

2023/24 Financial Statements

and supplementary information for investors

Paragon Treasury Plc's parent company, Paragon Asra Housing Limited ('PA'), announces the release of its audited financial statements for the financial year ended 31 March 2024.

The financial year saw a return to more normal trading conditions following the economic shocks of the previous year. Accordingly, our core financial performance (excluding additional costs relating to impairment and fire safety remediation projects) strengthened, with the underlying operating margin improving to 26%. The additional capacity enabled us to bring forward £1.5m of cyclical decorations expenditure previously planned for 2024/25, to accelerate improvement work for residents.

Operating expenditure for the year reflected our drive to raise service standards, in line with our new Corporate Plan which was developed through the year and published in early 2024. Where needed we have invested more into key resident-facing services, most notably through an expanded Neighbourhoods team; improvements to our resident contact centre; new specialist teams to rectify damp, mould and disrepair; and measures to address repairs service performance.

Sales performance was strong and we significantly exceeded our cautious budgets. We completed 176 first tranche shared ownership sales, generating a surplus of £7.2m and a margin of 28%. A further £3.9m of surplus was generated from staircasing of existing shared ownership homes and a small number of other ad hoc asset disposals.

In March 2024 we replenished our liquidity via a private placement transaction and renewal of some existing bank facilities. The ongoing support of our lenders and investors is greatly appreciated.

The audited financial statements are consistent in almost every area with the results disclosed in the trading update released on 24 May 2024, which was based on the unaudited management accounts for the year. The key exception relates to impairment, as noted within that trading statement, and the published financial statements include a £15.6m impairment entry. We have a small number of development projects where the contractors have suffered financial failure. We are re-starting works with new contractors to complete the projects and this will incur additional cost. We have also reviewed our land bank sites and adjusted carrying values where appropriate.

The final financial statements also reflect standard year end accounting adjustments below the line of operating surplus, relating to pension schemes and financial instruments.

Headline Group figures are as follows:

	2023/24	2022/23	2021/22
Turnover £m	207	181	169
Of which shared ownership sales	26	21	20
Operating surplus £m	38	40	47
Operating margin (all activities)	17%	19%	28%
Operating margin (social housing lettings)	23%	19%	22%
Operating margin (SH lettings - excl. fire safety remediation & impairment)	26%	22%	27%
Operating margin (shared ownership sales)	28%	23%	30%
Net (deficit) / surplus before tax £m	(1)	9	20
Total assets less current liabilities £m	2,421	2,149	2,054
Cash reserves £m	133	29	38
Financial indebtedness £m	1,314	1,086	994
Properties owned / managed	24,317	23,993	23,292

During 2023/24 our Board worked to renew our framework of financial targets and golden rules, ensuring that these continue to strike an appropriate balance between safe financial stewardship and investment capacity within an ever-evolving operating environment.

The full audited financial statements for PA are available from the Investor Relations section of our website: www.pahousing.co.uk/about-us/investor-relations. The document includes information about our performance during the year and future expectations.

Please contact our Resources Director Simon Hatchman for further information.

email: simon.hatchman@pahousing.co.uk
Direct tel: **07720 087108**

Disclaimer

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