	-	-	-	1,068	6	7	1,081
Charge for year	-	-	-	96	1	-	97
Eliminated in respect of disposals	-	-	-	(27)	(3)	(1)	(31)
At 31 March 2025	-	-	-	1,137	4	6	1,147
Impairment							
At 1 April 2024	51	1	2	63	1	29	147
Schemes completed in the year	(10)	-	-	10	-	-	-
Charge for year	14	1	1	1	2	-	19
Release in the year on disposal	-	-	-	-	-	-	-
Transfer to investment properties	-	-	-	-	-	(22)	(22)
At 31 March 2025	55	2	3	74	3	7	144
Net book value:							
At 31 March 2025	414	239	6	9,100	1,641	73	11,473
At 31 March 2024	494	359	4	8,811	1,520	83	11,271

In LQHT, a total funding value of £10,533m m (2024: £9,617m) has been pledged as security on debt.

04 Notes to the financial statements for the year ended 31 March 2025

12. Fixed assets – Housing properties (continued)

During the year, a scheme with commercial space was reclassified from Non-Social Housing Lettings to investment properties upon completion of contracts for a retail space being agreed. This is deemed to be commercial use.

Impairment

As a result of the impairment review outlined earlier in this section, the Group recognised £24m (2024: £8m) and LQHT £16m (2024: £7m) of impairment charge on housing properties under construction. On housing properties held for lettings Group recognised £1m and LQHT £3m (2024: £3m) impairment charge, and nil release in the year (2024: nil). As this was related to remediation costs on units handed over at a scheme still under construction, this was considered to be Development impairment and therefore does not appear in Note 3b. The Group defines a cash generating unit as a whole scheme (across mixed tenures) within housing properties.

13a. Other tangible fixed assets

Group	Freehold office premises £m	Leasehold office premises £m	Office furniture and equipment £m	Computer equipment £m	Total £m
Cost					
At 1 April 2024	41	1	8	14	64
Additions	-	-	1	1	2
Disposals	(5)	-	(2)	-	(7)
At 31 March 2025	36	1	7	15	59
Depreciation					
At 1 April 2024	6	-	4	11	21
Charge for year	-	-	1	2	3
Eliminated in respect of disposals	-	-	(1)	-	(1)
At 31 March 2025	6	-	4	13	23
Net book value:					
At 31 March 2025	30	1	3	2	36
At 31 March 2024	35	1	4	3	43

LQHT

Cost

At 1 April 2024

Additions

Disposals

At 31 March 2025

Depreciation

At 1 April 2024

Charge for year

Eliminated in respect of disposals

At 31 March 2025

Net book value:

At 31 March 2025

At 31 March 2024

Freehold office premises £m	Leasehold office premises £m	Office furniture and equipment £m	Computer equipment £m	Total £m
43	1	6	16	66
-	-	1	1	2
-	-	-	-	-
43	1	7	17	68
14	1	4	13	32
-	-	1	2	3
-	-	-	-	-
14	1	5	15	35
29	-	2	2	33
29	-	2	3	34

Other fixed assets

Depreciation on other fixed assets is charged on a straight-line basis over the expected useful economic lives of the fixed assets to write down the cost less estimated residual values at the following annual rates set out to the right.

Depreciation is charged on Freehold premises owned, however is of a minimal value per annum.

- Freehold premises 25-100 years
- Short leasehold premises Shorter of 10 years or life of lease
- Furniture and equipment 4-8 years
- Motor vehicles 4 years
- Computer equipment 3 years
- Service equipment 5 years

13b. Intangible fixed assets

Group	Computer software £m	Total £m
Cost		
At 1 April 2024	53	53
Additions	24	24
Disposals	-	-
At 31 March 2025	77	77
Amortisation		
At 1 April 2024	15	15
Charge for year	5	5
Eliminated in respect of disposals	-	-
At 31 March 2025	20	20
Net book value:		
At 31 March 2025	57	57
At 31 March 2024	38	38

LQHT	Computer software £m	Total £m
Cost		
At 1 April 2024	53	53
Additions	22	22
Disposals	-	-
At 31 March 2025	75	75
Amortisation		
At 1 April 2024	15	15
Charge for year	5	5
Eliminated in respect of disposals	-	-
At 31 March 2025	20	20
Net book value:		
At 31 March 2025	55	55
At 31 March 2024	38	38

During the year, significant additions of £24m Intangible Assets related to implementation of a new finance system and new housing management income system.

Intangible assets Amortisation on intangible assets is charged on a straight-line basis from the year after the financial purchase is made (or for projects implemented over several years the year after the project is implemented) and spread over the expected useful	economic lives of the intangible assets to write down the cost less estimated residual values at the annual rates set out below. <ul style="list-style-type: none">Software development3-7 years
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14. Investments

14a) Investment in jointly controlled entities (joint ventures) An entity is treated as jointly controlled entity where the Group is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control by virtue of voting rights or degree of influence exercisable. In the consolidated accounts, interests in jointly controlled entities are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's	share of the profit or loss, other comprehensive income and equity of the jointly controlled entities. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated statement of financial position, the interests in jointly controlled entity undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.
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04 Notes to the financial statements for the year ended 31 March 2025

14. Investments (continued)

Group	Barking Riverside Ltd £m	Limited Liability Partnerships £m	Associates £m	Total £m
Cost				
At 1 April 2024	129	164	6	299
Additions	-	26	-	26
Repayments	(40)	(5)	(6)	(51)
At 31 March 2025	89	185	-	274
Goodwill				
At 1 April 2024	13	-	-	13
Additions	-	-	-	-
Amortisation	(1)	-	-	(1)
At 31 March 2025	12	-	-	12
Impairment				
At 1 April 2024	-	-	-	-
Charge for the year	-	-	-	-
Release in the year	-	-	-	-
At 31 March 2025	-	-	-	-
Share of reserves				
At 1 April 2024	(22)	1	1	(20)
Share of profit/(losses) in the year	(11)	-	(1)	(12)
Profit distributed	-	(12)	-	(12)
At 31 March 2025	(33)	(11)	-	(44)
Net book value:				
At 31 March 2025	68	174	-	242
At 31 March 2024	120	165	7	292



Rockcliffe Square, Plumstead

04 Notes to the financial statements for the year ended 31 March 2025

14. Investments (continued)

Included in the share of profits/(losses) from joint ventures as shown in the group statement of comprehensive income £10m loss (2024: £15m profit) are adjustments for intragroup transactions with joint ventures that do not get adjusted for in the investment in jointly controlled entities in the statement of financial position.

Active trading joint ventures, all established in the UK, as at 31 March 2025 were as follows:

Joint venture	Partner(s)	Group interest	Group voting rights	Total investment £m
Jointly controlled entities				
Barking Riverside Limited	Greater London Authority	51%	50%	68
BDWZest Developments LLP	BDW Trading Limited	50%	50%	-
Alie Street LLP	BDW Trading Limited	50% through BDWZest Developments LLP	50% through BDWZest Developments LLP	-
Queensland Road	BDW Trading Limited	50% through BDWZest Developments LLP	50% through BDWZest Developments LLP	-
Fulham Wharf	BDW Trading Limited	50% through BDWZest Developments LLP	50% through BDWZest Developments LLP	-
Nine Elms	BDW Trading Limited	50% through BDWZest Developments LLP	50% through BDWZest Developments LLP	5
Academy Central LLP	George Wimpey East London Ltd	38%	50%	-
Chobham Manor LLP	Taylor Wimpey UK Limited	50%	50%	2
Countryside Zest (Beaulieu Park) LLP	Countryside Properties (Joint Venture) Ltd	50%	50%	36
Countryside L&Q (Oaks Village) LLP	Countryside Four Ltd	50%	50%	3
Acton Gardens LLP	Countryside Properties (Joint Venture) Ltd	50%	50%	10
Ponton Road LLP	Bellway Homes Limited	50%	50%	2
Erith Hills LLP	Anderson Design Limited	50%	50%	32
Fairview L&Q PR LLP	Fairview New Homes Limited	50%	50%	4
Triathlon Homes LLP	Southern Space Ltd and First Base 4 Stratford LLP	33%	33%	-
Stepney Way 1 LLP	Mount Anvil	50%	50%	-

Joint venture	Partner	Group interest	Group voting rights	Total investment £m
Jointly controlled entities				
Stepney Way 2 LLP	Mount Anvil	50%	50%	1
Stepney Way 3 LLP	Mount Anvil	50%	50%	-
Laurus Partnership Homes LLP	Willmott Dixon Construction Limited	100%	50%	-
Health Social Innovators LLP	- Numbers for Good Limited - UCL Business PLC	50%	50%	-
Heath Farm Lane LLP	Vistry Linden Limited	50%	50%	-
GM Homes SIB Partnership LLP	- Eastlands Home Partnership Limited	25%	50%	-
JV North Limited	- Homelessness Support LLP	10%	10%	-
Manchester Athena Limited	Various	17%	17%	-
GM JV Fundco LLP	Various	10%	10%	-
Laurus Living Space LLP	Various	50%	50%	-
Laurus Lovell Whalley LLP	Wates Construction Limited	50%	50%	-
Countryside L&Q (North East Chelmsford) LLP	Lovell Partnerships Limited'	50%	50%	5
L&Q Hill Brentford (Citroen Garage) LLP	Hill Residential Limited	50%	50%	32
Homes for Trafford LLP	Trafford Borough Council	50%	50%	42
Jointly controlled asset				
Beam Park	Countryside Properties (UK) Ltd	50%	50%	-
Total				242

14. Investments (continued)

L&Q Group entered into one new joint venture 'Stepney Way 3 LLP' during 2025 (2024: nil). The group has 50% voting rights in most jointly controlled entities (JCE), except for a 33% voting right in Triathlon Homes LLP, 10% in JV North Limited, 17% in Manchester Aretha Limited and 10% in GM LV Fundco LLP. Apart from Barking Riverside, which is a limited company, all of the JCEs are limited liability partnerships, therefore not limited by shares. All JCEs have a March year end except for Academy Central LLP, Fairview L&Q PR LLP and Laurus Lovell Whalley LLP which have a 31 December year end; Countryside Zest (Beaulieu) LLP, Countryside L&Q (Oaks Village) LLP and Acton Gardens LLP which have a 30 September year end; and Ponton Road LLP which has a 31 July year end. The Group has a 50% interest through partnership agreements in BDWZest LLP and Zest BDW LLP which in turn each have a 50% interest in BDWZest Development LLP and a 0.5% interest in Alie Street LLP, Fulham Wharf LLP, Queensland Road LLP and Nine Elms LLP.

BDWZest Development LLP has a 99% interest in Alie Street LLP, Fulham Wharf LLP, Queensland Road LLP and Nine Elms LLP. The Group has a one-third interest in Triathlon Homes LLP, which is jointly formed with Southern Space Ltd (part of Southern Housing Group) and First Base 4 Stratford LLP. Triathlon owns or manages 1,379 affordable homes in the former Olympic Athletes Village in Stratford.

14b) Investments - HomeBuy equity loans

HomeBuy is a term used to describe a program of low-cost home ownership products where a loan is provided by the group to the purchaser of a property at a nil interest rate. The program is funded through a combination of government grant and the Group’s own funds. The loan made to the purchaser has no fixed repayment date and there are no monthly repayment requirements.

The group shares in any future capital gain realised on redemption of the loan, which will be when the property is sold or if the purchaser chooses to repay the loan without selling the property. In the circumstances where the purchaser chooses to repay the loan without selling the property, the

value of the loan to be repaid is based on the property market value at that date. Any future capital loss realised on redemption of the loan is offset initially against the government grant.

In the accounting of the HomeBuy equity loan investment, the group has opted to adopt paragraphs PBE34.90 to PBE 34.97 of FRS 102. All are non-current loans, as they are not redeemable on demand.

The scheme is now closed to new entrants, and there were no new commitments taken up at the year end.

14c) Investment properties

Investment properties (Private Rented Sector, “PRS”) are valued in the year of acquisition or transfer, and subsequently on an annual basis by a qualified RICS Chartered Surveyor. This valuation was prepared in accordance with the RICS valuation – Global Standards (incorporating the IVS International Valuation Standards) 2017 together with, where applicable, with the UK National Supplement effective January 2019 (the “Red Book”). The properties are valued on an open market value basis subject to tenancies.

Changes in the value of market rented properties are taken to the income statement in the period they arise. PRS properties under construction are not classified as investment properties and are stated at cost (see Note 12). All commitments in respect of these are included as capital commitments (see note 26). During the year, a new class of investment property transferred upon completion from fixed assets non-social lettings - this relates to a commercial retail site. This class of investment property is revalued on an annual basis by a qualified RICS chartered surveyor, with changes in value taken to the income statement in the period they arise.

As at 31 March 2025, there are 1,295 investment properties with a value of c.£484m where a first fixed charge has been granted against £300m of secured loans. This has an effect on immediate realisability if they were to be sold, unless the secured loans are repaid.

Investment properties – Market rented

At 1 April 2024

Additions

Transfer from/(to) fixed assets

Revaluation

Disposal

At 31 March 2025

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
1,185	1,083	3	3
-	2	-	-
34	130	12	-
(40)	(30)	1	-
(1)	-	-	-
1,178	1,185	16	3

14d) Investments - Real Lettings property fund

The Real Lettings property fund is a residential property fund providing move-on accommodation for homeless individuals and families in London. The investment was made in instalments with the final instalment made in 2015, bringing the total amount invested to £10m. The fund is managed by Resonance Impact Investment Limited (RIIL) and LQHT receive quarterly distributions recognised in other finance income. Repayments started in 2024, with the outstanding balance being £3m (2024: £6m) at the end of this year.

14e) Equity investment in subsidiaries

All equity investments in subsidiaries are eliminated on consolidation. The amounts presented in LQHT are direct investments in subsidiary undertakings.

As at March 2025, LQHT held £550m in PRS Co Ltd (2024: £550m), £250m in L&Q New Homes Ltd (2024: £250m), £5m in L&Q Energy Ltd (2024: £5m). During the year the £311m investment in L&Q Estates Ltd was disposed of on completion of the sale of our strategic land business.

04 Notes to the financial statements for the year ended 31 March 2025

15. Land and properties for sale and work in progress

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Costs comprise of materials and direct overheads attributable to the development. Interest incurred is capitalised from the point of first obtaining planning permission, throughout work in progress and up to the point of practical completion of the development scheme. Net realisable value is assessed using publicly available information and internal forecasts on future sales price after allowing for all further costs of completion and disposal.

Strategic land under development and promotion included as open market sales under construction is valued at the lower of cost and estimated selling price less costs to complete and selling expenses.

Cost includes the purchase of land together with its acquisition expenses and promotional costs associated with developments once the viability of such a development is reasonably secure. Work in progress is appraised within the context of current market values or the expected sale prices achievable over the development period and is reduced to estimated selling price less costs to complete and selling expenses where changes in circumstances indicate full recovery is unlikely. At the date a sale is recognised all costs, including planning and infrastructure costs attributable to that sale, are taken to cost of sales. No interest or directly attributable overheads are capitalised against these strategic land developments.

Group	Land and Properties under construction		Completed properties for sale		Total
	Low-cost home ownership	Open market sales	Low-cost home ownership	Open market sales	
	£m	£m	£m	£m	£m
At 1 April 2024	126	343	93	28	590
Completed in the year	(68)	(59)	68	59	-
Additions	53	42	-	-	95
Capitalised interest	3	(1)	-	-	2
Transfer (to)/from fixed assets	(14)	16	-	-	2
Disposal	-	(251)	-	-	(251)
Cost of properties sold	-	(12)	(84)	(72)	(168)
Impairment charge - current assets	1	(20)	-	-	(19)
Release of impairment on disposal	12	8	-	-	20
Net impairment reclassification	-	-	-	-	-
At 31 March 2025	113	66	77	15	271

LQHT

	Properties under construction		Completed properties for sale		Total
	Low-cost home ownership	Open market sales	Low-cost home ownership	Open market sales	
	£m	£m	£m	£m	£m
At 1 April 2024	118	4	92	10	224
Completed in the year	(68)	(6)	68	6	-
Additions	51	8	-	-	59
Capitalised interest	3	1	-	-	4
Transfer (to)/from fixed assets	(14)	16	-	-	2
Reclassification	-	-	-	-	-
Cost of properties sold	-	-	(84)	(15)	(99)
Impairment charge - current assets	1	(13)	-	-	(12)
Release of impairment on disposal	12	-	-	-	12
Net impairment reclassification	-	-	-	-	-
At 31 March 2025	103	10	76	1	190

Significant judgement is required in determining the selling price of certain items under construction, specifically the strategic land stock included in Group land and properties under construction – open market sales £nil (2024: £251m). In determining the selling price a number of factors were considered such as planning status, the number of properties that could be built on the sites and increased construction costs. During the year, the Group of L&Q Estates strategic land companies were sold leading to £251m disposal (2024: nil).

Net Impairment reclassification (2024: £12m Group and £17m LQHT) recognises movements within schemes due to tenure changes and scheme improvements during the year, which are considered change in accounting estimate and not a movement in the overall net realisable value of a scheme.

16a. Debtors due after more than one year

On-lending loans made to subsidiaries by London and Quadrant Housing Trust are classified as a long term debt as formal agreements deem them not to be repayable within one year. These are shown at cost with interest being charged at Bank of England Base rate plus a margin of between 1% and 5% charged at arm’s length.

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
Amounts owed by subsidiaries	-	-	564	595
Forward funding of land purchase	59	56	59	56
Deferred land payments	8	-	-	-
Shared equity	2	2	2	2
	69	58	625	653

Shared equity relates to loans provided on the same basis as the HomeBuy scheme to leasehold residents covering the shortfall in purchase price as a result of decants for demolition at Ocean Estate.

16b. Debtors

Amounts receivable within one year:
Former tenant arrears
Less: provision for bad and doubtful debts

Current tenant arrears
Less: provision for bad and doubtful debts

Deferred tax asset

Other debtors and prepayments

Amount owing from subsidiaries

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
21	15	17	13
(21)	(15)	(17)	(13)
-	-	-	-
51	46	51	45
(5)	(6)	(6)	(6)
46	40	45	39
19	14	-	-
132	121	87	60
-	-	80	35
197	175	212	134

Other debtors includes development debtors of £27m (2024: £15m), accrued income of £40m (2024: £25m) and prepayments of £23m (2024: £24m). Deferred land debtors reduced to £nil (2024: £30m) on completion of the sale of L&Q Estates.

17. Cash and cash equivalents

Cash and cash equivalents

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
98	175	71	60

Restrictions on cash and cash equivalents include £18m (2024: £18m) held in debt service reserve and £3m (2024: £3m) as held funds. All cash and cash equivalents mature in three months or less, or are convertible to cash within three months or less. Financial assets pledged as collateral can be replaced subject to negotiations.

04 Notes to the financial statements for the year ended 31 March 2025

18. Creditors: amounts falling due within one year

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
Debenture loans (see note 22)	10	11	10	11
Bank loans and overdrafts (see note 22)	100	105	100	105
Trade creditors	15	52	-	14
Other taxation and social security	8	18	5	5
Accruals and deferred income	146	205	115	105
Other creditors	143	181	102	125
Social housing grant (see note 20)	26	27	26	28
Amounts due to subsidiaries	-	-	102	68
	448	599	459	461

Trade creditors were significantly paid down at the end of the year in preparation to migrate transactions into our new Finance Management System. Included in other creditors is development related creditors of £83m (2024: £106m) and deferred income of £18m (2024: £12m).

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

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
Debenture loans (see note 22)	3,457	3,467	3,157	3,167
Bank loans and overdrafts (see note 22)	1,915	2,005	1,915	2,005
Total housing loans	5,372	5,472	5,072	5,172
Net issue premium	(30)	(34)	(30)	(33)
Loan fair value adjustments	73	78	-	-
Total loans measured at amortised cost	5,415	5,516	5,042	5,139
Deferred income	33	15	33	15
Other creditors	84	75	84	74
Recycled capital grant fund (see note 21)	150	128	150	128
	5,682	5,734	5,309	5,356

20. Social Housing Grant

Social housing grant (SHG) is initially recognised at fair value as a long term liability, specifically as deferred government grant income and released through the profit and loss as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to registered providers of social housing accounting for housing properties at cost, except for grant received in respect of HomeBuy investments, shown in note 14b.

For items where on transition to FRS 102 an election was taken to treat fair value as deemed cost, the performance method for accounting for grant has been applied as the fair value

application as deemed cost is treated as a revaluation at the transition date and SHG in respect of those items has been taken to revenue reserves. An amount equivalent to SHG taken to revenue reserves is disclosed as a contingent liability reflecting the potential future obligation to repay SHG where properties are disposed.

On disposal, SHG associated with those properties is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

Social Housing Grant – Group

	Properties under construction			Properties held for lettings			
	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Total £m
Cost							
At 1 April 2024	266	91	-	1,830	261	-	2,448
Reclassification	7	(7)	-	(1)	1	-	-
Schemes completed in the year	(71)	(26)	-	71	26	-	-
Received during the year	28	-	-	-	-	-	28
Repaid during the year	-	-	-	-	-	-	-
Transferred to other RP's	-	-	-	(15)	(1)	-	(16)
Recycled on disposal	-	-	-	(9)	(8)	-	(17)
At 31 March 2025	230	58	-	1,876	279	-	2,443
Amortisation							
At 1 April 2024	-	-	-	284	117	-	401
Charge for the year	-	-	-	17	11	-	28
Eliminated on disposal	-	-	-	(6)	(2)	-	(8)
At 31 March 2025	-	-	-	295	126	-	421
Net book value:							
At 31 March 2025	230	58	-	1,581	153	-	2,022
At 31 March 2024	266	91	-	1,546	144	-	2,047

04 Notes to the financial statements for the year ended 31 March 2025

20. Social Housing Grant (continued)

Social Housing Grant

Within one year

Greater than one year

Total

	Group 2025	Group 2024
Within one year	26	27
Greater than one year	1,996	2,020
Total	2,022	2,047

Social Housing Grant

Within one year

Greater than one year

Total

	LQHT 2025	LQHT 2024
Within one year	26	28
Greater than one year	2,039	2,063
Total	2,065	2,091

Social Housing Grant – LQHT

Properties under construction

Properties held for lettings

	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Social housing lettings £m	Low-cost home ownership £m	Non-social housing lettings £m	Total £m
Cost							
At 1 April 2024	266	91	-	1,869	270	-	2,496
Reclassification	7	(7)	-	(1)	1	-	-
Schemes completed in the year	(71)	(26)	-	71	26	-	-
Received during the year	28	-	-	-	-	-	28
Repaid during the year	-	-	-	-	-	-	-
Transferred to other RP's	-	-	-	(15)	(1)	-	(16)
Recycled on disposal	-	-	-	(9)	(8)	-	(17)
At 31 March 2025	230	58	-	1,915	288	-	2,491
Amortisation							
At 1 April 2024	-	-	-	287	118	-	405
Charge for the year	-	-	-	18	10	-	28
Eliminated on disposal	-	-	-	(5)	(2)	-	(7)
At 31 March 2025	-	-	-	300	126	-	426
Net book value:							
At 31 March 2025	230	58	-	1,615	162	-	2,065
At 31 March 2024	266	91	-	1,582	152	-	2,091

21. Recycled capital grant fund

The Regulator of Social Housing can direct the Group to recycle SHG or to repay the recoverable capital grant back. Where the grant is recyclable the recoverable capital grant is

credited to the recycled capital grant fund (RCGF), which is included as a creditor due either within one year or after more than one year as appropriate.

At beginning of the year

Net HomeBuy grant abated

Transferred to fund during year

Utilised during the year against new build

At end of the year

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
128	115	128	115
-	-	-	-
25	20	25	20
(3)	(7)	(3)	(7)
150	128	150	128

There are no amounts 3 years old or older where repayment may be required (2024: £nil).

22. Debt analysis – on loans measured at amortised cost

This note provides information about the contractual terms of the Group’s and its subsidiaries’ interest-bearing loans and borrowings. All loans and borrowings are measured at amortised cost, including those that have embedded derivative financial instruments attached to them whereby the embedded derivative is deemed to be closely related to the host contract.

Debenture and bank loans are secured by way of a first fixed charge over housing properties and include an asset cover test based on the ratio on the value of properties secured to the carrying value of the loan. Bank loans include interest cover and gearing covenants each of which is tested annually against relevant disclosures within the statement of comprehensive income, statement of financial position and statement of cashflows.

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
Creditors falling due within one year				
Debenture loans	10	11	10	11
Bank loans	100	105	100	105
	110	116	110	116
Creditors falling due after more than one year				
Debenture loans	3,457	3,467	3,157	3,167
Bank loans and overdrafts	1,915	2,005	1,915	2,005
	5,372	5,472	5,072	5,172
Total housing loans	5,482	5,588	5,182	5,288

The following is an analysis of the anticipated contractual cash flows for the Group’s drawn loans measured at amortised cost and derivative financial instruments held as at 31 March 2025 excluding deferred finance, capitalised costs and fair value adjustments.

Interest is calculated on an undiscounted basis whereby floating rate loans are determined using the prevailing implied forward rates as at 31 March 2025.

Group Debt analysis – interest-bearing loans and borrowings

As at 31 March 2025

Due less than one year

Between one and two years

Between two and three years

Between three and five years

In five years or more

Gross contractual cash flows

As at 31 March 2024

Due less than one year

Between one and two years

Between two and three years

Between three and five years

In five years or more

Gross contractual cash flows

Total loans £m	Interest on loans £m	Total £m
(110)	(223)	(333)
(1,556)	(196)	(1,752)
(364)	(146)	(510)
(815)	(233)	(1,048)
(2,637)	(1,146)	(3,783)
(5,482)	(1,944)	(7,426)

Total loans Total	Interest on loans £m	Total £m
£m	£m	£m
(116)	(241)	(357)
(705)	(211)	(916)
(966)	(167)	(1,133)
(893)	(250)	(1,143)
(2,908)	(1,236)	(4,144)
(5,588)	(2,105)	(7,693)

04 Notes to the financial statements for the year ended 31 March 2025

22. Debt analysis – on loans measured at amortised cost (continued)

LQHT Debt analysis – interest-bearing loans and borrowings

As at 31 March 2025

Due less than one year
Between one and two years
Between two and three years
Between three and five years
In five years or more

Gross contractual cash flows

Total loans £m	Interest on loans £m	Total £m
(110)	(215)	(325)
(1,381)	(188)	(1,569)
(364)	(142)	(506)
(690)	(229)	(919)
(2,637)	(1,146)	(3,783)
(5,182)	(1,920)	(7,102)

As at 31 March 2024

Due less than one year
Between one and two years
Between two and three years
Between three and five years
In five years or more

Gross contractual cash flows

Total loans £m	Interest on loans £m	Total £m
(116)	(232)	(348)
(705)	(202)	(907)
(791)	(159)	(950)
(768)	(242)	(1,010)
(2,908)	(1,236)	(4,144)
(5,288)	(2,071)	(7,359)

The weighted average cost of fixed rate loans was 3.5% (2024: 3.5%), and variable rate loans was 5.4% (2024: 6.1%) inclusive of lending margins. 63% of the Group's debt, including the use of financial instruments (see note 29) was fixed (2024: 62%). Interest rates on fixed rate debt range from 2.0% to 11.5% (2024: 2.0% to 11.5%).

At 31 March 2025

At 31 March 2024

Loans at amortised cost £m	Floating rate £m	Fixed rate £m	Weighted average interest rate %	Weighted average life of loan Years
5,482	2,015	3,467	4.09	9
5,588	2,110	3,748	4.13	10

Analysis of changes in net debt - Group

Cash

Debt due within one year

Debt due after one year

Net debt

As at 31 March 2024	Cashflows	Other non- cash movements	As at 31 March 2025
175	(77)	-	98
(116)	605	(599)	(110)
(5,472)	(58)	158	(5,372)
(5,413)	470	(441)	(5,384)

23. Provisions for liabilities and charges

The Group recognises provisions and liabilities of uncertain timing or amounts. Provisions are made for specific and quantifiable liabilities, measured at the best estimate of expenditure and only where probable that it is required to settle a legal or constructive obligation that existed at the Statement of Financial Position date.

The Group has a diverse portfolio of properties which vary in age, tenure and type, including a number of high rise buildings. All properties were built in accordance with building regulations and accepted practices at the time of being built, however the Group is committed to ensuring continued compliance with the latest health and safety standards. Following fire safety assessments across the portfolio, required remediation works have been identified in order to comply with current and updated government regulation. The Group provides for the costs of fire safety works to the extent that it has a legal or constructive obligation.

The Group does not provide for all forecast health and safety or fire safety works which are considered part of the ordinary course of business of a social housing landlord and form part of the ongoing maintenance programme.

Where there is a legal or constructive obligation to remediate known latent build defects in specific buildings, a provision is calculated using a best estimate derived from detailed cost breakdowns. L&Q Group continually reviews the risks of latent defects across all schemes developed and uses the latest cost estimates available to ensure that the amount of the provision remains appropriate.

At beginning of the year

Increase in provision

Release of provision

At end of the year

Group 2025	Group 2024	LQHT 2025	LQHT 2024
£m	£m	£m	£m
91	98	34	35
23	16	12	16
(43)	(23)	(7)	(17)
71	91	39	34

An analysis of the movement in each specific provision is set out overleaf.

Major works obligation

The provision in respect of works in relation to fire safety and other major works identified as either legally required or for which the Group had a constructive obligation increased £8m in the year as further inspections have taken place identifying additional works required.

At beginning of the year

Increase in provision

Release of provision

At end of the year

Group 2025	Group 2024	LQHT 2025	LQHT 2024
£m	£m	£m	£m
8	9	8	9
8	8	8	8
-	(9)	-	(9)
16	8	16	8

Self-insurance reserve provision

A self-insurance amount of £5m that increased by £2m in the year

At beginning of the year

Increase in provision

Release of provision

At end of the year

3	4	3	4
2	-	2	-
-	(1)	-	(1)
5	3	5	3

04 Notes to the financial statements for the year ended 31 March 2025

23. Provisions for liabilities and charges (continued)

Construction defects

Provision for costs to rectify construction build defects where there is an obligation to correct substandard works at schemes which were built by the Group. There were no new construction defects identified in the year:

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
At beginning of the year	41	51	12	12
Increase in provision	-	3	-	4
Release of provision	(16)	(12)	(3)	(4)
Transfer to new provision category - Joint Venture Defects	-	(1)	-	-
At end of the year	25	41	9	12

Customer refunds

A provision for customer refunds where there is an obligation as a result of past liabilities relating to water rate commissions:

At beginning of the year	4	4	4	4
Increase in provision	-	-	-	-
Release of provision	-	-	-	-
At end of the year	4	4	4	4

Warranties on newbuild properties

Warranties are provided for completed development homes from date of sale completion for a period of two years and charged to the scheme costs:

At beginning of the year	7	7	7	6
Increase in provision	2	2	2	3
Release of provision	(3)	(2)	(3)	(2)
At end of the year	6	7	6	7

Joint Venture Defects

A new category to identify provision for funding our share of Joint Ventures to remedy construction defects that have been identified.

At beginning of the year	4	-	-	-
Transfer from provision category - Construction Defects	-	1	-	-
Increase in provision	11	3	-	-
Release of provision	-	-	-	-
At end of the year	15	4	-	-

Deferred tax

A deferred tax provision is made for changes in valuation of the Group's Private Rented Sector portfolio. During the year, deferred tax relating to the fair value gain arising on the acquisition of L&Q Estates was released due to the disposal of these companies.

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
At beginning of the year	23	23	-	-
Increase in provision	-	-	-	-
Release of provision	(23)	-	-	-
At end of the year	-	23	-	-

24. Contingent liabilities

A contingent liability is disclosed for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will

be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made. This includes a contingent liability reflecting the potential future obligation to repay social housing grant where properties are disposed of.

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
At start of the year	1,838	1,816	1,791	1,769
Increase in the year	28	28	29	28
Eliminated in respect of disposals	(4)	(6)	(4)	(6)
At end of the year	1,862	1,838	1,816	1,791

The increase in the year relates to amortised grant as recorded in the statement of comprehensive income. The decrease in contingent liabilities in the year of £4m (2024: £6m) relates to grant on units that were disposed in the year predominantly through stock transfers.

04 Notes to the financial statements for the year ended 31 March 2025

25. Share capital

	Group 2025 £	Group 2024 £	LQHT 2025 £	LQHT 2024 £
Shares of £1 each issued and fully paid				
At beginning of the year	7	7	7	7
Issued during year	1	-	1	-
Cancelled or eliminated during the year	(1)	-	(1)	-
At end of the year	7	7	7	7

26. Capital commitments

Capital commitments are disclosed in respect of capital expenditure towards fixed assets which have been contracted and predominantly relate to developments

where known contractors have been appointed and which have started on site.

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
Expenditure that has been contracted for but has not been provided for in these financial statements	514	828	395	684
Expenditure that has been authorised by the Governing Board but has not yet been contracted for	390	436	358	363
	904	1,264	753	1,047

The Group expects to finance contracted commitments through:				
Social housing grant	284	316	284	308
Surpluses and borrowings	230	512	111	376
	514	828	395	684

The future projected cost of the entire development pipeline (including work in progress and developments not yet committed or on site) that extends until the financial year ending 31 March 2040 is estimated at £2.0bn (2024: £2.5bn) of which £1.4bn or 70% is currently committed (2024: £1.9bn which was 76%).

26. Capital commitments (continued)

Our approved development pipeline has the following projections:

	Group 2025 £m	Group 2024 £m
Homes in the development pipeline	8,877	11,137
Projected pipeline cost	2,006	2,505
Projected source of funding		
Social housing grant	440	459
Surpluses and borrowings	1,566	2,046
	2,006	2,505

27. Commitments under operating leases

Total commitments under operating leases are as set out below:

Land and buildings

Operating leases which expire:

In less than one year	2
Between one and five years	1
After five years	-
Total	3

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
In less than one year	1	2	1	2
Between one and five years	-	1	-	1
After five years	-	-	-	-
Total	1	3	1	3

Vehicle leases

Operating leases which expire:

In less than one year	2
Between one and five years	2
After five years	-
Total	4

	Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
In less than one year	2	2	2	2
Between one and five years	1	2	1	2
After five years	-	-	-	-
Total	3	4	3	4

28. Related party transactions

All transactions in respect of tenant board members and other related public or commercial entities are carried out at arm’s length and under normal commercial terms. The Group has taken advantage of the exemption contained in FRS 102 33.1(A) Related Party Disclosures and has therefore not

disclosed transactions or balances between entities which are 100% owned. Per requirements of the Accounting Direction 2019, transactions between registered providers and other non-registered entities in the Group are disclosed below.

Intra-group transactions between the Group’s registered providers and its non-regulated subsidiaries for the year ended 31 March 2025:

2025	Sales income	Cost of sales	Operating costs	Gift aid	Loan interest payable	Loan interest receivable	Loan creditors	Loan debtors	Other creditors	Other debtors
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Subsidiaries to LQHT										
Quadrant Construction Services Ltd	237	(235)	-	-	(4)	-	(36)	-	-	27
L&Q New Homes Ltd	49	49	(5)	(20)	(4)	-	(56)	-	(8)	-
L&Q PRS Co Ltd	1	(1)	-	-	(27)	-	(391)	-	-	-
L&Q Energy Ltd	-	-	-	-	-	-	-	-	-	-
East Place Ltd	-	-	-	-	-	-	(2)	-	-	-
THT and L&Q Developments LLP	6	(6)	-	-	(3)	-	(82)	-	-	-
THT Developments Ltd	6	(6)	-	-	-	-	-	-	-	-
Gallagher Estates Ltd	-	-	-	-	(1)	-	-	-	-	-
LQHT to non-registered provider subsidiaries	8	(8)	5	20	-	40	-	566	(20)	8

28. Related party transactions (continued)

Intra-group transactions between the Group’s registered providers and its non-regulated subsidiaries for the year ended 31 March 2024:

2024	Sales income	Cost of sales	Operating costs	Gift aid	Loan interest payable	Loan interest receivable	Loan creditors	Loan debtors	Other creditors	Other debtors
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Subsidiaries to LQHT										
Quadrant Construction Services Ltd	326	(328)	-	-	(11)	-	(17)	-	-	33
L&Q New Homes Ltd	1	31	(5)	(20)	(7)	-	(45)	-	(3)	-
L&Q PRS Co Ltd	-	-	(5)	-	(38)	-	(380)	-	(3)	-
L&Q Energy Ltd	-	-	-	(1)	-	-	-	-	-	-
East Place Ltd	-	-	-	-	-	-	(2)	-	-	-
THT and L&Q Developments LLP	4	(4)	-	-	(3)	-	(83)	-	-	-
THT Developments Ltd	6	(6)	-	-	-	-	-	-	-	-
Gallagher Estates Ltd	-	-	-	(4)	(4)	-	(71)	-	-	-
Gallagher Estates Longstanton Ltd	-	-	-	(1)	-	-	-	-	-	-
Redlawn Land Ltd	-	-	-	(24)	-	-	-	-	-	-
Wixams First Ltd	-	-	-	(7)	-	-	-	-	-	-
LQHT to non-registered provider subsidiaries	18	(30)	9	58	(2)	64	-	598	(33)	5

28. Related party transactions (continued)

Quadrant Construction Services Ltd operates on a cost-plus basis in recharging all of its direct costs to LQHT as the parent currently using a 2% mark-up (2024: 2%).

All transactions in respect of tenant board members and other related public or commercial entities are carried out at arm’s length and under normal commercial terms. Rents received from tenant and leaseholder board members during the year are £7,295 (2024: £6,646) of which £nil (2024: £nil) was included in amounts owing at the year end.

The defined benefit pension schemes are considered to be related parties, transactions between the group and the group’s pensions plans are disclosed in note 9.

Through the declaration of interest from key management personnel, the following related party transactions are required to be disclosed (these represent payments made in the year):

- LQHT recharged Barking Riverside Limited (BRL) £23,778 in relation to audit fees, with no amounts outstanding at year end. Edward Farnsworth, Steve Moseley and Victoria Savage are board members of BRL.
- LQHT paid the Centre for London £44,450 in the year in relation to premium membership fee and conferences sponsorship. Fiona Fletcher-Smith is the Chair of Centre for London.
- LQHT incurred membership fees and conference costs totalling £188,881 towards the National Housing Federation (NHF), with no amounts outstanding at year end. Waqar Ahmed was a board member of National Housing Federation.
- LQHT was invoiced by Sustainability for Housing a total of £10,000 membership fees during the year, of which no amounts were outstanding at year end. Fayaan Simpson is a board member of Sustainability for Housing.
- LQHT was invoiced by International Distribution Services Plc (former Royal Mail Plc) a total of £14,173 during the year, of which no amounts were outstanding at year end. Maria da Cunha is a non-executive director at Royal Mail.
- The Group incurred £600,074 of which LQHT incurred £591,800 of costs by Royal Borough of Greenwich, of which no amounts were outstanding at year end. Fiona Fletcher-Smith’s husband is the Executive Director of Housing and Safer Communities at the Royal Borough of Greenwich.
- The Group was invoiced a total of £309,982 of which LQHT invoiced a total of £125,362 by Red Loft Housing Consultancy Ltd during the year relating to consultancy services provided, of which no amounts were outstanding at year end. Victoria Savage’s husband is a Partner at Red Loft.
- LQHT made a settlement refund to MHS Homes Limited in the amount of £88,007 in the year. Nigel Hopkins is the Chair of the Board of MHS Homes Group, the parent company of Heart of Medway Housing Association Ltd.
- LQHT incurred £39,288 of costs by the Financial Conduct Authority, of which no amounts were outstanding at year end. Liam Coleman holds Non-Executive Director position at the Financial Conduct Authority.
- LQHT completed a stock transfer with Vivid Homes Limited for the purchase price of £32,175,000 in the year. Liam Coleman was a Non-Executive Director at Vivid Homes Limited until September 2024.
- LQHT made a donation of £6,000 to Birmingham City University during the year, in relation to a scholarship payment through the Turlough O’Brien scholarship programme, which is a L&Q Foundation initiative to support student residents into University by making

29. Financial instruments

Initial measurement

Initially, financial assets and liabilities are measured at fair value (including transaction costs, for assets and liabilities not measured at fair value through profit or loss).

Measurement subsequent to initial recognition

Subsequently, financial assets and liabilities (including derivatives) are measured at fair value, with the following exceptions:

- Loans and receivables, held-to-maturity investments, and non-derivative financial liabilities which are measured at amortised cost using the effective interest method
- Financial assets and liabilities that are designated as a hedged item or hedging instrument are subject to measurement under the hedge accounting requirements of the IAS 39.

Fair value is determined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. To calculate fair value, the Group uses:

- Where they exist, quoted market prices in an active market to measure the financial instrument.
- If a market for a financial instrument is not active, the Group will use a valuation technique that makes maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models where in each case it is an acceptable valuation technique that incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

Amortised cost is calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Financial assets that are not carried at fair value though profit and loss are subject to an impairment test. If expected life cannot be determined reliably, then the contractual life is used.

Hedge accounting

There are no current cashflow hedges to report in any of the L&Q Group companies.

Interest on financial instruments is calculated on an undiscounted basis using the prevailing implied forward rates as at the statement of financial position date for the floating rate leg and the fixed rate for the fixed rate leg.

Hedge accounting is applied to financial assets and financial liabilities of the Group where a hedging relationship qualifies for hedge accounting and if, and only if, all of the following conditions are met:

- At the inception of the hedge, or at the point of transition, formal designation and documentation of the hedging relationship and the entity’s risk management objective and strategy for undertaking the hedge is in place. That documentation shall include identification of the hedging instrument, the hedged item or transaction, the nature of

- the risk being hedged and how the entity will assess the hedging instrument’s effectiveness in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk,
- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship, and effectiveness can be reliably measured, and
 - The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated. Under IAS 39 for financial instruments: recognition and measurement, it is necessary to comply with the criteria of 80% to 125% for hedge effectiveness.

Hedging instruments

A hedging instrument is classified as an instrument whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

Hedged items

A hedged item is an item that exposes the Group to risk of changes in fair value or future cash flows and is designated as being hedged. A hedged item may include a single or group of recognised assets or liabilities, a firm commitment, or a highly probable transaction.

Hedged effectiveness

The Group assesses hedge effectiveness both prospectively and retrospectively. To qualify for hedge accounting at the inception of a hedge and, at a minimum, at each reporting date, the cumulative changes in the fair value or cash flows of the hedged item attributable to the hedged risk must be expected to be highly effective in offsetting the cumulative changes in the fair value or cash flows of the hedging instrument on a prospective basis, and on a retrospective basis where actual results are within a range of 80% to 125%.

Accounting treatment – Financial instruments measured at fair value through profit and loss

Some contracts that themselves are not financial instruments may nonetheless have financial instruments embedded in them. An embedded derivative is a feature within a contract, such that the cash flows associated with that feature behave in a similar fashion to a stand-alone derivative.

The Group will separate an embedded derivative from its host contract when:

- The economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The entire instrument is not measured at fair value with changes in fair value recognised in the profit and loss statement.

If an embedded derivative is separated, the host contract is accounted for at amortised cost using the effective rate method and the fair value of the embedded derivative is recognised in profit and loss and disclosed separately in interest payable and similar charges. If the Group is unable to measure the embedded derivative separately, the entire combined contract will be designated at fair value through profit or loss.

Where an embedded derivative is closely related to the host contract, the entire contract shall be accounted for at amortised cost using the effective rate method. All of the Group’s embedded derivatives are closely related to the host contract and accounted for at amortised cost.

29. Financial instruments (continued)

Financial instruments

Financial instruments measured at fair value through profit and loss

Total loans measured at amortised cost

At end of the year

Group 2025 £m	Group 2024 £m	LQHT 2025 £m	LQHT 2024 £m
-	-	-	-
5,525	5,632	5,152	5,255
5,525	5,632	5,152	5,255

Financial Instrument Risks

The main risk arising from the Group’s financial instruments are interest rate risk and liquidity risk.

Interest rate risk

The Group finances its operations through a mixture of retained surpluses, government grant and loan borrowings. The Group manages its exposure to fluctuations in interest rates with a view to achieving a level of certainty in its net interest costs. The Group’s interest rate strategy is focused on achieving the prescribed balance between fixed and floating rate debt at an acceptable level of risk and cost. The approved target is to retain between 60% and 70% of drawn debt at a fixed rate. As at 31 March 2024 62% of the Group’s debt is fixed.

Cash flow hedges are entered into to hedge exposure to the variability in cash flows attributable to movements in GBP interest rates using GBP interest rate swap contracts whereby the Group agrees to pay interest at a fixed rate and receive interest at a floating rate. The interest rate swaps are designated as a hedge of the variability in the debt interest payments due to changes in the benchmark interest rate (SONIA). This method reflects the risk management objective of the hedging relationship that is to swap a series of future variable cash flows to a fixed rate. The periods in which the hedged variable rates of interest payments are expected to occur are set out in the maturity analysis in note 22. There are no current cashflow hedges to report in any of the L&Q Group companies and hence the movement through the cash flow reserve for the year ended 31 March 2025 was £nil (2024: £nil.)

The Group’s cash flow interest rate risk exposure is managed in accordance with treasury policy. As at 31 March 2025 a 1% increase in interest rates would result in an additional charge of £20m (2024: £21m).

Liquidity risk

The Group has a policy to maintain sufficient liquidity in cash and undrawn lending facilities to cover 18 months of operational activity. At the year end 48% of the Group’s borrowings were due to mature in more than five years (2024: 52%). The liquidity risk of each Group entity is managed centrally by the Group treasury function in accordance with the Board approved Treasury Plan.

30. Financial assets and liabilities

Financial assets

The Group classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired.

Fair value through profit and loss

Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit and loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active

market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method.

Provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms. The amount of such a provision is disclosed as the difference between the net carrying amount and the present value of the future expected cash flows associated with the receivable item.

A summary of the financial instruments held by category is provided below:

Group	Financial assets at fair value		Financial assets at amortised cost	
	2025	2024	2025	2024
	£m	£m	£m	£m
Financial assets				
Investment properties and real lettings property fund	1,181	1,191	-	-
Cash and cash equivalents	-	-	98	175
Debtors	-	-	266	232
	1,181	1,191	364	407
	Financial liabilities at fair value		Financial liabilities at amortised cost	
	2025	2024	2025	2024
	£m	£m	£m	£m
Financial liabilities				
Trade and other payables	-	-	422	558
Loans and borrowings	-	-	5,525	5,632
Derivatives				
• Designated hedges	-	-	-	-
• Fair value through profit and loss	-	-	-	-
	-	-	5,947	6,190

30. Financial assets and liabilities (continued)

Valuation

All financial assets or liabilities at fair value are calculated using measurements based on inputs that are observable for the asset either directly or indirectly from prices. All other loans and receivables are shown at amortised cost.

Credit risk

Credit risk applies to all debtor balances, the majority relating to tenant and other arrears which are reported

monthly with dedicated teams assigned to manage recovery of those arrears. The Group fully provides for former tenant arrears except where recovery is assessed as likely. Provision against current tenant arrears is made based on experienced loss and the aged profile of the amounts due. More than 70% of the arrears are collected directly from local authorities in the form of housing benefits therefore reducing the Group's exposure to individual tenants' credit risk.

'Arrears' includes rent, service charge and other amounts related to a tenancy sub-account such as major works costs, maintenance recharges and court fees

Arrears provision

At beginning of the year

Movement in provision

At end of the year

Group 2025	Group 2024	LQHT 2025	LQHT 2024
£m	£m	£m	£m
21	26	19	24
5	(5)	5	(5)
26	21	24	19

Arrears

Less than 30 days

30 to 60 days

60 to 90 days

More than 90 days

Group 2025	Group 2024	LQHT 2025	LQHT 2024
£m	£m	£m	£m
8	20	8	19
7	6	6	5
6	4	6	4
51	31	49	30
72	61	69	58

Included in the above are £21m (2024: £15m) of former tenant arrears which are fully provided for through the statement of comprehensive income.

31. Ultimate holding entity

London & Quadrant Housing Trust is the ultimate holding entity of the Group.

32. Events after the reporting period

On 11 September 2025 L&Q exchanged contracts with Paradigm Homes Charitable Housing Association Limited for the stock transfer of 3,792 homes. This transaction is expected to complete in January 2026, subject to resident consultation. There is no financial impact to the information reported for the year ended 31 March 2025.

33. Details of Disposal of Business Interest

On the 6th August 2024, the L&Q Group completed the disposal of the L&Q Estates group of entities to Urban & Civic. This disposal was deemed to constitute a discontinued operation where control was lost being the entire disposal of the group of strategic land companies under L&Q Estates.

Per FRS102 s9.18 Disposal of Subsidiaries, the loss on disposal has been calculated as follows:

Analysis of the loss on disposal	£m
Cash proceeds	149
Less: repayment of parental debt facility*	(71)
Net sales proceeds	78
Net assets	(195)
Legal and professional fees	(3)
Loss on disposal	(120)

Reconciliation of net cashflow as presented in the Statement of Cashflow	£m
Cash proceeds	149
Less: cash disposed of in the business interest	(66)
Less: Legal and professional fees	(3)
Net cashflow	80

* Repayment of parental debt facility relates to the Group on-lending arrangement that ceased on disposal of the business.



Barking Riverside, London

34. Group entities

The entities forming the Group are:

Entity	Status	Activity
London & Quadrant Housing Trust IPO30441	Registered in England & Wales under Co-operative and Community Benefit Societies Act 2014	Registered social landlord and public benefit entity and the ultimate parent of the Group
L&Q New Homes Limited 04828168	Limited company registered in England and Wales	Property development and housing for open market sales
Quadrant Construction Services Limited 04810293	Limited company registered in England and Wales	Provision of design and build services and acting as principal contractor to members of Group
L&Q PRS Co Limited 09293606	Limited company registered in England and Wales	Management and ownership of properties available for lettings in the private rental market
L&Q Living Limited IP27902R	Registered in England & Wales under Co-operative and Community Benefit Societies Act 2014	Provision of care services and supported housing
L&Q Energy Limited 11706403	Limited company registered in England and Wales	Energy services company providing heat and power
East Thames Partnership Limited 04701731	Limited company registered in England and Wales	Delivery of housing for sale (inactive)
East Regen Limited 04660100	Limited company registered in England and Wales	Development, design and construction of housing schemes

34. Group entities (continued)

The entities forming the Group are:

Entity	Status	Activity
East Place Limited 04301063	Limited company in England and Wales	Property management and partner in Triathlon Homes LLP
THT Developments Limited 09201999	Limited company by shares registered in England and Wales	Property development
THT and L&Q Developments LLP OC415539	Limited Liability Partnership	Partnership between THTD and L&Q New Homes for property development

Audit Exemptions for the year ended 31 March 2025

Under s479 of the Companies Act 2006, the following subsidiary companies are exempt from the requirements of audit of their individual company accounts, through the application of a parental guarantee for the year ended 31 March 2025:

- i) THT Development Limited - Company Registration Number: 09201999
- ii) THT and L&Q Developments LLP - LLP Registration Number: OC415539

Under s477 of the Companies Act 2006, the following subsidiary companies are exempt from the requirements of audit of their individual company accounts as they qualify as a small company for the year ended 31 March 2025:

- i) East Regen Limited - Company Registration Number: 04660100
- ii) East Place Limited - Company Registration Number: 04301063

35. Glossary including alternative performance measures

<p>This section provides a glossary of unfamiliar or uncommon terms used throughout these financial statements and sets out definitions of non-GAAP measures and reconciliations to the nearest measure in accordance with FRS102.</p> <p>The alternative performance measures (‘APMs’) used may not be directly comparable with similarly titled measures used by other companies, including those in the same industry. Management use these measures because they provide useful</p>	<p>insight and monitoring of performance, as well as comparability to other registered providers where they report under the same metrics. APMs should be considered in addition to, and not as a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with FRS102.</p>
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Exceptional items: The Group’s strategic report identifies operating surplus before exceptional items. The Board believe that the presentation of the Group’s results in this way is relevant to an understanding of the Group’s financial performance. This also facilitates comparison with prior periods to assess trends in financial performance more readily. The Group applies judgement in identifying significant non-recurring items of income and expenditure that are recognised as exceptional to help provide an indication of the Group’s underlying performance. In determining whether an event or transaction is exceptional in nature, management considers quantitative as well as qualitative factors such as frequency or predictability of occurrence. There was one exceptional item in the year ended 31 March 2025, relating to the disposal of a business interest (2024: none).

Development pipeline: This is the current and future portfolio of approved construction projects.

Homes enabled: Includes homes expected to be built on land sold by L&Q in the period, based on outline or detailed planning permission at the point of land sale. These exclude land sold within the L&Q Group and social homes on land sold to a third party where L&Q is acquiring the social homes.

Occupancy: Applies only to general needs and calculated as occupied units as a percentage of the sum of occupied units and vacant units that are available for letting.

Net debt: The sum of debt due within one year + debt due after one year less cash and cash equivalents.

Units managed: Units include homes as well as non-habitable units such as garages, parking spaces and sheds.

Social value: A measure of value for money related to community investment activities. It goes beyond financial value - it is about doing things that make people's lives better and contribute to the overall wellbeing of communities

Sector scorecard; An initiative to benchmark housing associations’ performance and check they are providing value for money. The measures used include the standard metrics as set out by the Social Housing Regulator to support the Value for Money Standard for Registered Providers of Social Housing. These may therefore be on a different basis to similar financial measures and can include relevant comparable information to aid understanding of performance.

TUPE: stands for Transfer of Undertakings (Protection of Employment). These regulations provide a legal framework to protect employees when their employer changes due to a transfer of business, or outsource of service.

Calculations of the key measures included in the sector scorecard are below:

Sector scorecard	L&Q 2025
Operating margin (overall - RSH calculation) - Note 3a calculated as operating surplus excluding gain/(loss) on disposal of fixed assets, share of joint venture results and revaluation of investment properties ÷ turnover	£278m ÷ £1,111m = 25%
Operating margin (social housing lettings “SHL” only - RSH calculation) - Note 3a calculated as SHL operating surplus excluding gain/(loss) on disposal of fixed asset, share of joint venture results and revaluation of investment properties ÷ SHL turnover	£265m ÷ £779m = 34%
EBITDA MRI (as % of interest - L&Q covenant calculation) EBITDA MRI represents earnings before interest, tax, depreciation and amortisation adding back major repair capitalised costs calculated as EBITDA MRI ÷ net cash interest payable x 100	£371m ÷ £238m = 156%
Gearing as prescribed in the current Sector Scorecard calculated as net debt ÷ carrying value of housing properties x 100 where net debt represents total bank and debenture loans less cash and cash equivalents	£5,384 ÷ £11,807m = 46%
Return on capital employed calculated as total operating surplus including gain/(loss) on disposal of fixed assets and share of operating surplus/(deficit) in joint venture or associates ÷ total fixed assets + total current assets less current liabilities at end of year	£417m ÷ £13,591m = 3.1%
Ratio of responsive repairs to planned maintenance calculated as routine maintenance as a percentage of planned maintenance + major repairs expenditure + capitalised major repairs and re-improvements expenditure	£170m ÷ £55m + £146m = 0.85
Headline social housing cost per unit Total social housing cost (per note 3) Total social housing homes (per note 4) Total	£575m ÷ 89,907 = £6,395
Management cost per unit Total management cost (per note 3) Total social housing homes (per note 4) Total	£73m ÷ 89,907 = £812
Service charge cost per unit Total service charge cost (per note 3) Total social housing homes (per note 4) Total	£112m ÷ 89,907 = £1,246
Maintenance cost per unit Total routine maintenance + planned maintenance cost (per note 3) + capitalised major repairs per (note 12) Total social housing homes (per note 4) Total	£170m + £55m +£146m ÷ 89,907 = £4,126
Other social housing costs per unit Total other social housing cost (per note 3) Divided by total social housing homes (per note 4) Total	£19m ÷ 89,907 = £211
Overheads as % of adjusted turnover Calculated as overheads ÷ turnover excluding amortised grant, adjusted for cost of sales x 100	£84m ÷ £990m = 8%

35. Glossary including alternative performance measures (continued)

Streamlined Energy and Carbon Reporting (SECR) Methodology

In line with the GHG Protocol Corporate Accounting and Reporting Standard, greenhouse gas (GHG) emissions are reported separately as scope 1 (direct emissions), scope 2 (indirect emissions from purchased electricity) and scope 3 (all other indirect emissions) using a carbon dioxide equivalent. A carbon dioxide equivalent is used to enable the global warming potential (GWP) of a variety of GHGs to be combined and reported using a single, standardised unit of measurement.

In accordance with SECR reporting recommendations, the UK Government’s 2024 GHG Conversion Factors have been used to convert energy consumption and fuel usage into carbon emissions figures.

All electricity and gas consumption figures have been extracted directly from supplier invoices, with the exception of energy supplies to void units.

Since 2022, L&Q construction sites have recorded electricity consumption monthly on a third-party software. This data was extracted and used to account for the electricity consumption. There has also been an improvement in obtaining the gas consumption on site from the energy provider.

On our electricity and gas consumption data provided by our supplier, we conducted manual assessments to make our data as accurate and robust as possible for the sites showing zero consumption. We determined where there are sites de-energised, unbilled, or closed down. For electricity, of the 594 electricity sites with zero data, our supplier believes 32 have assigned EACs worth 492,442 KWh. We attempted to improve the accuracy as much as possible by excluding de-energised sites in our calculation. For gas, we used the total EAC of the remaining 3 sites that amount to 70,265 kWh for the calculation.

For voids data, we relied on our internal team’s reporting from Power BI. For this financial year, our methodology looked at last year’s average consumption provided by our supplier and this year’s total number of voids, as well as the average number of days homes were empty for. Given the difficulties we had with capturing data, we agreed on this methodology in consultation with internal stakeholders.

In our calculation of the emissions from employee mileage, we classified the unknown class of LPG and Unknown as ‘average’ and used corresponding the GHG Conversion Factors.

The quantity of transport fuel used by L&Q’s vehicle fleet, covering activities such as direct maintenance, caretaking and development, has been extracted from fuel card and fleet management software.

The amount of transport fuel used by employees for business purposes, i.e. grey fleet, has been estimated using consolidated mileage claims data and the corresponding vehicle specification information provided. Where specific vehicle information was unavailable, the GHG Conversion Factors for average passenger vehicles have been applied.

All renewable electricity purchased is backed with a REGO as required in the SECR reporting guidance.

To reflect L&Q’s leading role as both a housing association and developer, carbon intensity is calculated as L&Q’s total carbon emissions divided by the total number of residential units owned, managed, completed or under construction as of March 31 of the financial year in question.



The Quarry, Erith

Executive Directors

- Fiona Fletcher-Smith (Chief Executive)
- Edward Farnsworth (Group Finance Director appointed 1 January 2025)
- Steve Moseley
- Tom Nicholls
- Vicky Savage (resigned 31 July 2025)
- David Lewis
- Matt Foreman
- Waqar Ahmed (retired December 2024)

Secretary and registered office

Adeyemi Kehinde
29-35 West Ham Lane,
Stratford, E15 4PH

Statutory auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Banker

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Registrations

Registered Society number: 30441R
Regulator of Social Housing number: L4517





For more information

L&Q Group

T: 0300 456 9998

www.lqgroup.org.uk