Paragon Treasury Plc

Paragon Asra Housing Limited ('PA Housing') trading update and unaudited financial results for the period ended 31 March 2020

PA Housing, the parent company of Paragon Treasury Plc and a Registered Provider owning and managing over 23,000 homes in the East Midlands, London and Surrey, announces its trading highlights and unaudited summary financial results for the 2019/20 financial year.

Over the period, PA Housing has delivered an operating surplus of £54.5m from turnover of £149.8m, equating to an operating margin of 36 per cent. The net surplus after interest and other adjustments (including negative movement of £11.7m on fair value of financial instruments as at the reporting date) is £18.2m. Total available liquidity as at 31 March was £223m, with a further £155m of new loan facilities completed in March but not yet available to draw.

Overall results on core lettings operations are in line with forecast expectations, with some minor impacts in the final few weeks of the financial year due to the emerging Covid-19 situation. New build shared ownership sales activity was behind budget, primarily reflecting a timing variance driven by delays in completion of the build phase on some development projects. A number of homes were completed late in the financial year and have been carried forward into the new year for sale.

Financial and operational highlights

- Capital investment in our existing stock of £17m, including substantial programmes to improve the energy efficiency of our homes
- £3.2m spent to further enhance fire safety within our six storey and above schemes
- Investment in new homes of £132m, with 276 completions in the year and a further c.100 homes close to completion but delayed by Covid-19 restrictions. All new homes completed in the year were core social housing, with the exception of 18 market rent properties
- A margin on new build shared ownership sales of 42 per cent (52 homes sold), with demand in our core operational areas remaining solid and sales values holding up well
- A surplus of £2.7m from shared ownership staircasing transactions, some £1.0m ahead of budget
- Secured nearly £4m of additional income for residents through our tenancy sustainment work
- Completed a new Sustainability Strategy which will drive our work in this crucial arena around the themes of People, Properties and Partners
- 10,000 registered users on our digital services platform MyPA, with 3,000 rent payment transactions per month and 10 per cent of all responsive repairs raised via the platform
- Acted on feedback from 2,000 residents to reshape our repairs & maintenance and home moves services
- Sale of 88 homes under the Voluntary Right To Buy pilot scheme, generating surplus of £8.6m
- Weighted average cost of capital reduced to 3.7 per cent
- All financial golden rule targets have been met

Areas of focus

- During the year the income lost through vacant properties exceeded budget. Improving our average re-let times is a service priority in the year ahead
- We have made good progress on additional investment into some of our London estates to improve standards for residents, and this programme will continue into the next financial year
- Our response to Covid-19 was outlined in a stock exchange announcement on 2 April 2020. In line with the sector as a whole, the situation has had a major impact on service delivery and our priority remains to keep our residents, staff and partners as safe as possible. Our financial resilience remains strong, but we continue to closely monitor the evolving position

Outlook

PA Housing's financial outlook is stable, in line with the business model which focusses on core social housing activities. There will be some short term disruption to this due to Covid-19 but we are well placed to resume normal operations as soon as the wider environment allows.

Our liquidity position is strong and work is ongoing to develop further lines of funding in support of our medium term growth plans. We successfully completed on £185m of new bank funding in March 2020.

Paragon Asra
PA Housing

Statement of Comprehensive Income to 31 March 2020

	Actual £m	Budget £m	Variance £m
Rent and service charges income	131.5	133.2	(1.7)
Shared ownership first tranche sales	8.4	15.6	(7.2)
Other income	4.5	3.7	0.8
Amortisation of Social Housing Grant	5.4	5.3	0.1
Turnover	**149.8**	**157.8**	**(8.0)**
Core operating costs	(82.5)	(76.0)	(6.5)
Depreciation	(23.0)	(20.2)	(2.8)
Cost of first tranche sales	(4.8)	(11.2)	6.4
Surplus on fixed asset disposals	15.0	8.9	6.1
Operating surplus	**54.5**	**59.3**	**(4.8)**
Net interest	(26.2)	(28.3)	2.1
FRS 102 accounting adjustments	(11.5)	-	(11.5)
Gift aid and taxation	1.4	-	1.4
Total comprehensive income	**18.2**	**31.0**	**(12.8)**

Statement of Comprehensive Income to 30 September 2019

	31 Mar 20 £m	31 Mar 19 £m
Negative goodwill	(7)	(8)
Tangible fixed assets	1,778	1,672
Current assets	128	102
Current liabilities	(54)	(57)
Total assets less current liabilities	**1,845**	**1,709**
Creditors due after more than one year	(1,289)	(1,180)
Pension liabilities and other provisions	(28)	(27)
Total net assets	**528**	**502**
Reserves	**528**	**502**

Note: The above figures are based on unaudited management accounts and are subject to change following audit. In particular, pension scheme actuarial valuations as at 31 March 2020 are not yet available and so are not included in the above figures.

Enquiries

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Disclaimer

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