

NewArch Homes Limited
Company number 08961418
Registered Housing No: 4824

Annual report and Audited Financial Statements
for the year ended 31 March 2025

Contents

	Page
Directors, Officers and Advisers	2
Report of the Board of Management	3
Independent Auditor's Report	9
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Reserves	15
Statement of Cash Flows	16
Notes to the Financial Statements	17

Directors, Officers and Advisers

Directors:

E M S Austerberry
K T Beirne
S A Thomson
S L Thomas

Company secretary:

Octopus Company Secretarial Services Limited

Registered office:

6th Floor 33 Holborn
London
EC1N 2HT

Registered Number:

Company number: 08961418
Registered Housing number: 4824

Auditor:

BDO LLP
55 Baker Street
London
W1U 7EU

Report of the Board of Management

The Board of NewArch Homes Limited ("the Company") presents its report, together with the audited financial statements, for the year ended 31 March 2025.

Principal activities

The Company is a registered provider of social housing ("Registered Provider"), with its principal activities being the provision of affordable housing to people who are in housing need, via rentals under affordable tenancy agreements; with activity in England.

The Company was acquired by Octopus Affordable Housing Fund Limited ("OAHF") on 15 November 2023.

Directors

The Directors who served during the year and up to the date of signing were:

K T Beirne
S A Thomson
E M S Austerberry
S L Thomas (Appointed 27 June 2025)

Financial review

The Company made a profit of £2,459,703 (2024: loss of £210,469) which included turnover of £2,115,818 (2024: £62,547).

Statement of Internal Control

NewArch Homes Ltd prioritises robust risk management and assurance, seeing it as vital for safeguarding assets, customers, and ensuring regulatory compliance. Their comprehensive Risk Management Framework is central to their Corporate Plan, fostering a proactive approach to identifying, assessing, and mitigating risks.

The framework supports continuous evaluation and adaptation, aiding informed decision-making. NewArch uses strong internal controls, including a Strategic Risk Register and Risk Heat Maps, to monitor and respond to issues. They employ the 'Three Lines of Defence' model for robust oversight and regularly review their practices to maintain high governance standards and compliance.

Report of the Board of Management (continued)

Metric Commentary:

Value for Money (VfM) – Our Strategic Approach

The Board is committed to embedding a culture that ensures Value for Money (VfM) for all our stakeholders. VfM is considered as part of the decision-making process and at regular business area reviews. The Value for Money Strategy details how NewArch will ensure direct benefit for its residents in meeting its Strategic Objectives. These are due to be updated in FY25/26 but for the year of reporting were:

1. Supporting Growth – increasing the number of genuinely affordable homes of different types and tenures under ownership.
2. Maintaining the quality of our homes – high quality asset management, delivering safety and energy efficiency improvements.
3. Ensuring our customers are treated well – high quality housing management services, delivered in partnership with other Registered Providers.
4. Operating safely, soundly and securely – a robust governance and risk framework, protecting social housing customers, homes and the reputation of the sector.

Value for Money

NewArch's Board is committed to achieving VfM, integrating VfM practices into decision making. Our VfM approach aims to benefit stakeholders and achieve strategic objectives, guided by core pillars that ensure value is considered across all operations. Robust internal arrangements safeguard assets and customer interests. As NewArch evolves, it will continue to refine its frameworks for growth and effectiveness and whilst initial customer engagement has been limited, (due to statistically insufficient sample sizes as a result of NewArch owning a small portfolio) there is a strong commitment to expanding customer engagement as NewArch grows.

Value for Money (VfM) 2025 Metrics:

NewArch's shares were acquired by Octopus Affordable Housing Fund Ltd in November 2023, providing financial backing for property acquisition. While NewArch is in a startup phase, current project and overhead costs are proportionate to its planned future growth. References to debt relate solely to an inter-company loan from Octopus Affordable Housing Fund Limited that was redeemed in June 2025, please refer to Note 24 Events after the reporting period for further details.

Report of the Board of Management (continued)

Metric Commentary: (continued)

Metric	Description	2025 Value	2024 Value
Reinvestment (%)	Fixed asset investment in properties as a % of total properties held	15%	49%
New supply delivered (%)	Number of new housing units acquired or built as a % of total units owned	19%	0%
Gearing (%)	Company's gearing	99%	87%
EBITDA MRI – Interest cover (%)	Level of surplus compared to interest payable	391%	Negative 204%
Headline social housing cost per unit (£)	Cost per unit	£1,430	£10,627
Operating margin – social housing lettings (%)	Turnover and operating surplus from social housing lettings	33%	Negative 226%
Operating margin – overall (%)	Overall operating margin	28%	Negative 226%
Return on capital employed (%)	Operating surplus to total assets less current liabilities	1%	Negative 6%

Notes from the Board on the VfM 2025 Metrics:

Metric 1: Reinvestment (%)

For the year ended 31 March 2025, NewArch had a reinvestment percentage of 15%, reflecting development of new properties and acquiring new properties within the year. The Company purchased 417 units within the year, average age <5 years. The Board confirms that the Company has undertaken a stock condition survey of its properties to plan for future years reinvestment requirements.

Metric 2a: New supply - Social housing units (%)

During the year ended 31 March 2025, NewArch acquired 417 units of which 80 were new social housing units. The Company entered into contract to purchase a further 227 units of which 223 will be new social housing units. This will bring the % of new supply up to 47%.

The 337 units acquired that are not new were purchased from other registered providers, the vendors intention with the sales proceeds is to invest in social housing in their core area of operation, increasing the supply in the market.

Metric 2b: New supply - Non-social housing units (%)

No non-social housing units were acquired in the year, the Company does not own any non-social housing units.

Metric 3: Gearing (%)

As of 31 March 2025, NewArch's gearing was 99%, entirely from a long-term inter-company loan from Octopus Affordable Housing Fund Limited. Post year-end, this loan was converted to equity, reducing gearing to under 15% by July 2025.

Report of the Board of Management (continued)

Metric Commentary: (continued)

Metric 4: EBITDA MRI – Interest cover (%)

For this financial period to 31 March 2025 Company's EBITDA was £4,017,953 (2024: negative £119,270), interest payable and financing costs were £1,013,635 ((2024: £58,568). EBITDA MRI interest cover was 397% (2024: negative 204%) The increased EBITDA is driven by a positive revaluation of the portfolio of properties. This increase in interest is due to increased borrowings from the parent company.

Metric 5: Headline social housing cost per unit (£)

The headline social housing cost per unit for NewArch was £1,430 (2024: £10,627). The 2024 figure was high due to startup costs and a small portfolio, while the current year's figure is artificially low as many units were acquired on the last day of the financial year.

Metric 6A: Operating margin – social housing lettings (%)

NewArch's turnover from social housing lettings was £1,857,818 (2024: £62,547), resulting in an operating surplus of £609,977 (2024: negative £141,488). This significant increase in both turnover and surplus is a direct result of the expanded income-producing property portfolio.

Metric 6B: Operating margin – overall (%)

For this financial period, NewArch had no non-social housing operations or revenue. Therefore, its overall operating margin aligns directly with its social housing lettings performance.

Metric 7: Return on capital employed (%)

The return on capital employed metric for NewArch reached 1% (2024: negative 6%), turning positive as projected. This return is currently low because a substantial number of properties were acquired on the last day of the period, contributing negligible income.

Report of the Board of Management (continued)

Corporate governance

Since its registration as a Registered Provider on 3rd March 2016, the Company adopted the European Confederation of Directors' Associations (ecoDA) Code of Governance. For the financial year ended 31 March 2025, the Board has reviewed the Company's self-assessment against the UK Corporate Governance Code and concluded that the Company was compliant with the principles of the Code of Governance where applicable.

Going Concern

The Directors have carefully considered the most appropriate basis for preparing these statutory financial statements and consider it appropriate to adopt a going concern basis in preparing the financial statements. The Company is wholly owned by OAHF with Octopus Affordable Housing Feeder Fund I LP ("OAHF LP") in turn being its Parent company. OAHF LP has provided a letter of support to support OAHF, which in turn has provided a letter of support to the Company for at least the next twelve months from the date of signing. These letters of support provide confirmation that OAHF and OAHF LP will provide the support necessary for the Company to meet its liabilities and capital commitments as over the course of the going concern period. The Directors note that the Company currently has £45.8m of commitments for the purchase of new properties. In considering the ability to rely on this letter of support, the Directors have considered the ability of OAHF LP to meet its commitments under the letter of support. As at 31 March 2025, OAHF LP had a total of £121.1m in undrawn commitments and cash and subsequent to the year end has received an additional £84.2m of commitments from investors.

Given this undertaking the Directors consider it appropriate to adopt a going concern basis in preparing the financial statements.

Future Developments

NewArch has plans to work with its shareholders to develop plans to acquire more affordable homes over the coming years.

Regulatory framework

In line with the Regulator of Social Housing's requirements under the Regulatory Framework, NewArch confirms full compliance with the Governance & Financial Viability Standard for the year ended 31 March 2025 and up to the date of this report.

Statement of the responsibilities of the Board for the report and financial statements

The board members are responsible for preparing the Report of the Board of Management and the financial statements in accordance with applicable law and regulations.

Company law and social housing legislation require the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that year.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Report of the Board of Management (continued)

Statement of the responsibilities of the Board for the report and financial statements (continued)

The Board responsible for ensuring adequate accounting records are kept that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enables them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board members are responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the group's website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditor

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

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware;
- the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

BDO LLP were appointed the auditors in the prior year in accordance with section 485 of the Companies Act 2006.

Events after the reporting period

On 30 April 2025, the Company completed on 11 affordable homes across 2 locations in the South and South East of England for a purchase price of £1,711,554.

On 8 May 2025, the Company completed on 53 affordable homes across 3 locations in the East of England for a purchase price of £8,851,508.

On 30 June 2025, the Company completed a debt-for-equity swap with Octopus Affordable Housing Limited. Loan principal and accrued interest payable totalling £92,748,412 were capitalised in exchange for the issue of one new £1 ordinary share in the Company, allotted to Octopus Affordable Housing Limited at a share-premium of £92,748,411.

The transaction extinguishes the related borrowings and increases shareholders' funds by the same amount. Because the swap occurred after the reporting date and relates to conditions that arose subsequent to year-end, it is treated as a non-adjusting event in accordance with FRS 102 Section 32. Consequently, no adjustments have been made to the carrying amounts of assets and liabilities as at 31 March 2025. Disclosure is provided due to the materiality of the amount involved.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the board of directors on 26 September 2025.

Chair

Elizabeth Austerberry

26 September 2025

Independent Auditor's Report to the members of NewArch Homes Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of NewArch Homes Limited ("the Company") for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis of opinion

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the members of NewArch Homes Limited (continued)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the report of the board of management for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the board of management has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the board of management.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the report of the board of management and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of the responsibilities of the Board for the report and financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates
- Discussion with management and those charged with governance; and

Independent Auditor's Report to the members of NewArch Homes Limited (continued)

- Obtaining and understanding the Company's policies and procedures regarding compliance with laws and regulations we considered the significant laws and regulations to be the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the UK tax legislation, the Social Housing's regulatory standards and legislation relevant to the rental of properties.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - o Detecting and responding to the risks of fraud; and
 - o Internal controls established to mitigate risks related to fraud
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and the valuation of housing properties.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias in the valuation methods, assumptions used and the inputs and judgements adopted therein in valuing the housing properties.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Independent Auditor's Report to the members of NewArch Homes Limited (continued)

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

Use of this report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Young (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

26 September 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For the year ended 31 March 2025

	Note	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Turnover	4	2,115,818	62,547
Gain on disposal of housing properties	4	57,683	-
Property expenses	5	(889,821)	(204,035)
Operating expenses	5	(358,020)	-
Shared ownership cost of sales	4,5	(127,360)	-
Operating surplus/(deficit) before finance costs	4,7	798,300	(141,488)
Finance income		634	710
Loan interest payable	20	(1,013,378)	(58,568)
Deficit before tax		(214,444)	(199,346)
Taxation (charge)/credit	10	(203)	19,654
Deficit for the year		(214,647)	(179,692)
Other comprehensive income			
Revaluation of housing properties	11	2,674,350	(59,242)
Deferred tax on revaluation of housing properties	17	-	28,465
Total other comprehensive income/(expense)		2,674,350	(30,777)
Total comprehensive income/(expense)		2,459,703	(210,469)

The notes on pages 17 to 32 are an integral part of these financial statements

Statement of Financial Position

As at 31 March 2025

	Note	As at 31 March 2025 £	As at 31 March 2024 £
Fixed Assets			
Tangible fixed assets – housing properties	11	68,456,253	1,220,000
Housing properties under construction	11	400,747	1,172,731
Total non-current assets		68,857,000	2,392,731
Current assets			
Stock	12	902,094	-
Debtors – amounts falling due within one year	13	1,008,895	18,569
Cash at bank and in hand		302,078	51,753
Deposits on future acquisitions	14	300,000	-
Total current assets		2,513,067	70,322
Current liabilities			
Creditors: amounts falling due within one year	15	(660,945)	(268,448)
Net current assets/(liabilities)		1,852,122	(198,126)
Total assets less current liabilities		70,709,122	2,194,605
Creditors: due in more than one year	16	(68,184,263)	(2,129,449)
Provisions for liabilities			
Other provisions	18	(12,520)	(12,520)
Total non-current liabilities		(68,196,783)	(2,141,969)
Net Assets		2,512,339	52,636
Capital and reserves			
Ordinary shares	19	100,001	100,001
Revaluation reserve		2,728,966	54,616
Income and expenditure reserves		(316,628)	(101,981)
Total Equity		2,512,339	52,636

The financial statements on pages 13 to 32 were approved and the Board and authorised for issue on 26 September 2025.

Chair

Elizabeth Austerberry

26 September 2025

The notes on pages 17 to 32 are an integral part of these financial statements

Statement of Changes in Reserves

For the year ended 31 March 2025

	Share capital £	Revaluation reserve £	Income and expenditure reserve £	Total reserves £
As at 1 April 2023	<u>1</u>	<u>85,393</u>	<u>77,711</u>	<u>163,105</u>
Deficit for the year	-	-	(179,692)	(179,692)
Revaluation of properties	-	(59,242)	-	(59,242)
Deferred tax on revaluation of properties	-	28,465	-	28,465
Dividends	-	-	-	-
Issue of ordinary share capital	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
As at 31 March 2024	<u>100,001</u>	<u>54,616</u>	<u>(101,981)</u>	<u>52,636</u>
Balance at 1 April 2024	<u>100,001</u>	<u>54,616</u>	<u>(101,981)</u>	<u>52,636</u>
Deficit for the year	-	-	(214,647)	(214,647)
Revaluation of properties	<u>-</u>	<u>2,674,350</u>	<u>-</u>	<u>2,674,350</u>
Balance at 31 March 2025	<u>100,001</u>	<u>2,728,966</u>	<u>(316,628)</u>	<u>2,512,339</u>

Statement of Cash Flows

For the year ended 31 March 2025

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Cash flows from operating activities		
Total deficit before tax for the financial year	(214,444)	(210,469)
Adjustments for:		
Depreciation charge	544,669	21,508
Profit on sale of housing properties	(57,683)	(48,119)
Revaluation (gain)/loss on housing properties	-	59,242
Interest expense	1,013,378	58,568
Increase in debtors	(723,868)	(5,428)
Increase in creditors	8,700	278,139
Increase in stock	(902,094)	-
Cash flows generated from operating activities	(331,342)	153,441
Income taxes paid	(203)	(8,457)
Net cash generated from/(used in) operating activities	(331,545)	144,984
Cash flows from investing activities		
Purchase of housing properties	(62,384,073)	(816,464)
Subsequent expenditure on housing properties	(1,775,493)	(356,267)
Advance for housing properties	(300,000)	-
Net cash used in investing activities	(64,459,566)	(1,172,731)
Cash flows from financing activities		
Proceeds from intercompany loan	65,041,436	1,071,870
Repayment of intercompany loan	-	(7,035)
Net cash generated from financing activities	65,041,436	1,064,835
Net increase in cash and cash equivalents	250,325	37,088
Cash and cash equivalents at the beginning of the year	51,753	14,665
Cash and cash equivalents at end of year	302,078	51,753

All of cash and cash equivalents comprise cash at bank and in hand.

Analysis of net debt

	As at 31 March 2024 £	Cash flows £	Non cash change in net debt £	As at 31 March 2025 £
Cash at bank and in hand	51,753	250,325	-	302,078
Debt due after 1 year	(2,129,449)	(65,041,436)	(1,013,378)	(68,184,263)
	(2,077,696)	(64,791,111)	(1,013,378)	(67,882,185)

The notes on pages 17 to 32 are an integral part of these financial statements

Notes to the Financial Statements

For the year ended 31 March 2025

1 Legal status

NewArch Homes Limited is a Company incorporated and registered in England and Wales limited by shares, registered under the Companies Act 2006 and is also a registered provider of social housing. The registered office address can be found on the Directors, Officers and Advisors page (page 2) and the principal activity is disclosed in the Report of the Board of Management (page 3).

2 Accounting policies

(a) Basis of preparation

(i) Preparation of the financial statements

The financial statements have been prepared in accordance with applicable law, the Companies Act 2006 and UK accounting standards (United Kingdom Generally Accepted Accounting Practice). The Company includes the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, the Accounting Direction for Private Registered Providers of Social Housing 2022.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (note 3).

The financial statements are presented in Sterling (£) and rounded to the nearest pound.

The financial statements are prepared under the historical cost convention as modified by housing properties recognised at revalued amounts, in line with the Housing SORP.

(ii) Going Concern

The financial statements have been prepared on the going concern basis, with net current assets of £1,852,122 (2024: net current liabilities of £198,126), which the Directors believe to be appropriate for the following reasons:

The Directors have carefully considered the most appropriate basis for preparing these statutory financial statements and consider it appropriate to adopt a going concern basis in preparing the financial statements. The Company is wholly owned by OAHF with Octopus Affordable Housing Feeder Fund I LP ("OAHF LP") in turn being its Parent company. OAHF LP has provided a letter of support to support OAHF, which in turn has provided a letter of support to the Company for at least the next twelve months from the date of signing. These letters of support provide confirmation that OAHF and OAHF LP will provide the support necessary for the Company to meet its liabilities and capital commitments as over the course of the going concern period. The Directors note that the Company currently has £45.8m of commitments for the purchase of new properties. In considering the ability to rely on this letter of support, the Directors have considered the ability of OAHF LP to meet its commitments under the letter of support. As at 31 March 2025, OAHF LP had a total of £121.1m in undrawn commitments and cash and subsequent to the year end has received an additional £84.2m of commitments from investors.

Given this undertaking the Directors consider it appropriate to adopt a going concern basis in preparing the financial statements.

(b) Turnover

Income is measured at the fair value of the consideration received or receivable.

(c) Rental Income

Rental Income is measured at the fair value of the consideration received or receivable

Rental income is recognised from the point when properties under development reach practical completion and are formally let.

The Company is a provider of Provider of social rent, affordable rent, intermediate rent and shared ownership.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

2 Accounting policies (continued)

(d) Income from sale of properties

The Company recognises income from the sale of properties at the point of sale, being legal completion of the sale.

(e) Finance costs

All finance costs are recognised in profit or loss in the period in which they are incurred.

(f) Government grant

Government grants are recognised in accordance with Section 24 of FRS 102. A government grant is recognised only when there is reasonable assurance that the entity will comply with the conditions attached to the grant and that the grant will be received.

(g) Current taxation

The Company is a member of a Real Estate Investment Trust (REIT) group and is subject to the provisions of Part 12 of the Corporation Tax Act 2010.

In accordance with the REIT regime, no provision for corporation tax is made on profits arising from the Company's qualifying property rental business, provided the conditions of the regime are met. Corporation tax is recognised only in respect of non-qualifying activities, which fall outside the scope of the REIT exemption.

Deferred tax is recognised on temporary differences arising from the Company's non-qualifying activities, where it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. No deferred tax is recognised on profits or gains from the qualifying property rental business, as these are exempt from corporation tax under the REIT regime.

(h) Housing Properties Held as Stock

Housing properties intended for sale, including first tranche shared ownership units, outright sale developments, and completed units awaiting disposal, are classified as stock in accordance with FRS 102 Section 13 – Inventories. These properties are stated at the lower of cost and net realisable value. Cost includes:

- Direct construction costs
- Land acquisition costs
- Attributable overheads
- Interest and finance costs incurred during development (where capitalisation criteria are met)

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs to complete and sell.

Recognition of Income Revenue from the sale of housing properties held as stock is recognised when:

- The significant risks and rewards of ownership have transferred to the buyer
- The amount of revenue can be measured reliably
- It is probable that economic benefits will flow to the entity

Shared Ownership – First Tranche Sales

The cost of first tranche shared ownership sales is included in stock until the point of sale. Upon sale, the cost is recognised in the Statement of Comprehensive Income, and the remaining unsold equity is transferred to tangible fixed assets – housing properties.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

2 Accounting policies (continued)

(i) *Tangible fixed assets - housing properties*

Tangible fixed assets are held initially at cost and subsequently at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition, such as legal fees incurred on the purchase.

Revaluations increases are recognised in other comprehensive income only to the extent that the increase does not reverse a revaluation decrease of the same asset previously recognised in profit or loss. The decrease of an asset's carrying amount as a result of a revaluation is recognised in other comprehensive income only to the extent that it reverses a previously recognised revaluation increase accumulated in equity in respect of that same asset.

Expenditure on major refurbishment to properties is capitalised where works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

(j) *Depreciation of housing property*

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

A breakdown of depreciation charges to specific asset types is provided below.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated on a straight line basis over the useful economic lives of the assets on the following basis:

Description	Percentage Depreciation	Useful economic life
Structure (including internal fitout)	1%	100 years
Roof	2%	60 years
Heating System	3%	30 years
Boiler	7%	15 years
Bathroom	5%	20 years
Kitchen	5%	20 years
Windows / soffits / facias / guttering	3%	30 years
Electrical Installations	3%	30 years

(k) *Debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses from impairment are recognised in the income statement in operating costs.

(l) *Recoverable amount of rental and other trade receivables*

The Company estimates the recoverable value of rental and other receivables and impairs the debtor by the appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

(m) *Intercompany interest payable*

Intercompany interest payable is recognised in accordance with the terms of the relevant intercompany loan agreement. Interest is accrued using the effective interest method and charged to profit or loss over the period of the loan.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

2 Accounting policies (continued)

(n) *Cash and cash equivalents*

Cash and cash equivalents in the Company's Statement of Financial Position consist of cash at bank and cash in hand.

(o) *Provisions*

The Company recognises provisions when the Company has an obligation at the reporting date as a result of a past event, and when that obligation is probable and can be estimated reliably.

(p) *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

3 Judgements in applying accounting policies and key sources of estimation and uncertainty

In preparing these financial instruments, key judgements have been made in respect of the following:

- Whether or not there are indicators of a change in fair value of the Company's tangible assets. Factors taken into account in reaching such a decision include economic viability and expected future financial performance of the asset where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Company considers the scheme to be a single cash generating unit. The Company has considered the measurement basis to determine the recoverable amount of assets where there are indicators of fair value on a depreciated replacement cost basis.
- Whether to recognise deferred tax. Deferred tax is recognised on temporary differences arising from the Company's non-qualifying activities, where it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. No deferred tax is recognised on profits or gains from the qualifying property rental business, as these are exempt from corporation tax under the REIT regime.
- The provision relates to employment taxes potentially owed to HMRC. The uncertainties relate to the amount of tax due and the timing of the settlement, but the amount, should it be found to be payable, is expected to be settled within one year. Significant estimates include the tax bands of the previous directors, the applicable rates of interest, and any penalties levied. This is both a judgement and an estimate.

Other key sources of estimation uncertainty:

- *Revaluation of completed and under construction housing properties*

During the year the housing properties within tangible fixed assets were revalued in accordance with paragraphs 17.15B and 17.15F of FRS102. Management assessed the revaluation and judged that the structure rather than the components had changed in value. Factors taken into consideration include replacement value of components and their expected remaining useful life.

The latest valuation has been undertaken using RICS Red Book Methodology by Savills UK Limited, a RICS Registered Valuer with suitable experience in Affordable Housing Valuations. This considered rental growth, assumptions on costs and future inflation and concluded that the valuation of the property had increased since the previous valuation. Properties are stated at EUV-SH, adopting a discounted cash flow methodology with the following key assumptions:

Discount rate – 6.75-8%

Long-term future rent increases based on – Consumer price index (CPI) 2% + 1% = 3% / Retail Price Index (RPI) 3% + 0.5% = 3.5% per annum

Voids and bad debt - 3.0% per annum

Future Management Cost increases based on Consumer Price Index (CPI) 2% + 1% = 3% per annum

Annual repairs/maintenance cost increase based on Consumer Price Index (CPI) 2% + 0.5-1% = 2.5-3% per annum

If the valuation of the housing properties increased by 5% or 10%, the net assets would increase by £3,422,813 or £6,845,626, respectively. If the valuation of the housing properties decreased by 5% or 10%, the net assets would decrease by £3,422,813 or £6,845,626, respectively.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

3 Judgements in applying accounting policies and key sources of estimation and uncertainty (continued)

- *Tangible fixed assets*

Tangible fixed assets classed as property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives factors such as condition and investment are taken into account. Residual value assessments consider factors such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties, using peer comparison and surveyor input. Individual useful economic lives are assigned to these components and this drives the depreciation allocations.

Structure (including internal fitout)
Roof
Heating System
Boiler
Bathroom
Kitchen
Windows / soffits / fascias / guttering
Electrical Installations

4 Particulars of turnover, operating costs, cost of sales and operating surplus

	Property income 2025 £	Gain on disposal 2025 £	Shared ownership sales revenue 2025 £	Cost of sales 2025 £	Operating cost 2025 £	Operating Profit 2025 £
Social housing activities (Note 5)	<u>1,857,818</u>	<u>57,683</u>	<u>258,000</u>	<u>(127,360)</u>	<u>(1,247,841)</u>	<u>798,300</u>

	Turnover 2024 £	Gain on disposal 2024 £	Shared ownership sales revenue 2024 £	Cost of sales 2024 £	Operating cost 2024 £	Operating Deficit 2024 £
Social housing activities (Note 5)	<u>62,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(204,035)</u>	<u>(141,488)</u>

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

5 Particulars of income and expenditure from social housing lettings

	Intermediate housing 2025 £	Affordable housing 2025 £	Shared ownership housing 2025 £	Total 2025 £	Total 2024 £
Income from lettings					
Rent	65,157	1,349,345	388,802	1,803,304	62,547
Service charge	-	-	54,151	54,151	-
Insurance	-	-	363	363	-
Shared ownership sales revenue	-	-	258,000	258,000	-
Gain on disposal of housing properties	-	-	57,683	57,683	-
Total income	65,157	1,349,345	758,999	2,173,501	62,547
Operating costs					
Management	(20,053)	(222,015)	(103,084)	(345,152)	(182,527)
Depreciation	(27,474)	(331,783)	(185,412)	(544,669)	(21,508)
Cost of sales	-	-	(127,360)	(127,360)	-
Administration	(10,015)	(139,369)	(208,636)	(358,020)	-
Total operating costs	(57,542)	(693,167)	(624,492)	(1,375,201)	(204,035)
Operating profit	7,615	656,178	134,507	798,300	(141,488)

6 Unit of housing stock

	Year ended 31 March 2025	Year ended 31 March 2024
General needs housing:		
Intermediate rent	12	12
Affordable rent	167	-
Shared ownership	242	-
Fully staircased freehold ground rent units	8	-
Total owned and managed	429	12
Units under construction at the year end	227	26

From the 429 completed units, there are five property managers:

- 12 intermediate rent properties are managed by Bromford Flagship,
- 56 affordable rent and 19 shared ownership properties are managed by Pinnacle Housing Limited,
- 111 affordable rent, 67 shared ownership and 2 fully staircased freehold ground rent properties are managed by Southern Housing,
- 151 shared ownership properties and 6 fully staircased freehold ground rent properties are managed by Chelmer Housing Partnership, and
- 5 shared ownership properties are managed by Park Properties Housing Association.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

6 Unit of housing stock (continued)

The Company purchased a development site at Pinhoe which has 44 units. At year end 31 March 2025, 33 units have been completed.

The Company purchased four development sites at Banbury, Great Dunmow, Stonecross and Lake Swanmore. The total units across all the sites is 174. At year end 31 March 2025, 21 units have been completed.

The Company purchased two development sites at Hyland and Fobbing. The total units across all the sites is 220. At year end 31 March 2025, 157 units have been completed.

For the 227 units under construction at year end:

- These are properties which the Company has currently only paid a deposit for.
- The Company is committed to funding these units in the future, once the units have reached the point of practical completion.

7 Operating surplus

The operating surplus is stated after charging:

	As at 31 March 2025 £	As at 31 March 2024 £
Depreciation of housing properties	544,669	21,508
Audit fee	89,727	55,000
Accountancy and tax compliance fees	48,687	29,804
Legal and professional fees	27,984	-
Dead deal fees	64,382	-
Director fees	49,035	-
Valuation fees	11,535	-
Other fees	7,261	-
Irrecoverable VAT	59,409	-
Total operating surplus	902,689	106,312

The Company's auditor did not provide any non-audit services to the Company (2024: £Nil).

8 Employees

In both the current and prior year, the Company had no full-time corporate employees. Day-to-day running of the Company's properties is outsourced to third party property managers but effective oversight is by the board of directors (see note 9).

The board members are considered to be the key management personnel of the Company (note 9).

9 Board members

During the year, 2 members (2024: 2) of the board of management received fees of £49,035 (2024: £49,828). The highest paid member was paid fees of £33,219 (2024: £33,219). No pension contributions were made to board members.

The Board of Management received £Nil (2024: £Nil) for board expenses during the year which was borne by Octopus Investments Limited.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

10 Taxation

	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Current income tax		
Corporation tax	<u>203</u>	<u>9,360</u>
	<u>203</u>	<u>9,360</u>
Deferred tax		
Origination and (reversal) of timing differences	<u>-</u>	<u>(29,014)</u>
	<u>203</u>	<u>(19,654)</u>
Reconciliation of tax charge:		
	2025 £	2024 £
(Deficit)/surplus for the year before tax	(214,444)	(199,346)
Tax calculated at 25 % (2024 – 25%)	(53,611)	(49,837)
Permanent differences on fixed asset depreciation	-	5,377
Deferred tax assets (not recognised due to unabsorbed losses)	53,611	44,460
REIT exemption on property rental business	-	-
Corporation tax in respect of the prior year	203	9,360
Deferred tax recognised in the current year	<u>-</u>	<u>(29,014)</u>
Total income tax expense/(income)	<u>203</u>	<u>(19,654)</u>

On 14 October 2022, the UK Government announced the increase in UK corporation tax main rate to 25% and the introduction of a small profits rate of tax from 1 April 2023.

During the year, Octopus Affordable Housing Fund Limited became a Group UK Real Estate Investment Trust ("REIT"). The Group will be exempt from corporation tax on profits from a property rental business, effective from July 2024.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

11 Tangible fixed assets – Housing properties

	Affordable housing held £	Affordable housing properties under construction £	Total £
Cost			
As at 1 April 2024	1,241,508	1,172,731	2,414,239
Additions	62,714,024	1,828,880	64,542,904
Completions	2,600,864	(2,600,864)	-
Disposals	(208,316)	-	(208,316)
Revaluation	2,674,350	-	2,674,350
As at 31 March 2025	69,022,430	400,747	69,423,177
Depreciation and impairment			
As at 1 April 2024	21,508	-	21,508
Charge for the year	544,669	-	544,669
As at 31 March 2025	566,177	-	566,177
Net book value			
As at 31 March 2025	68,456,253	400,747	68,857,000
As at 31 March 2024	1,220,000	1,172,731	2,392,731

During the year, the Group disposed of four shared ownership units. Of these:

- One unit was sold with 100% equity, resulting in full removal from fixed assets.
- Two units were sold with 40% of equity, retaining 60% ownership within tangible fixed assets.
- One unit was sold with 50% of equity, retaining the remaining 50% as tangible fixed assets.

The retained equity in the part-sold units remains classified within housing properties and will continue to be held at fair value. Proceeds from the sale of initial equity tranches are recognised within turnover, with the corresponding carrying value transferred from stock to cost of sales.

At year end on 31 March 2025, the housing properties were revalued by Savills UK Limited to the value of £68,857,000 (note 3). It is the view of the Directors that this valuation is materially correct as at 31 March 2025.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

11 Tangible fixed assets – Housing properties (continued)

The net book value can be further analysed as follows:

Housing properties in the course of construction are held initially at cost and subsequently at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. All houses under construction are purchased on a forward commitment basis, meaning a minimal deposit has been put down.

	2025 £	2024 £
Intermediate rent	1,240,000	1,220,000
Affordable rent	31,781,000	-
Shared ownership	35,836,000	-
<u>Expenditure on works to existing properties</u>		
Amounts charged to income and expenditure	-	-

The Company has £766,500 of government grant attached to the properties. This does not have a maturity date, the amount granted may become repayable if the conditions of the grant are not complied with. Grant is taken into consideration when valuing at EUV-SH, so the liability is included in the valuation.

None of the properties have restricted title or are pledged as security against any financial instruments.

12 Stock

	As at 31 March 2025 £	As at 31 March 2024 £
First-tranche shared ownership	1,019,674	-
Disposals	(117,580)	-
Total stock	902,094	-

At 31 March 2025, the Company held a portfolio of shared ownership properties that are intended for first tranche sale. These properties are classified as current assets under 'Stock', as they are expected to be disposed of through partial equity sales.

Properties held for first tranche disposal are measured at the lower of cost and net realisable value.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

13 Debtors: amounts falling due within one year

	As at 31 March 2025 £	As at 31 March 2024 £
Trade receivables	686,964	11,435
Prepayments	54,931	7,134
Shared ownership disposals	266,000	-
VAT receivable	<u>1,000</u>	<u>-</u>
Total trade and other receivables	<u>1,008,895</u>	<u>18,569</u>

14 Deposits on future acquisitions

As at 31 March 2025, the Company had paid deposits totalling £300,000 in respect of housing properties under development.

The Company expects to complete the acquisitions in the next financial year.

The deposits are allocated across the following projects:

- Pinhoe - £150,000
- Hyland and Fobbing - £150,000

15 Creditors: amounts falling due within one year

	As at 31 March 2025 £	As at 31 March 2024 £
Accrued expenses	465,812	80,067
Trade creditors	<u>195,133</u>	<u>188,381</u>
Total creditors due within a year	<u>660,945</u>	<u>268,448</u>

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

16 Creditors: due in more than one year

	Note	As at 31 March 2025 £	As at 31 March 2024 £
Loan principal due to OAHF	20	67,134,670	2,129,449
Interest due to OAHF	20	<u>1,049,593</u>	<u>-</u>
Total creditors due in more than a year		<u>68,184,263</u>	<u>2,129,449</u>

On 15 November 2023, the Company entered into a loan facility agreement with OAHF at a fixed rate of 5.25%. During the year there was an amendment to the loan agreement with OAHF; from 1 April 2024 the interest rate on the loan was reduced to 3% and the loan is due for repayment in 2028.

On 30 June 2025, the Company completed a debt-for-equity swap with Octopus Affordable Housing Limited. Loan principal and accrued interest payable totalling £92,748,412 were capitalised in exchange for the issue of one new £1 ordinary share in the Company, allotted to Octopus Affordable Housing Limited at a share-premium of £92,748,411.

17 Deferred tax

	As at 31 March 2025 £	As at 31 March 2024 £
Deferred tax liabilities	<u>-</u>	<u>-</u>
At the start of the year	-	57,479
Charge to profit and loss	-	(29,014)
Charge to other comprehensive income	<u>-</u>	<u>(28,465)</u>
At the end of the year	<u>-</u>	<u>-</u>
Deferred tax is made up of:		
Capital Gains	<u>-</u>	<u>-</u>
At 31 March 2025	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

18 Other provisions

	As at 31 March 2025 £	As at 31 March 2024 £
Carrying amount at beginning of year	<u>12,520</u>	<u>12,520</u>
Carrying amount at end of year	<u>12,520</u>	<u>12,520</u>

The provision relates to the estimated employment tax liability relating to prior years. Discussions with HMRC to resolve this are ongoing.

19 Share capital

	As at 31 March 2025 £	As at 31 March 2024 £
Allotted, called up and fully paid 100,001 (2024: 100,001) Ordinary share of £1 each	<u>100,001</u>	<u>100,001</u>
Total issued capital	<u>100,001</u>	<u>100,001</u>

20 Related party transactions

The Company's immediate parent company is Octopus Affordable Housing Fund Limited.

On 15 November 2023, the Company entered into a loan facility agreement with Octopus Affordable Housing Fund Limited at a fixed interest rate of 5.25%. During the year, there was an amendment agreement for the loan from Octopus Affordable Housing Fund and a new accrued interest rate of 3% became effective from 1 April 2024. Interest of £1,013,378 (2024: £58,568) was charged and added to the loan balance. The amount outstanding at year end was £68,184,263 (2024: £2,129,449), and is due for repayment in 2028.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

21 Financial assets and liabilities

	As at 31 March 2025 £	As at 31 March 2024 £
Financial assets		
Financial assets, that are debt instruments measured at amortised cost	<u>1,256,042</u>	<u>63,188</u>
Total financial assets	<u>1,256,042</u>	<u>63,188</u>
Financial liabilities		
Provisions measured at amortised cost	12,520	12,520
Financial liabilities measured at amortised cost	<u>68,845,208</u>	<u>2,397,897</u>
Total financial liabilities	<u>68,857,728</u>	<u>2,410,417</u>

Financial assets that are debt instruments measured at amortised cost are made up of rent receivable, receivable relating to a shared ownership disposal and cash at bank and in hand.

Financial liabilities measured at amortised cost are made up of other creditors, accruals and loans.

22 Capital commitments

As at 31 March 2025, the Company's off balance sheet commitments for capital expenditure amounts to £45,836,188 (2024: £2,679,703), which are expected to be incurred over the next 18 months. These commitments are not included in the balance sheet as the expenditure has not yet been incurred.

23 Ultimate controlling party

The immediate parent of NewArch Homes Limited is Octopus Affordable Housing Fund Limited, a company registered in England and Wales, with registered office of 6th Floor, 33 Holborn, London, England, EC1N 2HT.

There is no entity with overall control of the Company as at 31 March 2025.

The smallest and largest group of which the Company is a member is the group headed by Octopus Affordable Housing Fund Limited. Copies of the financial statements can be obtained from The Secretary, Octopus Company Secretarial Services Limited, 33 Holborn, London, EC1N 2HT.

Notes to the Financial Statements

For the year ended 31 March 2025 (continued)

24 Events after the reporting period

On 30 April 2025, the Company completed on 11 affordable homes across 2 locations in the South and South East of England for a purchase price of £1,711,554.

On 8 May 2025, the Company completed on 53 affordable homes across 3 locations in the East of England for a purchase price of £8,851,508.

On 30 June 2025, the Company completed a debt-for-equity swap with Octopus Affordable Housing Fund Limited. Loan principal and accrued interest payable totalling £92,748,412 were capitalised in exchange for the issue of one new £1 ordinary share in the Company, allotted to Octopus Affordable Housing Fund Limited at a share-premium of £92,748,411.

The swap occurred after the reporting date and relates to conditions that arose subsequent to year-end. Therefore, it is treated as a non-adjusting event in accordance with IFRS 9. Consequently, no adjustments have been made to the carrying amounts of assets and liabilities as at 31 March 2025. Disclosure is provided due to the materiality of the amount involved.