

# Shropshire Towns and Rural Housing Limited

Company Limited by Guarantee

Directors' Report and  
Financial Statements for the year ended.  
31<sup>st</sup> March 2025





## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

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#### **COMPANY INFORMATION**

##### Tenant Members

Yordan Tolev – resigned 14<sup>th</sup> October 2024  
Richard Amos – appointed 1<sup>st</sup> August 2024  
Lynn Fonseca – appointed 2<sup>nd</sup> August 2024  
Rebecca Willmott – appointed 29<sup>th</sup> January 2025

##### Shropshire Council Members

Dr Julia Buckley – resigned 1<sup>st</sup> August 2024  
Cllr Vince Hunt – resigned 1<sup>st</sup> May 2025  
Rachel Connolly – appointed 23<sup>rd</sup> October 2024 – resigned 30<sup>th</sup> June 2025

##### Independent Members

Anthony Deakin (Chair) – appointed 2<sup>nd</sup> March 2020  
James Wood – resigned 12<sup>th</sup> November 2024  
Stephen Robinson – appointed 2<sup>nd</sup> March 2020  
Paul Hayward – moved from Co-Opted on 9<sup>th</sup> December 2024  
Kathy Jones – appointed 29<sup>th</sup> January 2025  
Irina Wood – appointed 29<sup>th</sup> January 2025

##### Co-opted Members (Non-voting)

Paul Weston – resigned 16<sup>th</sup> September 2024  
Siobhan Johnson – appointed 11<sup>th</sup> March 2024 – resigned 28<sup>th</sup> May 2025  
Andrea Martin – appointed 11<sup>th</sup> March 2024

#### **Senior Management Team**

\*Harpreet Rayet: Managing Director (appointed December 2022)  
\*Rosamund Bridges: Corporate Director (appointed March 2023)  
\*Thomas Forty: Operations Director (resigned November 2024)  
\*James Wood: Operations Director (appointed February 2025)  
Leela Cottey: Assistant Director of Assets (appointed October 2023)  
Mitchell Allan: Assistant Director of Housing (appointed November 2023)  
Denise Jones: Head of Finance (resigned February 2025)  
Gemma Griffiths: Interim Head of Finance (appointed February 2025)  
Ruth Phillips: Assistant Director Customer and Communities (appointed August 2024)



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Cost metrics relating to the Directors asterixed above are detailed below:

Metric	£
Remuneration paid to Directors, per unit	£95.88
Remuneration paid to the highest paid Director, per unit	£29.68

Registered office

Ptarmigan House  
Shrewsbury Business Park  
Shrewsbury  
SY2 6LG

Company Registration

Company Number 08289137    Registered in England and Wales

Auditors

Grant Thornton UK LLP  
17<sup>th</sup> Floor  
103 Colmore Row  
Birmingham  
B3 3AG

Actuary

Mercer Limited  
1 Tower Place West  
Tower Place  
London  
EC3R 5BU

Bankers

NatWest  
8 Mardol Head  
Shrewsbury  
Shropshire  
SY1 1HE



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STRATEGIC REPORT

The purpose of this report is to explain how the Directors have performed their duty under s172 of the Companies Act 2006 to promote the success of Shropshire Towns and Rural Housing Limited (the Company and/or STAR Housing). The report gives a fair view of the development and performance of the Company’s business during the 2024/25 financial year and provides an overview of the principal activities undertaken.

Principal Activities

The Company is a private company limited by guarantee wholly owned by Shropshire Council (the Council). The Company was formed as an Arm’s Length Management Organisation under Section 27 of the Housing Act 1985 to undertake the management and maintenance of Shropshire Council’s retained housing stock from 1<sup>st</sup> April 2013. The Company was incorporated on 12<sup>th</sup> November 2012 and began trading on 1<sup>st</sup> April 2013.

The principal activities of the Company listed below are defined in the Management Agreement between the Council and the Company. The Company receives an annual Management Fee for the provision of these services. The 10-year Management Agreement was approved for renewal at a meeting of Shropshire Council held on 12<sup>th</sup> May 2022 and the current Agreement runs for 10 years to 31<sup>st</sup> March 2033.

<u>Service/Operational Area</u>	<u>Principal Activities/Responsibilities</u>
Tenancies:	Allocations and voids Leaseholder Services Tenancy Management & Sustainment Tenancy Support Provision of Support Services Right to Buy
Customer Involvement	Customer Service and Information Consultation Customer Scrutiny Complaints Handling
Properties:	Capital Improvement Works Repairs and Maintenance Communal Areas Compliance, Servicing and Testing Health & Safety Development and Acquisition of New Properties, Refurbished of Properties and Estates



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Neighbourhood Management: Local Area Co-operation  
Community Cohesion  
Antisocial Behaviour, Hate Crime and Domestic Abuse  
Safeguarding Vulnerable People

#### **Operating Model**

The Company operates primarily across three principal locations, Bridgnorth, Oswestry and the Central head office based in Shrewsbury. A hybrid working model continues to be in place with most office roles working 3 days per week in the central office-based location.

During the year STAR housing took on the direct employment of Cornovii Development Limited's colleagues from Shropshire Council. Cornovii Developments Limited is Shropshire Council's private limited company which specialises in market sale, the private rented sector and residential regeneration. These colleagues are then charged into Cornovii for the work that they do for the company.

STAR Housing continues to work with the Council to develop properties for specialist support and will continue to explore further opportunities to provide more accommodation of this nature.

#### **Compliance with Governance and Financial Viability Standard**

STAR Housing continues to comply with all standards set by the Regulator of Social Housing (RSH). In preparation for a potential assessment by the RSH, the Housing Quality Network were commissioned in early 2025 to conduct a mock assessment of compliance with the consumer standards, the details of which will be reported to Board once available.

#### **Review of Business Results and Activity**

In 2024/25, STAR Housing have achieved some encouraging results from the continuation of our business transformation programme. Led by a vision to listen to our customers and give them quality homes to support vibrant communities, eight associated supporting strategies have been developed with Shropshire Council in this year to underpin the delivery of our Corporate plan objectives. Our focus remains on modernising the Company to ensure sustainability, high performance and service innovation.

For a second year we have applied a significant contribution from reserves to fund this ongoing transformation. The accounts for 2024/25 show a loss before tax for the year of £0.685m before applying approved balances. Retained reserves at 31<sup>st</sup> March 2025 were £2.786m which relates to the



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usable reserve. Such reserves can be retained as a contingency against unforeseen events or spent on the furtherance of the Company's objectives.

Details of notable achievements, challenges and ongoing transformation work for 2024/25 are set out below against our Corporate Plan Objectives.

#### **Give the best customer experience**

##### Customer Engagement

STAR Housing continues its ethos of ensuring that customers are central to everything we do. Customer satisfaction has increased by 3% this year to an overall level of 85%, based on our Tenant Satisfaction Measures. This means that STAR Housing is a high performing company when benchmarked against peers in the Sector, however, there is more work to do to modernise our services, repair and maintain existing homes to a good standard and build more homes.

Complaints handling performance has improved significantly with Tenant Satisfaction Measure survey results also showing a 3% increase in performance since last year. This is largely due to improving our back-office systems to ensure timely and accurate responses. Following a campaign to raise awareness amongst customers as to how to make a complaint, the number of complaints received has almost doubled year on year. All colleagues have attended complaints training and are regularly reminded that complaints are welcomed as constructive information that can help to improve service delivery.

The 'STAR Voice Customer Engagement Framework' was launched this year. Designed to embed the resident's voice into STAR Housing's governance and service delivery, directly meeting the requirement within our Customer Engagement Strategy, the framework aligns with the Social Housing (Regulation) Act and promotes multi-channel engagement through digital, in-person, and outreach methods. The framework also supports structured customer involvement via scrutiny and procurement panels, integrates customer insights into strategic planning, and ensures feedback reaches Board level. It also includes a communications plan to promote awareness and report on the outcomes of resident input. We expect to offer a range of events and activities in the coming months in line with the framework. which, in 2024-25, has included:

- STAR Corporate Plan
- Social Housing Decarbonation Fund Tenant Engagement
- Independent Living Scheme Engagement Offer





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- Damp and Mould Policy
- Termination Process
- Estate Walkabouts
- Kitchen and Bathroom replacement process
- Customer Engagement Offer
- Procurement

The STAR Housing Customer Scrutiny panel was relaunched and customers conducted two valuable scrutiny exercises. Firstly, focusing on how day to day repairs are delivered, a comprehensive review concluded that some improvements could be made to customer communication, especially appointment updates and follow ups, improving scheduling flexibility and introducing diagnostic tools. Work has commenced to improve the STAR Housing self-service portal which will launch in July 2025, giving customers the ability to book appointments. A customer awareness campaign will encourage customers who feel comfortable using an online solution to log and manage repairs appointments through an improved portal. We anticipate that 30% of customers will use the portal within the first twelve months, releasing capacity within our Customer Services team.

Additionally, the panel conducted a review of how kitchens and bathrooms are replaced and found that consistency of quality could be improved by refining the customer sign off process. Recommendations included providing customers with better information about what will happen during a kitchen or bathroom replacement, improving design and material durability and having better escalation procedures for unresolved issues. The panel will conduct three reviews in 2025-26, continuing to generate valuable feedback to further shape service delivery to better meet customers' needs.

#### **Empowering Our People**

Our people are vital to STAR Housing's success. They are central to delivering high-quality services, maintaining compliance and driving transformation.

#### **One Team**

A commitment to becoming 'One Team' by reducing geographical barriers in the way that we work has led to investment in several improvements to help support our people. A new HR and payroll system was introduced in January. It enables managers to robustly manage their team members, and all colleagues can access their HR and payroll information in a transparent and timely manner.



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A new Talent Management Policy was implemented, and the training budget was centralised to better support development, succession planning, and performance management across the Company. A hybrid working model and modern office space further reflects our commitment to colleague's wellbeing and a flexible working offer.

We relaunched the STAR Colleagues Forum, recognising the importance of two-way communication, giving colleagues a structured voice in decision-making and helping to build trust with the leadership team. We value strong communication across the Company and have introduced all colleague weekly email bulletins and quarterly briefings, at least two of which are in person. In addition, an annual team away day planned for June 2025 will provide an opportunity to bring the whole STAR team together to focus on becoming One Team

#### **Delivering value for money and being accountable**

##### **Systems and Programme Delivery**

We made significant improvements to systems and programme delivery by formalising governance, investing in digital infrastructure, and embedding strategic oversight into everyday operations. Introducing a programme management role gave focus and a robust ability to track the progress of our eight supporting strategies to help deliver the STAR Housing Corporate Plan.

A new core Housing Management system will go live in May 2025. This represents a key change in expectations about how processes are conducted, how data is managed and how contact with the customer is recorded.

A property condition monitor trial was also conducted, providing real-time data on property condition factors, supporting proactive maintenance and improving tenant safety. This will commence during FY 2025/26 and will improve business intelligence and communication with our customers.

Initial investment in Artificial Intelligence (A.I.) and Automation through the introduction of Microsoft Co-Pilot is being used extensively across the Company and is showing promising results. An A.I. and automation specialist is being procured to support STAR Housing with implementing improved systems and processes.

#### **Build and maintain safe, good quality and sustainable homes**

##### **Compliance Service Delivery**

A continuing focus on compliance and health and safety is ensuring that we are keeping our customers safe in all the homes we manage. This focus includes all services delivered by



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contractors and those we provide directly to customers. In particular, this year, a key focus has been on ensuring that data is robust and compliance levels are high in the key areas of fire, legionella, gas, electric, asbestos, damp and mould and lifts. We recognise that there is more that we can do to improve in this area. Compliance will remain a key focus in 2025-26 and work will continue to further improve performance.

#### Procurement and value for money

Great progress has been made towards professionalising procurement, value for money and contract management, embedding the requirements of the Procurement Act 2023 and ensuring a focus on social value, sustainability and early market engagement. STAR Housing's approach to governance has been strengthened through updated procurement and contract rules which clarify processes, approval thresholds and introduce whole-life cost assessments. Several significant contracts have been let, and the footings of many others have been reviewed with a particular focus on strengthening contract management to ensure that key requirements are being delivered by partners. Colleague training has been undertaken helping to improve confidence in securing better operational value for money.

Following the overhaul of company budgets for 2024/25, the finance team have made significant progress in becoming an intelligent partner to the business providing insights and control that allow the Company to operate more effectively at all levels.

#### Funding and Investment

A key achievement of this financial year was signing off the Housing Revenue Account (HRA) 30-year Business Plan. This key strategic document sets out the financial roadmap for the Housing Revenue Account allowing joined up decision making and mutual understanding of this key Council account. The new plan will see the investment limit increase by £52m and enable delivery of over 500 homes over the next five years. This ensures sustainability for the HRA, and the homes and tenancies it supports.

STAR Housing successfully secured £9.4m of funding through the Government's Warm Homes: Social Housing Fund Wave 3 enabling further investment in existing homes and in many cases, providing direct benefits to our customers. This builds on the recently successfully completed Wave 2.2 programme which enabled investment in sustainability measures for 111 homes.

The drive for professionalism and innovation across the Company coupled with clear business strategies and delivery plans continue to put us in good stead to achieve the highest standards of customer service, value for money, sustainability and best practice.



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#### Review of Performance – Management Agreement Performance Indicators

During 2024/25 we had 41 Management Agreement performance indicators which Shropshire Council used to measure how well the Company delivers its objectives. Performance for the year against target for these indicators is shown below and includes a comparison to last year.

##### • Tenancies - Allocations & Empty Properties

Performance Area	2023/24 Result	2024/25 Result	Trend
Avg. time to re-let all voids	89 days	46.3 days (target: 69.5)	↑ Improved
Avg. time to re-let general voids	71 days	38.7 days (target: 55.8)	↑ Improved
Avg. time to re-let major works voids	92 days	56.4 days (target: 92)	↑ Improved
Temporary accommodation re-let time	N/A	30.3 days (target N/A)	—
Rent loss due to voids	2.16%	1.80% (target: 1.89%)	↑ Improved
Tenancy terminations (% of stock)	7.26%	6.94% (target: 6.5%)	↑ Improved
Satisfaction with lettings process	90.59%	96.4% (target: 91.55%)	↑ Improved

##### • Rent & Charges

Performance Area	2023/24 Result	2024/25 Result	Trend
Rent collected (incl. arrears)	99.10%	98.9% (target: 97.3%)	↑ Improved
Evictions due to arrears	0.10%	0.00% (target: 0.08%)	↑ Improved
Arrears written off	0.26%	0.40% (target: 0.27%)	↑ Improved



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- Customer Service & Tenant Involvement

Performance Area	2023/24 Result	2024/25 Result	Trend
Stage 1 complaint responses on time	80.45%	90.0% (target: 80.58%)	↑ Improved
Stage 2 complaint responses on time	80.45%	96.00% (target: 81.58%)	↑ Improved
Satisfaction with complaint handling	69.39%	73.0% (target: 39.60%)	↑ Improved
Online service registration	16.14%	19.5% (target: 21.78%)	↑ Improved
Complaints per 1000 homes	n/a	48.56 (target: 59)	—

- Improvement Works

Performance Area	2023/24 Result	2024/25 Result	Trend
% of homes not meeting the Decent Homes Standard	0.65%	0.35% (target: 0.61%)	↑ Improved
Number of properties with a SAP rating of 35 or less	11	9 (target: 0)	↑ Improved
Average SAP rating for off-grid properties	60.3	62.2 (target: 70.7)	↑ Improved
Average SAP rating for properties on grid	69	69.4 (target: 70.7)	↑ Improved
% of major adaptations completed on time	94.74%	72% (target: 70%)	↓ Decreased



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- Repairs and Maintenance

Performance Area	Result	2024/25 Result	Trend
% satisfied with repairs service	82.07%	86% (target: 76.80%)	↑ Improved
% satisfied with recent planned maintenance service	79.76%	84.50% (target: 97.0%)	↑ Improved
% Responsive Repairs completed at first visit	86.38%	93.24% (target: 90.04%)	↑ Improved
Appointments kept as % of appointments made	92.60%	87.09% (target: 96.39%)	↓ Decreased
% of emergency repairs completed on time (1 day).	97.57%	93.44% (target: 97.06%)	↓ Decreased
% of urgent repairs completed on time (7 days).	85.37%	92.50% (target: 98.0%)	↑ Improved
% of routine repairs completed on time (28 days).	78.63%	84.30% (target: 86.97%)	↑ Improved
% of programmed repairs completed on time (6 months).	79.37%	96.21% (target: 75.0%)	↑ Improved



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- **Servicing and Testing**

Performance Area	Result	2024/25 Result	Trend
% of properties with asbestos surveys – Domestic	N/A	84.97% (target: 90%)	—
% of properties with asbestos surveys – Non-domestic	93.71%	100% (target: 90%)	↑ Improved
% of properties with up-to-date fire risk assessments	N/A	100% (target: 100%)	—
% of properties with water safety checks	N/A	100% (target: 100%)	—
% of properties with a valid Gas Safe certificate	N/A	100% (target: 99.93%)	—
% of domestic dwellings with electrical certificate < 5 years old	99.85%	97.80% (target: 96.43%)	↓ Decreased
% of non-domestic dwellings with electrical certificate < 5 years old	99.85%	100% (target: 99.3%)	↑ Improved

- **Development of New Properties, Refurbished Properties and Estates**

Performance Area	2023/24 Result	2024/25 Result	Trend
Number of New Homes (including acquisitions)	N/A	57(target: 75)	—
Net increase or decrease of stock within the HRA as a %	N/A	0.74% (target: 1.20%)	—



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• Neighbourhood Management – Antisocial behaviour, Hate Crime and Domestic Abuse

Performance Area	2023/24 Result	2024/25 Result	Trend
% of customers satisfied with outcome of the Anti-Social Behaviour case.	61.54%	51.85% (target: 0.61%)	↓ Decreased
% of properties receiving annual contact	N/A	91.54% (target: 100%)	—
Anti social behaviour cases relative to the size of the landlord (cases per 1000 homes managed)	N/A	52.1 (target:71)	—

In the 2024/25 period, STAR demonstrated significant improvement in performance, hitting KPI targets in 65% of the 40 measures, compared to 30% in 2023/24. When considering tolerance targets, the success rate rises to 80% compared to 50% the year before. This marks a notable increase in the achievement of key performance indicators, reflecting the organisation's commitment to continuous improvement and excellence.

Complaint handling has shown significant improvement since the start of the financial year with both Stage 1 and Stage 2 responses hitting target. The improvement is largely attributed to the transformation of the complaints handling process, including the recruitment of a Complaints Manager, new policy and process, increased Management oversight as well as all staff having been trained in the area and improving signposting increasing awareness amongst customers and staff as to how to make a complaint.

Performance against SAP rating targets for energy efficiency in both on-grid and off-grid properties continued to fall short of target throughout the financial year. The overall shortfall being due to a strategic decision to temporarily pause energy efficiency upgrades in order to optimise access to Wave 3 funding. This approach supports the long term goal of ensuring that 85% of housing stock achieves an EPC rating of C or above by 2028, with the remainder to be addressed by 2030. This strategy is designed to maximise grant funding opportunities while aligning with broader sustainability objectives.

Review of Performance – Tenant Satisfaction Measures

The Regulator of Social Housing introduced a new system for assessing how well social housing landlords in England are doing at providing good quality homes and services. In addition to introducing revised consumer standards, this has involved a set of tenant satisfaction measures





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(TSMs) that social housing landlords must report on. People can use these measures to understand how well landlords are doing.

Landlords are responsible for conducting tenant perception surveys to collect data for TSMs. Those with 1,000 or more homes, like STAR Housing, must complete a customer survey every year. Landlords are responsible for making sure survey results are meaningful. This includes generating sufficient responses and avoiding conducting surveys in ways that might prevent certain groups of tenants from taking part. Landlords must check whether the mix of people who respond is representative of the people living in their homes. STAR Housing conducted this annual survey in two waves. Wave one was conducted in May and wave two in September 2024.

STAR Housing commissioned Acuity Research and Practice (ARAP) to conduct the 2024/25 tenant survey. 523 surveys were completed by telephone. The results are shown below.



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Tenant Satisfaction Measure	STAR Year End Result 2023/24	Lower Quartile	Median	Upper Quartile	STAR Year End Result 2024/25
Overall satisfaction	81.9%	66%	71.1%	77% ✓	85%
Satisfaction with repairs	79.8%	70.01%	72.8%	77.9% ✓	84.7%
Satisfaction with the time taken to complete the most recent repair	72%	65.1%	68.3%	76.4% ✓	84.2%
Satisfaction that the home is well maintained	81.6%	64.8%	71%	77.1% ✓	85%
Satisfaction that the home is safe	88.2%	72.5%	77.3%	81.7% ✓	89%
Satisfaction that we listen and act	73.3%	52%	59.1%	67.2% ✓	74.4%
Satisfaction that we keep tenants informed	82.8%	61.6%	68.6%	75.4% ✓	81.3%
Agreement we treat tenants fairly and with respect	88.6%	70%	77%	81.9% ✓	85.1%
Satisfaction with complaints handling	34.1%	29.7%	34.1% ✓	37.8%	37.2%
Satisfaction communal areas are kept clean and well maintained	73.3%	61.1%	65.8%	71.5% ✓	75.7%
Satisfaction we make a positive contribution to the neighbourhood	78.4%	56.7%	63.7%	71.4% ✓	82.4%
Satisfaction with ASB handling	73.2%	54.3%	58%	64.4% ✓	74.4%

= Shows in which median STAR's performance lies.

STAR has performed very well in terms of tenant satisfaction with 11 of the 12 measures sitting in the top quartile for performance when measured against Central LAs & ALMOs with less than 15k properties. STAR was in the median quartile for satisfaction with complaints handling although only



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just misses out on top quartile performance. This service is subject to transformation plans, and we anticipate seeing an improvement in customer satisfaction in this area as this plan is implemented.

#### **Significant Risks and Uncertainties**

STAR Housing continued to deliver a strong performance in many areas despite evolving pressures and priorities the sector was experiencing. Our continuing proactive approach to risk management and horizon scanning will ensure the Company remains prepared to address risks and issues that could occur.

Responding positively to macro-level issues affecting the UK as a whole, those impacting the sector, and challenges that emerged in our geographical areas of operation, the key issues managed during the year included:

- The financial stability of Shropshire Council
- Long-term increases to construction and repair costs
- Cost of living and financial hardship for our tenants, and the subsequent impact on residents and the business
- Recruitment and skills shortages, including the pressure of geography across our operations.
- New consumer regulation frameworks
- Asset quality and Decent Homes
- Decarbonisation pressures
- Right to Buy property sales
- Building safety and property compliance
- Data integrity

The newly adopted and approved HRA business plan provides us with the tools to model the short, medium and long term financial impacts of a range of policy changes and economic events.

The Management Fee paid to STAR Housing is set annually in advance and determines the financial resources available to deliver the requirements of the management agreement. The Company ensures that, where appropriate, costs attributable to capital works are also supported by the Council via the Housing Revenue Account. Work is ongoing in the background to monitor that these fees are appropriate to the size of the Company and what STAR Housing are required to deliver by contract and by law. Beyond these pre-determined arrangements, STAR Housing has some scope to generate additional income, but this is limited and does not give an opportunity to significantly increase the level of funding. The potential risk from this arrangement is that the Company could be



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exposed to additional unbudgeted costs arising from events beyond its control. In order to address this potential risk, high priority is given to budget control through monitoring of performance against budgets and regular reporting to budget holders and the Board.

The Company's Financial Rules give the ability to re-direct financial resources in light of changing circumstances and emerging pressures. As a further safeguard, a minimum reserve equivalent to 5% of our annual turnover is retained.

Continual monitoring of economic, social, and operational pressures to make necessary interventions and adjustments where needed, ensure we remain strong, compliant, and effective in the delivery of The Star Housing Corporate plan objectives. Risk registers are maintained and reviewed in partnership with Shropshire Council to support management of emerging risks.

The continuing success of the Company is dependent on the ongoing viability of the Council's Housing Revenue Account (HRA), and legislative changes have had a significant impact on funding of the HRA. The move to self-financing in April 2012 removed annual uncertainties around the housing subsidy system. However, the ability to provide an increase in HRA stock level is challenged by a number of factors:

#### Right to Buy

Right to Buy (RTB) remains a risk for the HRA to maintain stock levels however, the number of RTB completions during 2024/25 remained relatively stable at the year end point compared to the previous year. Also, whilst there are a significant number of applications in the system, more recently the number of new applications has dramatically reduced following changes in regulations in this area. RTB losses directly reduce rent income to the HRA. During 2024/25 STAR Housing received 91 RTB applications the equivalent of two years' worth of RTB applications.

The Company continues to purchase S.106 homes from our sister company Cornovii Developments Ltd and acquire properties from other developers or through transfer of other Council owned stock, and actively seek new development land to increase housing supply. These properties are accounted for within the HRA.

The STAR Housing Development and Investment Strategy sets a target to deliver 225 new homes between 2024 and 2027 and the recently approved HRA Business plan secures the funding with which to do this in terms of increasing the borrowing envelope for the HRA to a total of £174m.



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#### Availability of Capital Funding

In February 2025 Shropshire Council approved the first HRA Business Plan which sees the HRA borrowing envelope increase from £122m to £174m paving the way to deliver the development requirement as set out in the strategy.

The new detailed plan shows how this borrowing can be undertaken sustainably and therefore protect the viability of the entire housing stock for at least the next thirty years.

#### Cost of Living and Universal Credit

Rent arrears remained stable again this year with a continuing strong performance in the collection of rent. STAR Housing teams work hard to support tenants in financial hardship and seek intervention where difficulties are identified.

#### Decarbonisation and Asset Quality

Shropshire Council has set an ambitious target of achieving zero net carbon emissions from its activities by 2030, STAR Housing wants all its homes to be a EPC C by 2030. There is a recognition that to achieve these goals, action is required on the retained housing stock. This brings with it significant financial and operational risks and uncertainties. The sector is only in recent years preparing for decarbonisation and there will be pressure on national and organisational funding, materials, strategy, skills, and national infrastructure to support these goals. The new HRA Business plan shows us that STAR Housing cannot fully meet the 2050 net zero targets without significant financial subsidy or innovation which is yet to be identified. However, a plan is being developed to invest in properties to move them to net zero by embracing new technologies and working as market leaders in this sector.

Utilising the Social Housing Decarbonisation Wave Funding to deliver retrofit energy improvement works to 111 homes under Wave 2.2, further funding of up to £9.4m has been secured via the Wave 3 programme that, subject to further analysis, could improve up to 980 homes rated EPC D and below and these works will commence during 2025/26.

STAR Housing have developed an incremental approach to retrofit targets, and this is centred around combining energy efficiency measures with planned programmes to ensure value for money. Work has commenced on 1853 homes that are currently below EPC C. Confidence levels are high that the minimum EPC target of C by 2030 will be reached as the Company's internal target is to achieve this by 2029.

Despite challenges, service delivery is approached and planned to maximise the sustainability of homes. All new homes in the Company's current development programme will have air source



## Shropshire Towns and Rural Housing Limited

### Financial Statements 2024/25

heat pumps and other energy efficiency options are being explored and evaluated to determine the potential benefit and affordability on future schemes.

#### Social Housing Regulatory Environment

The sector continues to see changes in regulation and requirements as the new Government works to deliver overall reform. The reform is positive in terms of delivering better outcomes for social housing but brings with it a range of responsibilities and challenges in terms of implementation. STAR Housing will be ready to deliver the requirements of Awaab's Law in the Autumn of 2025 and expects to see continued strengthening of consumer regulation and data transparency requirement from the Regulator of Social Housing. The transformation work that STAR Housing is delivering across all business areas will ensure the delivery of these important changes.

#### **Future Plans**

STAR will continue its ambitious transformation journey during 2025/26 by continuing to deliver the objectives set out in the Corporate Plan and the eight associated strategies as listed below:

- Homes and Asset Management Strategy
- Customer Strategy
- Customer Engagement Strategy
- Development and Investment Strategy
- Finance, Governance & Risk Strategy
- IT and Business Transformation (including data integrity)
- Neighbourhood and Community Strategy
- People Strategy

2025/26 will see the delivery of Phase Two of the Housing Management System upgrade which will include a new self-service portal for customers. We will also be undertaking a two day, 'Big Check-In' door knock event which will see all available colleagues from across the Company visiting customers to 'check in' and ensure their details are up to date and correct on the new system. We will also develop an AI and automation implementation plan to ensure STAR Housing is maximising the benefits that new technologies have to offer.

These activities will continue to strengthen STAR Housing's ability to deliver the best services possible for our residents and stakeholders, and to ensure we are best prepared to respond to emerging challenges as we continue to focus on future initiatives.

#### **Tax and Retirement Benefit Obligations**



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HMRC has confirmed that the activities and transactions between Shropshire Council and STAR Housing, which is a wholly owned subsidiary of Shropshire Council, do not amount to trading and as such any surpluses in respect of these activities are not taxable nor any losses relieviable for corporation tax purposes. It follows that taxable profits or losses should only arise on activities carried out with external organisations. The Community Alarm Service is the only activity carried out by the Company which relates to transactions with external parties and any surplus made in this accounting period can be off set against losses carried forward from prior years.

The Company uses an independent actuary (Mercer Limited) to assess annually the pension scheme obligations and plan assets. On 27th February 2023, the Board approved the actuary's recommended increase in employer's contribution rate from 18% to 19.2% from 1 April 2023 following the latest triennial valuation that was undertaken during 2022/23. This rate will apply for 3 years until March 2026. On 31<sup>st</sup> March 2025, the pension fund was in surplus by £4.085m. The recognition of pension surplus is a complicated issue, affected by the applicable accounting standard, the nature of the employer and their participation in the fund. Following consideration of calculations performed to determine economic benefit available to the company, a judgement was reached that no such benefit exists and therefore an asset ceiling has been applied.

**Approval**

The Strategic Report was approved and authorised for issue under delegated authority by the Board on 16/12/2025

*Anthony William Deakin*

Anthony Deakin  
Chair



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#### **DIRECTORS' REPORT**

##### **Board Structure**

The Board structure comprises of ten members drawn from constituent groups of tenant representatives (three), Council appointees (two), and independents (five). The Board is supported by two co-opted members who participate at Board and sub-Committee meetings in an advisory capacity but have no voting rights.

##### **Strategic Impact**

In 2024/25, STAR continued to deliver on its mission to invest in communities, provide the best customer experience, and build and maintain safe, good quality, and sustainable homes. Our strategic vision is underpinned by a commitment to empowering both our communities and our people, while ensuring every decision delivers value for money and accountability.

This year, the Board approved a refreshed Corporate Plan and a suite of eight accompanying strategies that set a clear direction for the organisation's long-term goals. A key milestone was the endorsement of the Housing Revenue Account (HRA) 30-year business plan, which secured a £52 million increase in the funding envelope—enabling investment in over 500 new homes over the next five years and significantly strengthening our capacity to meet housing demand.

To support delivery and manage organisational risk, the Strategic Risk Register was regularly reviewed and updated, ensuring STAR remains resilient and responsive to emerging challenges. The Board also approved the purchase of 24 new-build homes, contributing to our growth ambitions and expanding our housing offer.

In addition, STAR successfully bid for and secured a significant award of the Governments Wave 3 funding, which will accelerate the retrofit work to achieve EPC C for all homes by 2030. Recognising the urgent need for temporary accommodation, the Board gave approval to build, refurbish or acquire a range of homes specifically for this purpose, ensuring vulnerable households have access to safe and secure housing. Operational efficiency was further enhanced through the approval of major new contracts for materials and fleet vehicle supply, which will improve service delivery and better support frontline teams.

These principal decisions reflect the Board's unwavering focus on strategic investment, community empowerment, and operational excellence. They demonstrate how STAR's values—customer focus, quality, empowerment, value for money, and accountability—are embedded in every aspect of our work and continue to shape a better future for the communities we serve.

##### **Working for the Company**

Staff numbers have increased from 147 FTEs to 157 FTEs during 2024/25. We value our colleagues and recognise the need and benefits of good internal communication. We reviewed the effectiveness of the existing colleague's forum leading to the creation of two new colleague forum groups. One forum group consists of colleagues drawn from employees in the repairs service and the other drawn from all other areas within the Company. The forums meet a minimum of quarterly





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to discuss issues raised by colleagues. Members of the Senior Management Team can be invited to attend a forum to contribute or respond to specific matters, as necessary.

We continued to hold an annual series of whole colleague briefings to improve communication and engagement with colleagues and are committed to delivering a weekly Director's e-newsletter, sharing news from the week and upcoming plans. Building on the success of last year's whole colleagues' Corporate Away day we will be repeating the exercise this summer to bring together all colleagues in an event focussed on successful teamwork.

Following the introduction of the Talent Management Policy, set clear annual objectives have been introduced for all colleagues to ensure the effective implementation of our performance management framework which includes Annual Performance Appraisals, Development Planning, Talent Mapping and Succession Planning. Learning and development activities are promoted through an Annual Performance Appraisal process. Training needs are identified in light of legislative changes, service demands and through one-to-one and performance review meetings between colleagues and their line manager. In addition to formal external training courses and seminars, internal training events are arranged where appropriate. Our training budget is now centralised so that we may better coordinate our training offer and deliver to maximum effect. We encourage colleagues to consider secondment opportunities within the business allowing them to expand on their current skills sets.

Investment in the new HR & Payroll system has brought about several improvements for our colleagues including but not limited to, simplifying processes surrounding pay and accessing payslips, time recording, absence management and recruitment.

The Company continues to operate a hybrid model of office and remote working. Colleagues are required to attend the office at least three times per week. Allocating sufficient designated "hot desks" in our modern office accommodation supports this approach. Steps have been taken to repurpose the use of our office bases in the north and south of the County into 'hubs' for remote workers, a key driver being a One Team approach encouraging teams to come together centrally more frequently. We believe that working face to face collaboratively in the office space enhances team working, productivity and ultimately brings a sense of being connected, a feeling of belonging and an overall enhancement to well-being.

#### **Insurance**

The Company has independent insurance for Directors' and Officers' Liability and this cover was in place throughout the 2024/25 financial year and remains in place at the signing date of these financial statements. Other insurance policies are arranged through Shropshire Council.

#### **Directors' Responsibilities Statement**

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.



## Shropshire Towns and Rural Housing Limited

### Financial Statements 2024/25

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records 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 enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

#### **Declaration of Members' Interest**

All Directors have signed a declaration of Board Members' Interest and there are no matters to report.

#### **Directors' Remuneration**

The post of Chair is eligible to receive annual remuneration payments of £4,000 and the Vice Chair, Tenants and Independents are eligible to receive £1,500. Payments were recognised in the 2024/25 financial statements in regard of this. Full payment was not made during the year as some Directors did not take payment.

#### **Disclosure of information to Auditors**

The Directors confirm that:

- i) so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- ii) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Auditor**



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A resolution to appoint the Company's auditor for the 2023/24 to 2026/27 financial years was put to the Board at the Annual General Meeting on 12<sup>th</sup> October 2023 and passed.

#### **Approval**

The Directors' Report was approved and authorised for issue under delegated authority by the Board on 16/12/2025

*Anthony William Deakin*

Anthony Deakin  
Chair



## Shropshire Towns and Rural Housing Limited

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## STATEMENT OF INTERNAL CONTROL

### Internal Control

The governance framework comprises the systems, processes, and internal controls in place to give assurance to the Board, Shropshire Council, and the tenants of Shropshire Council homes that the Company is fulfilling the requirements of the Management Agreement, complying with the Articles of Association, and meeting the Company's aims and objectives.

The system of internal control is intended to manage risk to a reasonable level. It cannot give absolute assurance that the objectives of the Company will be met. The key systems of internal control in operation comprise of the following:

### Corporate Governance

The Board is responsible for the business of the Company subject to compliance with the provisions of the Companies Act 2006 and the Articles of Association for STAR Housing.

The Board comprises of eight members including representatives from tenants, Shropshire Council elected Members and officers, and independent members. The Board is supported by four co-opted members who act in an advisory capacity with no voting rights.

The Board meet quarterly in addition to the Annual General Meeting (AGM). The Board is supported by four sub-committees:

- Finance, Audit & Risk
- Development, Sustainability and Strategic Investment
- Customer Committee
- HR and Remuneration Committee.

Each sub-committee comprises Members of the Board and Coopted Members and meet on at least four occasions during the year. Sub-committees have delegated powers relevant to their specific terms of reference and report to the Board. The main Board meets in person with sub committees meeting virtually.

### Review of Board Governance and internal audit

STAR housing has commissioned an external company to conduct a review of Board effectiveness which will consider the skills set of the existing board members to identify any gaps which may need addressing.



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Shropshire Council's internal audit department continued to conduct the Internal Audit programme during 2024/25 with some more specialist audits in the areas of Health and Safety and stock condition being commissioned from specialist providers.

#### **Asset Assurance Board**

The Asset Assurance Board was established by Shropshire Council on 1st October 2015 to oversee the activities of the Company. The Board is comprised of Council elected members including the relevant Portfolio Holder, the Assistant Director of Homes and Communities and representatives of the Council's finance, legal, and housing services. The Company is represented by the Chair of the Board, the Managing Director the Corporate Director and the Operations Director. The Asset Assurance Board meets on four occasions during the annual cycle and considers reports on the strategic and performance management of the Company to seek assurance that the key objectives are being delivered and align with the Council's priorities.

In addition to the Asset Assurance Board meetings, quarterly "Client" meetings between officers of the Council and senior employees of the Company are held to review performance data and discuss current and emerging issues relevant to the Company's activities.

The council recently commissioned a review of the governance arrangements for the Company and is developing an action plan to make improvements.

#### **Business Plan**

As a Council owned company, our objectives are strongly aligned to the Council's Housing Strategy and its strategic priorities. Our vision, and key areas of focus are set out in our Corporate Plan 2024 to 2027, which was considered and approved by the Board in June 2024.

The Company's objectives reflect a balanced approach focused on driving efficiency and high performance whilst delivering quality homes and services to our tenants and the communities we work in.

The eight strategy documents which support the Corporate Plan detail the key programmes for delivery across the plan period and these are shared with the Council and the Asset Assurance Board. The plan is monitored monthly by managers and reported quarterly to the Board. This approach is a key driver in helping to ensure we maintain continuous improvement of our services.

#### **Senior Management Team**

Day to day management of the Company is delivered under the direction of the seven members of the Senior Management Team (SMT). This Management Team includes suitably qualified and



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experienced staff with relevant specialised skills and knowledge to the key operational activities of the Company. SMT meets monthly and is responsible for operational and risk management.

Members of SMT have completed declarations of related party relationships. There are no matters to report.

#### **Risk Assessment and Risk Management**

The Company places high importance on the identification, monitoring and control of risk. Risk management is reviewed on a regular basis by the Board, the Finance, Audit and Risk sub-committee and by the Senior Management Team. The Opportunity Risk Strategy sets out the Company's approach to risk management and was formally adopted by the Board in March 2013. This is in the process of being refreshed and a new Risk Management and Business Continuity approach will be launched during 2025.

The Board has a fundamental role to play in overseeing the management of risk in corporate activity. They approve major decisions affecting the Company's risk exposure and monitor the management of significant risks. They also satisfy themselves that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.

The Finance, Audit and Risk Committee receives the annual review of Risk Management carried out by Internal Audit and formally reviews the Company's risk registers. Their responsibility is also to ensure that there is a robust and efficient Risk Management process in operation across the Company.

Senior managers have responsibility to maintain risk registers for their service areas and identify risks that should be included in the Company's strategic risk register. Managers also have responsibility to ensure that risks are being allocated to appropriate risk owners and are managed accordingly.

#### **Audit**

The activities of the Company are subject to review by external and internal auditors. The Finance, Audit and Risk Committee approve the annual audit plans and receive internal audit reports. During 2024/25 the internal audit plan included twenty key service areas for review. STAR worked with the auditors to review and rewrite the Terms of Reference for each internal audit to ensure the highest levels of probity. Of the twenty reviews undertaken, reports have been received for eighteen and the outcomes were as follows: three were assessed as having a "Substantial" level of assurance, eight were "Good" or "Reasonable", two were "Limited/Partial" and four were assessed as



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“Unsatisfactory.” This resulted in an overall “Limited” assurance and a total of 104 recommendations were made and accepted by management.

Assessment of related party relationships has been made by Grant Thornton, Auditors. There are no matters to report.

#### **Performance Management**

The Company monitors performance against a number of indicators and formal performance reports are produced on a quarterly basis for a range of audiences including the Board, senior management, the Asset Assurance Board, and our tenants. Wherever performance falls below targets managers are required to explain the cause and, if necessary, identify plans to meet the required standards. Formal reports comprise of the following:

The Board receive quarterly reports by exception that include the Management Agreement indicators and other performance data.

The Management Agreement currently identifies thirty-one performance indicators that report on the main business critical activities and aspirational improvement. Performance against these indicators, together with the annual action plan progress report, details of complaints received, and a capital monitoring report are provided to the Council’s Asset Assurance Board to give an overview of the Company’s performance.

A subset of our performance indicators most relevant to our customers are published each quarter on the Company’s website.

The reporting of Tenant Satisfaction Measure Survey outcomes are also presented as soon as they are produced.

#### **Financial Control and Budget Management**

The Company has sound financial management policies in order to ensure that proper safeguards and controls are in place to manage money and assets. At the heart of this sits the Financial Rules which set out the financial policies of the Company.

The Financial Rules provide the framework for managing the Company’s financial affairs and were approved by the Board in March 2013. The rules are subject to regular review and minor amendments have been reported to the Board since that time. The rules were updated in June 2021 to reflect the change of job title for senior staff members. They apply to every Board Member, Committee and employee of the Company and anyone acting on behalf of the Company. The rules identify the financial responsibilities of the Board, its Committees, Directors, and staff members. In



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May 2023 a revised Scheme of Delegation (SODA) was approved by Board to simplify the understanding of escalation and approval procedures.

The Financial Rules provide guidance on financial management and control, financial planning, risk management and control of resources, systems and procedures and external arrangements. As the business transforms, the Financial Rules along with the SODA and the Contract Procurement Rules will be reviewed for relevance and suitability during 2024/25.

#### **Budgetary Control and Reporting**

Monthly budget monitoring reports are prepared for Company managers and regular meetings are held with budget holders to monitor income and expenditure, forecast trends and outturn projections and identify potential pressures or underspending. Where a significant budgetary variance is identified the responsible manager will meet with the finance team to identify corrective action.

The Company maintains flexibility with its financial resources and the Financial Rules and SODA permit virements between budget heads to enable the redirection of resources in light of emerging pressures or opportunities.

Financial monitoring and update reports are presented to the Finance, Audit and Risk committee and the Board on a quarterly basis.

#### **Service Level Agreements**

Where the scale of business or other operational considerations do not justify the Company directly employing specialist staff, a number of support functions are purchased from external suppliers. During 2024/25 most of these services were provided by Shropshire Council under various Service Level Agreements (SLAs). In addition to the terms stated in these SLAs, the Company places a level of assurance on the systems of internal control in place within the Council in respect of these services. Our internal audit service is provided by the Council's Internal Audit Team, and it is anticipated that any significant control weakness identified by them in services provided to the Company would be brought to our attention subject to client confidentiality.

#### **Policies and Procedures**

The Company's practices and activities are defined in its policies and procedures. These documents ensure that appropriate control and guidance is available to the Board, staff and contractors when undertaking the business of the Company. Policies and procedures are subject to approval of either the Board or delegated authority to a sub-committee, SMT or nominated employee.





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All policies and procedures are available to Board Members and staff on the Company's intranet. In addition, relevant policies are published on the Company's website.



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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHROPSHIRE TOWNS AND RURAL HOUSING**

#### **Opinion**

We have audited the financial statements of Shropshire Towns and Rural Housing 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 equity, the statement of cash flows and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

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;
- the financial statements have been properly prepared in accordance with UK-adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence



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obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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 other information comprises the information included in the directors' report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the directors' report and financial statements. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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



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- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matter on which we are required to report under the Companies Act 2006**

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 strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 22 and 23, 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.



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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006 and International Financial Reporting Standards (IFRSs).
- We understood how the company is complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes, and through our legal and professional expenses review.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud
  - Challenging assumptions and judgments made by management in its significant accounting policies
  - Identifying and testing journal entries
  - Identifying and testing related party transactions
  - Inspecting the board minutes
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;



## Shropshire Towns and Rural Housing Limited

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- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
  - Knowledge of the industry in which the company operates, and
  - Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The company's operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
  - The company's control environment, including
    - 📖 Management's knowledge of relevant laws and regulations and how the company is complying with those laws and regulations
    - 📖 The adequacy of procedures for authorisation of transactions and review of management accounts, and
    - 📖 Procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



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### Use of our 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. 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.

*Jim McLarnon*

Jim McLarnon ACA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham  
Date: 16/12/2025



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**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 March 2025

Total Comprehensive income and expenditure is from continuing activities.

	Notes	2024/25 £000	Restated 2023/24 £000
Revenue	2	10,403	9,663
Other income	2	15,325	15,646
<b>Total revenue</b>	<b>2</b>	<b>25,728</b>	<b>25,310</b>
Employee benefits expenses	17	(7,354)	(7,679)
Depreciation & amortisation expenses	5 & 6	(117)	(37)
Other expenses	3	(18,839)	(20,328)
<b>Total expenses</b>		<b>(26,310)</b>	<b>(28,043)</b>
<b>Operating Loss</b>		<b>(582)</b>	<b>(2,734)</b>
Finance costs	10	(103)	(70)
Finance income	20	0	181
<b>Loss before tax</b>		<b>(685)</b>	<b>(2,623)</b>
Taxation	11	0	0
<b>Loss for the year</b>		<b>(685)</b>	<b>(2,623)</b>
<b>Other Comprehensive Income</b>			
Remeasurement of pension assets and liabilities	18	(0)	1,138
<b>Total Comprehensive Loss for the year</b>		<b>(685)</b>	<b>(1,484)</b>

The notes to the Accounts form part of these Financial Statements.





## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

**STATEMENT OF FINANCIAL POSITION**

as at 31 March 2025

	Notes	2025 £000	2024 £000
<b>Assets</b>			
<u>Non-Current</u>			
Property, plant, and equipment	5	46	51
Finance lease receivables	6	599	0
Non-current Assets		645	51
<u>Current</u>			
Inventories		69	40
Trade and other receivables	7	5,298	3,583
Cash and cash equivalent	8	2,237	2,774
Current Assets		7,604	6,397
<b>Total Assets</b>		<b>8,249</b>	<b>6,448</b>
<b>Equity and Liabilities</b>			
Equity	13	(2,788)	(3,472)
Total Equity		(2,788)	(3,472)
<b>Liabilities</b>			
<u>Non-current</u>			
Pension liability	18	(0)	(0)
Lease liabilities	21	(599)	(0)
Non-current Liabilities		(599)	(0)
<u>Current</u>			
Trade and other payables	9	(4,757)	(2,913)
Employee benefits accrual	17	(105)	(63)
Current Liabilities		(4,862)	(2,976)
Total Liabilities		(5,461)	(2,976)
<b>Total Equity and Liabilities</b>		<b>(8,249)</b>	<b>(6,448)</b>

The notes to the Accounts form part of these Financial Statements. Authorised for issue under delegated authority by the Board at its meeting on 13/10/2025.

*Anthony William Deakin*

Anthony Deakin, Chair

Date: 16/12/2025



## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 March 2025

**2024/25****Restated  
2023/24**

	<b>Notes</b>	<b>Retained Earnings £000</b>	<b>Total Equity £000</b>	<b>Retained Earnings £000</b>	<b>Total Equity £000</b>
<b>Balance at 1 April</b>		<b>3,471</b>	<b>3,471</b>	<b>4,955</b>	<b>4,955</b>
Loss for the year		(685)	(685)	(2,623)	(2,623)
<b><u>Other Comprehensive income</u></b>					
Remeasurement of pension assets and liabilities	18	0	0	1,138	1,138
<b>Total Comprehensive Expenditure for the year</b>			<b>(685)</b>		<b>1,484</b>
<b>Balance at 31 March</b>		<b>2,786</b>	<b>2,786</b>	<b>3,471</b>	<b>3,471</b>

The notes to the Accounts form part of these Financial Statements.



## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

**STATEMENT OF CASH FLOWS**

for the year ended 31 March 2025

			Restated
	Notes	2024/25 £000	2023/24 £000
<b>Cash flows from operating activities</b>			
Loss before tax		(685)	(2,623)
Adjustments (non-cash items)	12	117	37
Net changes in working capital	12	143	(928)
<b>Cash generated from operations</b>		<b>(425)</b>	<b>(3,514)</b>
<b>Cash flows from financing activities</b>			
Repayment of leasing liabilities	21	(104)	(24)
Interest paid	21	(0)	(0)
<b>Cash used in financing activities.</b>		<b>(104)</b>	<b>(24)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	5	(8)	(0)
Right of use asset	6	0	0
<b>Cash used in investing activities</b>		<b>(8)</b>	<b>0</b>
Net change in cash or cash equivalents		(537)	(3,538)
Cash and cash equivalents at the beginning of the year	8	2,774	6,310
<b>Cash and cash equivalents at year-end</b>	<b>8</b>	<b>2,237</b>	<b>2,772</b>



## Shropshire Towns and Rural Housing Limited

### Financial Statements 2024/25

\*It should be noted that the right-of-use asset addition was made in 2023/24. No adjustment is proposed for this.

The notes to the Accounts form part of these Financial Statements.



## Shropshire Towns and Rural Housing Limited

Financial Statements 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Summary of Accounting Policies

##### 1.1 Basis of Accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the UK, under the historical cost basis.

##### 1.2 Revenue and Other Income Recognition

Revenue is recognised when the amount and associated costs can be measured reliably net of VAT and as and when performance obligations are satisfied.

Revenue is measured at the fair value of consideration received or receivable for services provided by the Company and defined as the Service Fee in the Management Agreement.

Other income relates to grant funding, interest received, other income generating activities and the Works Fee defined in the Management Agreement and is recognised in the accounts on the same basis as revenue.

Grants income is recognised on receipt when the amount can be measured reliably. The Company ensures that it meets any conditions associated with the grant funding.

##### 1.3 Expenditure

Expenditure is recognised in the accounts upon receipt of goods or services when the associated costs can be measured reliably net of VAT.

##### 1.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

HMRC have confirmed that the activities and transactions between Shropshire Council and STAR Housing, which is a wholly owned subsidiary of Shropshire Council, do not amount to trading and as such any surpluses in respect of these activities are not taxable nor any losses relieviable for corporation tax purposes. Taxable profits or losses should only arise on activities carried out with external parties.

##### 1.5 Property, Plant and Equipment

Assets are recognised at acquisition cost (subject to a minimum level of £5,000) less subsequent depreciation and impairment losses. Any costs incurred that do not meet this criteria for capitalisation are expensed as incurred.

Assets are depreciated over their expected useful lives on a straight-line basis to write down the cost less the estimated residual value of the asset. There is nil charge in year of purchase. Asset groups are depreciated on the following basis:



## Shropshire Towns and Rural Housing Limited

### Financial Statements 2024/25

Motor Vehicles – 5 years  
Property and Plant – 5 years  
Equipment and IT – 3 years

Gains or losses arising on the disposal of assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within Other Income or Other Expenses.

#### 1.6 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires. Any gains and losses that arise on de-recognition of an asset are credited/debited to the Comprehensive Income and Expenditure Account.

Financial Assets and Liabilities are measured at amortised cost.

#### 1.7 Inventories

Inventories are stated at the lower of cost or Net Realisable Value and relate to van stocks for the STAR Maintenance Team.

#### 1.8 Trade and Other Receivables

All trade and other receivables are made based on normal credit terms and do not bear interest. The carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at the bank and in hand, and other short-term deposits held by the Company with maturities less than 3 months.

#### 1.10 Trade and other payables

Trade payables are recognised at amortised cost.

#### 1.11 Employee Benefits

Employee benefits such as wages, salaries, paid annual leave and sick leave are considered as an expense in the year in which the employee renders the service to the Company.

An accrual is made for the cost of holiday entitlement earned by employees but not taken before the year end, and which may be carried forward into the next financial year. These are



## Shropshire Towns and Rural Housing Limited

### Financial Statements 2024/25

included in current liabilities under "employee benefits accrual". An accrual is measured at the undiscounted amount that the company expects to pay because of the unused entitlement. Accruals are not made for costs in respect of outstanding car mileage claims.

Termination benefits are amounts payable because of a decision by the Company to terminate an employee's contract of employment before the normal retirement date. These costs are required to be recognised immediately in the provision of service.

#### 1.12 Intangible Assets

Intangible assets such as Computer Software which has been developed by STAR would be capitalised at the cost of acquisition and amortised on a straight-line basis over the estimated useful economic life of three years.

#### 1.13 Leases

The Company has a number of low value leases in respect of photocopying equipment.

On transition to IFRS 16 on 1<sup>st</sup> April 2019, leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases for low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. Payments made under these agreements are charged under other expenses in the Statement of Comprehensive Income.

The Company adopted the new accounting standard IFRS16 – Leases in 2019/20 which replaced IAS17 – Leases. The adoption of this new standard resulted in the Company recognising a right-of-use asset and related lease liability in the Statement of Financial Position in respect of our previous head office, Mount McKinley House.

The right-of-use asset has been measured at cost and depreciated on a straight-line basis from the lease commencement date to the end of the lease term.

On the Statement of Financial Position, right of use assets have been included under non-current assets and short-term liabilities have been included in trade and other payables and long-term lease liabilities under non-current liabilities.

#### 1.14 Estimation uncertainty

The Company operates a defined benefit pension scheme for its employees and the future obligations and asset returns are based on a number of estimates and assumptions.

In recognising these assets and liabilities, advice has been taken from specialist consultants in projecting benefits forward into the future and then adjusting them to current day values – the "financial assumptions" and estimating the probability of payments needing to be made – the "demographic assumptions."



## Shropshire Towns and Rural Housing Limited

### Financial Statements 2024/25

The assumptions used in the calculations were.

#### Financial assumptions

- Liability duration – as the fund is defined as a “mature fund” the duration of 20 years has been used.
- Discount rate – spot rates for future years are derived from a curve fitted to the yields on bonds having an AA rating from at least one of Moody’s and S&P Global Ratings
- Price Inflation – assumption has been derived from expected future CPI increases.
- Long term salary growth – based on long-term “real” salary inflation above CPI consistent with the last actuarial valuation undertaken in 2022.
- Increase in benefits – based on expected future CPI increases.

#### Demographic assumptions

- Mortality rates – base rates and future improvements are based on the latest Continuous Mortality Investigation (CMI) improvements model
- Early retirement rates
- Ill health retirements rates
- Ill health retirement mortality rates
- Withdrawal rates
- Rate of exchange of pension for cash
- Proportion married or civil partnerships & age of partner

The demographic assumptions above are viewed by the actuary as being consistent with the best estimate requirements of relevant accounting standards.

As at 31st March 2025 the Actuary’s valuation of the fund’s benefit obligation is £16.656m (31st March 2024 £17.958m) and plan assets are £20.741m (31st March 2024 £18.652m) giving a deficit of £0.000m (31st March 2024 £0.000m) after the impact of asset ceiling has been applied of £4.085m (31st March 2023 £0.694m).

We review the useful economic life of equipment and intangible assets and will base depreciation and amortisation charges on these assumptions.

#### 1.15 Pensions

The Company operates a defined benefit scheme, and the accounts are prepared in accordance with the requirements of IAS 19. This requires the net pension liability or asset to be disclosed on the Statement of Financial Position. The figures have been prepared using the projected unit actuarial cost method.

The pension’s liability has been determined using assumptions stated in note nineteen to these financial statements and scheme sensitivity calculations are also include in the note.





## Shropshire Towns and Rural Housing Limited

### Financial Statements 2024/25

#### 1.16 Going concern.

The financial statements have been prepared on a going concern basis. Forecast profile of income and expenditure for 2025/26 and a three-year budget presented to the FAR Committee on 20<sup>th</sup> February 2025 and subsequently the Board at the meeting on the 17<sup>th</sup> March 2025 indicate that, whilst pressure is evident in future years as a result of National Insurance cost increases, cash flows will be sufficient to meet all obligations as they become due. Service restructure work during 2025/26 will ensure that STAR is able to meet this pressure without the need to apply reserves.

The 10-year Management Agreement was approved for renewal at a meeting of Shropshire Council held on 12<sup>th</sup> May 2022 and the current Agreement runs for 10 years to 31<sup>st</sup> March 2033.

The payment of the Management Fee is made quarterly in advance and front loaded with 28% paid in quarter one and three further instalments of 24%. This payment profile helps ensure adequate cash flow is maintained throughout the year. Payment of the Works Fee can be made on an immediate basis if necessary for cash flow purposes.

The Directors have concluded that there is no material uncertainty over the company's ability to continue as a going concern.

#### 1.17 Key Judgements

The Company has responsibility to project manage the planned repairs and new building programmes for Council Homes. Where financial or operational benefits can be identified, contracts are issued in the name of STAR Housing and the Company recharges the Council full reimbursement of these costs under a Works Fee.

We have reviewed the amendments to IFRS15-Revenue from Contracts with Customers and we consider that the Company continues to be the principal in this arrangement.

## 2. **Revenue**

Income is derived wholly from within the United Kingdom from the Company's principal activity of housing management.

	<b>2024/25</b> <b>£000</b>	<b>2023/24</b> <b>£000</b>
Management Fee paid by Shropshire Council	10,403	9,663
<b>Other income</b>		
Community Alarms	121	129



## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

Intensive Housing Management Charge	536	481
Misc. income & recharges to SC Capital & Revenue	14,061	14,638
Grant income	606	399
	15,325	15,647
<b>Total revenue</b>	<b>25,728</b>	<b>25,310</b>

All grant income is in relation to Housing Floating Support which is received from Shropshire Council via the Sustain Contract.

**3. Other Expenses**

Other expenses comprise of:

	<b>2024/25</b>	<b>Restated</b>
	<b>£000</b>	<b>2023/24</b>
		<b>£000</b>
Management and Neighbourhoods	(2,336)	(1,753)
Repairs and Maintenance	(15,881)	(18,099)
Community Support Services	(621)	(475)
<b>Total other expenses</b>	<b>(18,839)</b>	<b>(20,328)</b>

**4. Auditor's Remuneration**

The operating loss is reported after Auditor's costs as follows:

	<b>2024/25</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Auditor's Remuneration - Statutory Audit	(38)	(36)
Auditor's Remuneration – Non-Audit Services	(1)	(1)
<b>Total Auditor Remuneration</b>	<b>(39)</b>	<b>(37)</b>

**5. Property, Plant and Equipment**



## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

The Company's property, plant and equipment comprised of machinery for the maintenance of grounds and cutting grass, machinery for cleaning guttering without the need for scaffolding and telephone systems purchased in respect of our offices in Oswestry and Shrewsbury. The telephone systems have now been fully depreciated. All other items of equipment, fittings and furniture were deemed to be immaterial.

	<b>2024/25</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Cost (brought forward) at 1 April	90	90
Additions	8	0
<b>Total cost</b>	<b>98</b>	<b>90</b>
<u>Depreciation</u>	<u><b>2024/25</b></u>	<u><b>2023/24</b></u>
	<u><b>£000</b></u>	<u><b>£000</b></u>
Accumulated depreciation 1 April	(39)	(26)
Charge for the year	(13)	(13)
<b>Total depreciation</b>	<b>(52)</b>	<b>(39)</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
<b>Carrying amount at 31 March</b>	<b>46</b>	<b>51</b>



## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

**6. Right of use assets**

The Company's right-of-use asset on the balance sheet comprises of the Lease Agreement for the Head Office (Mount McKinley). This is a 10-year lease starting in 2023. The lease standard (IFRS16) states that all leases which are not of low value and with a duration of more than 12 months should be capitalised, depreciated over the life of the lease and a corresponding asset and liability disclosed in the Statement of Financial Position.

	<b>2024/25</b>	<b>Restated</b>
	<b>£000</b>	<b>2023/24</b>
		<b>£000</b>
Cost (brought forward) at 1 April	0	240
Additions	703	0
Disposals	0	(240)
<b>Total cost</b>	<b>703</b>	<b>0</b>
<b>Depreciation</b>	<b>2024/25</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Accumulated depreciation 1 <sup>st</sup> April	(0)	(216)
Charge in the year	(104)	(24)
Depreciation on disposal	0	240
<b>Total depreciation</b>	<b>(104)</b>	<b>0</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
<b>Carrying amount at 31 March</b>	<b>599</b>	<b>0</b>

**7. Trade and Other Receivables**

	<b>31 March</b>	<b>31 March</b>
	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Sundry Debtors	313	91



## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

Amounts due from Shropshire Council	4,775	3,464
Payments in Advance	210	27
<b>Total trade and other receivables</b>	<b>5,298</b>	<b>3,583</b>

**8. Cash and Cash Equivalents**

	<b>31 March 2025 £</b>	<b>31 March 2024 £</b>
Bank current account	2,237	2,774
<b>Total cash and cash equivalents</b>	<b>2,237</b>	<b>2,774</b>

**9. Trade and Other Payables**

	<b>31 March 2025 £000</b>	<b>31 March 2024 £000</b>
Trade payables	(2,957)	(2,193)
Amount owed to Shropshire Council	(329)	(313)
Other Creditors (HMRC VAT)	(1,200)	(195)
Tax and Social Security	(142)	(117)
Other Creditor – LGPS Pension	(128)	(95)
<b>Total trade and other payables</b>	<b>(4,757)</b>	<b>(2,913)</b>

**10. Finance Cost**

	<b>2024/25 £000</b>	<b>2023/24 £000</b>
Interest on pension liabilities	(881)	(830)
Interest on pension plan assets	942	794
Pension administration expenses	(46)	(34)
Interest on asset ceiling	(34)	(0)



## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

Interest on leases	(0)	(0)
Asset ceiling	(84)	(0)
<b>Total finance cost</b>	<b>(103)</b>	<b>(70)</b>

**11. Taxation**

HMRC have confirmed that the activities and transactions between Shropshire Council and STAR Housing, which is a wholly owned subsidiary of Shropshire Council, do not amount to trading and as such any surpluses in respect of these activities are not taxable nor any losses relieviable for corporation tax purposes. It follows that taxable profits or losses should only arise on activities carried out with external organisations.

The Community Alarms Service is the only activity carried out by the Company which relates to transactions with external parties. Any surplus made in this accounting period for corporation tax purposes will be off set against losses carried forward from prior years.

**12. Cash Flow adjustments and changes in working capital**

	<b>2024/25</b>	<b>Restated</b>
<u>Adjustments (non-cash items)</u>	<b>£000</b>	<b>2023/24</b>
		<b>£000</b>
Depreciation & amortisation	117	37
Current service pension costs	(103)	27
Past service pension costs	0	0
Curtailment pension costs	0	0
Pension administration expenses	46	34
Net pension interest costs	(61)	36
Interest on asset ceiling	34	0
Asset ceiling	84	0
Lease Interest Costs	0	0
Prior Year non cashable adjustment	0	(97)
<b>Total adjustments</b>	<b>117</b>	<b>37</b>
	<b>2024/25</b>	<b>2023/24</b>
<u>Net changes in working capital</u>	<b>£000</b>	<b>£000</b>
Change in trade and other receivables	(1,715)	(903)



## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

Change in trade and other payables	1,844	(40)
Change in employee benefits accrual	42	(11)
Movement in Stock (Increase)	(28)	2
Change in lease payables	0	24
<b>Net changes in working capital</b>	<b>143</b>	<b>(928)</b>

**13. Equity/Reserves**

	<b>31 March 2025 £000</b>	<b>Restated 31 March 2024 £000</b>
1 April	(3,471)	(4,955)
<b>Equity 1 April</b>	<b>(3,471)</b>	<b>(4,955)</b>
Loss for the year	685	2,622
Remeasurement of pension assets & liabilities	(0)	(1,138)
<b>Total Comprehensive Loss for the year</b>	<b>685</b>	<b>1,484</b>
<b>Total equity 31 March</b>	<b>(2,786)</b>	<b>(3,471)</b>
<b>Analysis of Reserves</b>		
	<b>31 March 2025 £000</b>	<b>31 March 2024 £000</b>
Profit (usable)	(2,786)	(3,471)
Pension deficit (Note 18)	0	0
<b>31 March</b>	<b>(2,786)</b>	<b>(3,471)</b>



## Shropshire Towns and Rural Housing Limited

### Financial Statements 2024/25

Usable reserves are funds held which are available for reinvestment in the furtherance of the Company objectives. The pension deficit relates to the Company's retirement benefit obligations and is as calculated by the Actuary (see note 18).

#### 14. Related Party Transactions

STAR Housing is an Arms-Length Management Company wholly owned by Shropshire Council. The Company was established with no share capital and is limited by guarantee.

In the event that the Company is wound up, Shropshire Council undertakes to contribute such amounts as may be required for the payment of the debts and liabilities of the Company. After the satisfaction of all debts and liabilities, the remaining assets will be transferred to the Council's Housing Revenue Account.

The Council has delegated the responsibility for overseeing the management and maintenance of its Housing stock to STAR Housing in accordance with a Management Agreement with effect from 1<sup>st</sup> April 2013.

Details of the status of the company and the composition of the Board of Directors are given on page 1.

During the year, the Company charged the Council £24.724m (£24.140m in 2023/24). This included £10.403m (£9,663m in 2023/24) for the annual Management Fee and a further £14,061m (£14.638m in 2023/24) in respect of the Works Fee for planned works paid for by the Company on behalf of the Council. The Works Fee represents full recovery of direct expenditure incurred by the Company in payments to contractors undertaking works on the Council's planned repairs and new build programmes.

During the year, the Council charged the Company £0.912m (£0.887m in 2023/24) for goods and services including support services (SLA's), accommodation costs, IT equipment and telephony recharges.

The net balance owed to the Company by the Council at the end of the year is £4.446m (£3.151m in 2023/24). This amount is made up of £4.775m owed from Shropshire Council to STAR, and £0.329m owed by STAR to Shropshire Council. The balance is payable on normal commercial terms and does not bear any interest and the Company makes no bad debt provision in respect of this amount.

#### Transactions with key management personnel

Key management of the Company comprise of the Senior Management Team identified on page 1.

1. Key management personnel remuneration includes the following costs:





## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

	2024/25 £000	2023/24 £000
Wages and salaries	544	373
Social security cost	64	37
Pension cost	99	51
<b>Total</b>	<b>707</b>	<b>461</b>

Directors' remuneration

The Directors of the Company are identified on page 1. Salary costs during the reporting year are:

	2024/25 £000	2023/24 £000
Wages and salaries	14	6
<b>Total</b>	<b>14</b>	<b>6</b>

\*Note that Board and Committee members are not part of the pension scheme.

**15. Ultimate Parent Undertaking**

The company is a wholly owned subsidiary of Shropshire Council whose registered office is Shirehall, Abbey Foregate, Shrewsbury SY2 6ND and the accounts have been consolidated into the Council's financial statements.

**16. Employee Remuneration**

Expenses recognised for employee benefits are analysed as follows:

	2024/25 £000	2023/24 £000
Wages and salaries	5,353	4,696
Social security cost	534	454
Pension cost	892	758
	<b>6,779</b>	<b>5,908</b>
Agency Costs	575	1,771



## Shropshire Towns and Rural Housing Limited

## Financial Statements 2024/25

<b>Total</b>	<b>7,354</b>	<b>7,679</b>
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The average number of employees for the year was 173, compared to 150 in 2023/24.

In 2024/25 the 173 employees equated to an average number of full-time equivalents of 157. Analysis of the average number of full-time equivalent employees by operational area is as follows:

	<b>2024/25 Employees</b>	<b>2023/24 Employees</b>
Management and Neighbourhoods	47	46
Repairs and Maintenance	84	78
Community Support Services	26	23
<b>Total</b>	<b>157</b>	<b>147</b>

**17. Employee Related Benefits**

The current liabilities recognised for employee remuneration in the Statement of Financial Position consists of the following:

	<b>31 March 2025 £000</b>	<b>31 March 2024 £000</b>
Employee related benefit accruals	(105)	(63)

The accrual relates to untaken holiday entitlement as at 31 March 2025.

**18. Retirement Benefit Obligations**

The Company is a member of the Local Government Pension Scheme (LGPS) administered by Shropshire Council. This is a funded defined benefit scheme which provides index linked retirement benefits to employees who choose to join.

The scheme was opened on 1<sup>st</sup> April 2013 when employees of the Company transferred from Shropshire Council under Transfer of Undertakings (Protection of Employment) (TUPE). At the time of admission, the Company scheme was fully funded under the actuarial valuation assumptions made. The figures presented in these financial statements are reported under the requirements of IAS19, which are prepared on a different basis to the actuarial valuation.



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As at 31<sup>st</sup> March 2025 the Actuary's valuation of the fund's benefit obligation is £16.656m (31<sup>st</sup> March 2024 £17.958m) and plan assets is £20.741m (31<sup>st</sup> March 2024 £18.652m) giving a surplus / deficit of £0.000m (31<sup>st</sup> March 2024 £0.000m) after the impact of the asset ceiling adjustment of £4.085m (31<sup>st</sup> March 2024 £0.694m).

In addition to staff that joined the Company in April 2013 under TUPE transfer from Shropshire Council, the scheme is currently open to new employees. Employees and the Company pay contributions to the fund. A comprehensive actuarial valuation is undertaken every three years and the latest review was undertaken on 31<sup>st</sup> March 2023 by the actuary Mercer Limited. This resulted in the employer's rate increasing from 18.0% which had applied since April 2020, to 19.2% from April 2023. Employees contribute variable rates which increase on banded salary ranges. At 31<sup>st</sup> March 2025 the scheme had 167 active members.

The decision of the Supreme Court on 27<sup>th</sup> June 2019 to deny the Government's request to appeal the McCloud judgement resulted in a potential increase in the pension liability for Local Government Pension Schemes. The McCloud judgment ruled that the transitional protections given to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination against those members who did not receive this protection.

The Government has accepted that remedies relating to the McCloud judgment are needed in relation to all public service pension schemes, and a consultation was published in July 2020 including a proposed remedy for the LGPS.

The key feature of the proposed remedy was to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and either remain active or left service after 1 April 2014 (including to those members who no longer has a benefit entitlement from the Fund).

The figures stated in our Actuary's valuation include an allowance for McCloud that is substantially in line with the above. There are some minor areas where their approach differs (principally in respect of members who left service after 1 April 2014), but other than in exceptional circumstances they would expect the impact of these minor proposed changes to be zero. Even where there would be minimal impact, an accurate assessment would be extremely difficult (if not impossible) due to lack of availability of data. It is therefore our view that no further adjustments are required in relation to McCloud.



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**Movements in the present value of the defined benefit obligation are as follows:**

	<b>2024/25</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Opening balance at 1 April	17,958	17,525
Current service cost	1,002	784
Interest cost on pension liabilities	881	830
Contributions by scheme participants	404	274
Re-measurements (liabilities):		
Experience (gain)/loss	(2)	110
(Gain)/loss on financial assumptions	(3,148)	(667)
(Gain)/loss on demographic assumptions	(57)	(192)
Curtailment	0	0
Benefits/transfers paid	(382)	(706)
<b>Closing balance at 31 March</b>	<b>16,656</b>	<b>17,958</b>

In June 2023, a High Court judgement in the case of Virgin Medial vs NTL Pension Trustees II Limited provided a ruling related to Section 37 of the Pension Scheme Act 1993 and changes to scheme rules. The scheme concerned is the LGPS as a whole, rather than any specific LGPS Fund. As such, any relevant changes and considerations would be overseen by Government rather than being addressed at individual fund level.

While HM Treasury are still assessing the implications, they do not believe that the case directly addresses whether actuarial certifications are required for relevant amendments to public service pension schemes (as the case in question deals specifically with private sector schemes). HMT state that relevant amendments to public service schemes would have been made by legislation. Consequently, the view of Mercer (provider of Actuarial Services) is that the general position in public law is that legislation remains valid until it is revoked or repealed by subsequent legislation, or, in the case of regulations, specifically declared void by a court. However, this view has not been confirmed from a legal standpoint and remains an area of uncertainty for the LGPS.

In June 2025, the Government issued a press release announcing its intention to introduce legislation in response to the 'section 37' matters arising from the Virgin Media legal decision. The press release notes that the legislation will "give affected schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards". No details were however provided, and there was no specific mention of the LGPS.



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Given the brief nature of the press release (and no follow-up comment from Government), the original uncertainty over the applicability of the ruling to the LGPS, and unknown impact if it were to be confirmed that amendments to the LGPS are required, no contingent liability is included in these Financial Statements.

**For determination of the pension obligation the following actuarial assumptions have been used:**

<u>Inflationary assumptions</u>	<b>2024/25 End of Period %</b>	<b>2023/24 Start of Period %</b>
Rate of inflation (CPI)	2.6	2.6
Rate of increase in salaries	3.85	3.85
Rate of increase in pensions	2.7	2.7
Discount Rate	5.9	4.9
<hr/>		
<u>Mortality assumptions:</u>	<b>2024/25 End of Period years</b>	<b>2023/24 Start of Period years</b>
Life expectancy for current pensioners aged 65:		
Men	21.8	21.8
Women	24.3	24.2
Life expectancy for future pensioners aged 65 in 20 years' time:		
Men	23.1	23.1
Women	26	26

The weighted average duration of the defined benefit obligation for LGPS Scheme Members is 20 years.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The estimations in the sensitivity analyses have followed the



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accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

**Sensitivity analysis of the scheme as at 31 March 2025 is as follows:**

	Central	Sensitivity y 1	Sensitivity y 2	Sensitivity y 3	Sensitivity 4	Sensitivity 5	
		+ 0.5% p.a. Discount rate	+ 0.25% p.a. Inflation rate	+ 0.25% p.a. Pay growth.	1 year increase in life expectancy	+/-1% change in 2024/25 investment returns	
	£000	£000	£000	£000	£000	£000	£000
						+1%	-1%
Liabilities	16,656	15,365	17,342	16,809	16,951	16,656	16,656
Assets	(20,741)	(20,741)	(20,741)	(20,741)	(20,741)	(20,954)	(20,528)
Deficit/(Surplus)	(4,085)	(5,376)	(3,399)	(3,932)	(3,790)	(4,298)	(3,872)
Projected service cost for next year	757	660	810	757	776	757	757
Projected net interest cost for next year	(274)	(379)	(233)	(265)	(256)	(287)	(261)

**Movements in the fair value of plan assets are as follows:**

	2024/25 £000	2023/24 £000
Opening balance at 1 April	18,652	16,387
Interest on plan assets	942	794
Re-measurements (assets)	66	1,180
Administration expenses	(46)	(34)
Employer contributions	1,105	757
Contributions by members	404	274
Settlements	0	0



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Benefits/transfers paid	(382)	(706)
<b>Closing balance at 31 March</b>	<b>20,741</b>	<b>18,652</b>

## Analysis of the plan assets is as follows:

	<b>31 March 2025 £000</b>	<b>31 March 2024 £000</b>
<u>Asset allocation</u>		
<u>Equities:</u>		
Global quoted	12,227	10,546
<u>Bonds:</u>		
Overseas - Global active investment grade	2,047	1,947
Overseas - Global fixed income		
Overseas - Global dynamic	740	774
Other class 2 - absolute return bonds	0	0
Property Funds	906	657
<u>Alternatives:</u>		
Private Equity	1,566	1,531
Infrastructure	1,222	1,164
Hedge Funds	873	785
Property Debt	89	190
Insurance Linked Securities	336	306
Private Debt	597	491
Cash accounts	137	261
<b>Total</b>	<b>20,741</b>	<b>18,652</b>

## Amounts included in the Statement of Financial Position in respect of the defined benefit scheme are as follows:

	<b>31 March 2025 £000</b>	<b>31 March 2024 £000</b>
Fair value of plan assets	20,741	18,652
Present value of funded obligation	(16,656)	(17,958)



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Impact of asset ceiling	(4,085)	(694)
<b>Deficit in scheme</b>	<b>0</b>	<b>0</b>
Amount reported in the Statement of Financial Position:		
	<b>31 March 2025</b>	<b>31 March 2024</b>
<u>Non-Current Liabilities</u>	<u>£000</u>	<u>£000</u>
Pension liability	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Amounts reported in the Statement of Changes in Equity in respect of the defined benefit scheme are as follows:

	<b>2024/25</b>	<b>Restated 2023/24</b>
	<b>£000</b>	<b>£000</b>
Implementation of asset ceiling	0	(1,138)
<u>Re-measurement (liabilities):</u>		
Experience Gain/(loss)	2	(110)
Gain/(loss) on financial assumptions	3,148	667
Gain/(loss) on demographic assumptions	57	192
Re-measurement (assets) gain/(loss)	66	1,180
Effect of asset ceiling	(3,357)	(694)
Total measurement (gain)/loss	84	(1,235)
<b>Actuarial gain/(loss) recognised in the Statement of Changes in Equity</b>	<b>0</b>	<b>(1,138)</b>

The Actuary's estimated employer's contribution for the year ended 31<sup>st</sup> March 2025 is £1.105m.

Amounts recognised in the Statement of Comprehensive Income in respect of the defined benefit scheme are as follows:

	<b>2024/25</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(1,002)	(784)





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Past service cost	0	0
Interest cost on pension liabilities	(881)	(830)
Interest on plan assets	942	794
Interest on asset ceiling	(34)	0
Administration expenses	(46)	(34)
Curtailment	0	0
<b>Total charged to the Statement of Comprehensive Income</b>	<b>(1,021)</b>	<b>(854)</b>

Current service costs and past service costs are recognised in Employee Benefit Expenses. Interest cost and administration expenses are recognised in Finance Costs.

## 19. Financial Instruments

### Assets

The table below analyses the Company's financial assets held for managing liquidity risk which are considered to be readily saleable or are expected to generate cash inflows to meet cash outflows on financial liabilities. The financial assets disclosed all fall within the amortised cost category.

	<b>Current</b>	<b>Long Term</b>	<b>Current</b>	<b>Long Term</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2025</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade and other receivables	5,088	0	3,555	0
Cash and cash equivalents	2,237	0	2,774	0
<b>Total</b>	<b>7,325</b>	<b>0</b>	<b>6,329</b>	<b>0</b>

### Liabilities

The table below analyses the Company's Current and Long-Term financial liabilities on a contractual gross undiscounted cash flow basis at the reporting date up to the contractual maturity date. Financial liabilities are all measured on an amortised cost basis.



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	Current	Long Term	Current	Long Term
	31 March	31 March	31 March	31 March
	2025	2025	2024	2024
	£000	£000	£000	£000
Trade and other payables	(3,287)	0	(2,506)	0
Employee benefits	(105)	0	(63)	0
<b>Total</b>	<b>(3,392)</b>	<b>0</b>	<b>(2,569)</b>	<b>0</b>

Cash Flow

The Company's primary source of revenue is Shropshire Council either through the Management Fee £10.403m (9.663m 2023/24), the Housing Service Support Service Grant £0.606m (£0.399m 2023/24), the intensive housing management fee £0.536m (£0.481m 2023/24) or the Works Fee £12.64m (£14.060m 2023/24). The Management Fee is fixed annually and paid quarterly in advance. The Works Fee is paid as the expenditure is incurred, and the Grant is paid in monthly instalments. The timing of these cash inflows ensures the Company can meet its financial obligations.

Credit and Liquidity Risk

The Company ensures that all liabilities are met as they fall due. As stated above the nature of cash inflows gives a safeguard that the Company is exposed to low credit and liquidity risk.

The Company is exposed to liquidity and credit risk principally in the event that the Council were to experience cash flow difficulties. However, based on the Council's own high credit rating this is assessed to be a very unlikely scenario of low risk.

Interest Rate Risk

The Company has no borrowing and no long-term investments. Short term deposits were limited to cash held at the bank and interest received from these short-term investments during 2023-24. During 2024-25 no cash balances were invested. We therefore consider that the Company is not exposed to interest rate risk.



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**20. Finance Income**

	<b>2024/25</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Interest income from cash and cash equivalents	0	181
<b>Total</b>	<b>0</b>	<b>181</b>

**21. Lease liabilities**

At 31<sup>st</sup> March 2025 the Company had a ten-year lease for its Head Office building Mount McKinley, in Shrewsbury. The future remaining minimum lease payments for this right-of-use asset are as follows:

	<b>Within 1</b>	<b>2 to 9</b>	<b>Total</b>
	<b>year</b>	<b>years</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Lease payments	71	528	599
Finance charges	0	0	0

Expenditure on right-of-use leases in the year totalled £0.104m. £0 interest was included in finance costs in the Statement of Comprehensive Income. Repayment of the principal balance of £0.104m was charged as a reduction in lease liabilities to the Statement of Financial Position.

In June 2025, STAR Housing will be moving from Mount McKinley to a new Head Office building, Ptarmigan House, on a new ten year lease period.

**Lease payments not recognised as a liability.**

The Company has elected not to recognise a lease liability for short term leases (leases of a term of less than 12 months) or for leases for low value assets. Payment made under such leases are expensed on a straight-line basis and the amount expended in 2024/25 was £0.004m. As at 31<sup>st</sup> March 2025 the Company was committed to short term leases and the total commitment at that date was £0.004m per annum.

**22. Post Reporting Date Events**

The move from Mount McKinley to Ptarmigan House in June 2025 will result in increased annual lease charges from £70,524 to £97,908, an increase of £27,384, which will be accounted for in FY25/26.



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23. Prior Period Adjustments

Prior period adjustments are explained below:

Implementation of the asset ceiling:

The asset ceiling has been applied to the LGPS defined benefit pension scheme. This adjustment ensures that the recognised pension asset does not exceed the present value of economic benefits available. It is necessary because although the scheme shows a surplus, the full amount cannot be accessed due to restrictions on recoverability. This treatment therefore maintains a fair and accurate representation of the financial position and avoids overstatement of assets. In 2023/24, this adjustment was incorrectly reflected within Retained Earnings; this has been corrected in the 2024/25 Financial Statements and is now presented as a remeasurement of pension assets and liabilities.

Correction of 2023/24 reserves adjustment:

When the asset ceiling was applied in 2023/24, it was initially reported at £1,235k rather than the correct amount of £1,138k. The £97k difference has now been adjusted, and the impact has been appropriately reflected in the Statement of Comprehensive Income for 2024/25.

	Financial Statement impacted	Value £000
<u>Implementation of the asset ceiling</u>		
Retained Earnings	Statement of Financial Position	1,138
Remeasurement of pension assets and liabilities	Statement of Changes in Equity	1,138
<u>Correction of 2023/24 reserves adjustment</u>		
Other Expenses	Statement of Comprehensive Income	97
Retained Earnings	Statement of Financial Position	97

