



ZEN HOUSING LTD ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

**FOR THE PERIOD FROM
1ST APRIL TO 31ST DECEMBER 2024**

COMPANY INFORMATION

DIRECTORS

O Ingram

D Mercer

L Seary

E Riddle

REGISTERED OFFICE

55 Loudoun Road
St John's Wood
London
NW8 0DL

COMPANY NUMBER

12534088

ACCOUNTANTS

MGR Weston Kay LLP
55 Loudoun Road
St John's Wood
London
NW8 0DL



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CHAIR'S STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2024

Zen Housing is a registered provider of social housing, dedicated to delivering and managing affordable rental tenures and shared ownership properties across Greater London, South East England, the East Midlands, and East Anglia. Our team and shareholders continue to share a unified vision: to provide sustainable, high-quality affordable housing that meets local housing needs and makes a lasting, positive contribution to communities.

During the year ending 31 December 2024, Zen remained focused on our strategic ambition to deliver 5,000 affordable housing units. We are pleased to report that we now own, manage, or have secured commitments to acquire over 1,000 affordable homes. This momentum reflects our disciplined approach to growth and reinforces our position as an emerging, purpose-driven Registered Provider.

Our growth has taken place in the context of significant sector-wide pressures. The acute housing crisis and rising cost of living continue to drive urgent demand for affordable, well-managed homes. At the same time, providers face growing regulatory scrutiny and increased expectations around building safety, decarbonisation, and transparency.

Zen is fully committed to meeting these expectations. All our developments achieve an EPC rating of at least B, and we have adopted the Sustainability Reporting Standard for Social Housing — a key step in demonstrating our long-term commitment to environmental responsibility, social impact, and transparent reporting.

Our developments are shaped by a core principle: quality must never be compromised. Even as we pursue growth, we remain dedicated to delivering and acquiring homes that meet the highest standards in design, build, and sustainability.

Looking ahead, we expect continued volatility in the macroeconomic environment, with mortgage rates remaining elevated. However, a modest downward trend observed during 2024 provides cautious optimism that interest rates may ease, improving affordability for first-time buyers and enabling more residents to progress through staircasing.

We believe these challenges also present opportunity. With government and private investment expected to increase in response to rising demand, Zen is well-positioned to continue scaling our impact while remaining true to our founding values: integrity, service, and sustainability.


LESLEY SEARY
20TH JUNE 2025



DIRECTORS' REPORT

The directors present their annual report and financial statements for the period ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is developing and operating social housing. It is expected such activities will continue.

Zen Housing Limited (Zen) is registered as a Registered Provider with the Regulator of Social Housing (RSH). As a result, the Company is able to acquire properties designated as affordable, including Shared Ownership, and properties which can be converted to affordable housing funded by government grants. This capability supports the delivery of much needed affordable accommodation across the UK.

DIVIDENDS

No dividends were distributed for the period ended 31 December 2024 (March 2024: Nil).

DIRECTORS

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

• O Ingram • L Seary • E Riddle

Other changes in directors holding office are as follows:

D Mercer resigned as a director on 24 March 2025, after the year end but prior to the date of this report.

S Pichugin was appointed as a director on 30 April 2025, after the year end but prior to the date of this report.

THE COMPANY'S MISSION

Zen was founded to address the critical shortage of affordable accommodation across the UK.

United by a shared vision, our team and shareholders are committed to providing long-term sustainable, high-quality housing that meets local needs and enriches communities. As a forward-thinking, customer-centric organisation, Zen strives to be recognised for its financial robustness and dedication to delivering exceptional housing solutions.

THE COMPANY'S CORE VALUES ARE:

Collaboration

We work closely with local authorities, developers and strategic partners to deliver innovative affordable housing solutions throughout England.

Sustainability

Commitment to sustainability extends throughout our entire business, including the adoption of the Sustainability Reporting Standard (SRS) for Social Housing

Setting the standard

We aspire to achieve the highest standards in every aspect of the homes we deliver. From the partners we work with to our focus on delivering the highest levels of governance our objective is to set new standards across the business.

Equality & Diversity

We celebrate individuality, embrace diversity, and prioritise equality to create inclusive, high-quality services and communities.

During the reporting period, Zen entered into agreements with reputable housebuilders to deliver a further 1,000 affordable homes, of which 257 are scheduled to hand over in 2025.

Zen remains focused on its objective to deliver affordable housing, expects to have invested in 3,000 homes by the end of 2025, and continues to progress towards its overall target of delivering 5,000 homes.

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

In meeting its long-term objectives, the Directors of Zen have considered the principal risks and uncertainties that could impact the Company. Management continually monitors the key risks facing Zen together with assessing the controls used for managing these risks.

Zen's risk management framework focuses on identification, assessment and ongoing monitoring of risk to ensure each underlying risk is managed effectively. The board of directors formally reviews (on a quarterly basis) and documents the principal risks to the business activities.

The principal risks and uncertainties Zen may face are as follows:

Cost of Living crisis

The cost-of-living crisis continued to exert upward pressure on inflation and energy costs during the year, potentially impacting our residents' ability to afford housing. This situation could lead to an increase in unsold properties and heightened bad debt risks. We are implementing strategic measures to monitor and mitigate these effects actively.

Inaccuracies in Financial Modelling and Assumptions

There is a risk that inaccuracies in our financial modelling assumptions may arise. Should these assumptions prove incorrect, it could result in costs that are higher than anticipated, adversely affecting our financial stability and strategic goals. To mitigate this risk, we frequently update our financial models to reflect current market conditions and incorporate insights from industry experts.

Regulatory Compliance

As the Company's services are regulated by the RSH, we undertake regular Regulatory Compliance checks to ensure Compliance with the Regulatory Standards.

Inflation

due to recent elevated rates of inflation, the impact on the Company's operational costs, especially on the rental tenures, including labour and materials, is significant. This inflationary environment necessitates revisions to our financial planning and budgeting processes to ensure sustainability and operational efficacy.

Consumer Regulation

Following the Social Housing (Regulation) Act 2023 and the publication of new consumer standards during 2024, the Board has worked with external advisers throughout the year to ensure full compliance.

The Company has made significant progress in preparing for the new regulatory regime. Implementation of these requirements is ongoing, and Zen continues to monitor compliance as the new regime becomes fully operational in 2025.

Health and Safety

In response to recent regulatory updates in 2024, which have introduced stricter fire safety standards and enhanced monitoring and enforcement measures, Zen are fully committed to prioritising the safety of our residents in their homes.

Our team and advisors are actively reviewing these changes to ensure our practices not only comply with the latest safety protocols and legal obligations but also go beyond compliance requirements to uphold the highest standards of safety.

Zen is focused on providing a secure living environment, continuously seeking ways to strengthen our health and safety measures to protect our residents.

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE AND REGULATORY COMPLIANCE

As part of the Company's governance framework, the Company operated throughout the period ended 31 December 2024 in accordance with the 2015 National Housing Federation Code of Governance and was fully compliant with that Code during the period.

Since the period end, the Zen Board has adopted the BPF 2024 Code of Governance. As at the date of signing these Financial Statements, the Company is compliant with all key requirements of the new Code, with a small number of areas identified for further enhancement. Full compliance with all aspects of the BPF Code is expected to be achieved by the end of 2025.

Zen is a profit-making registered provider of social housing. As a registered provider, the Company is required to comply with the Economic and Consumer Standards as set by RSH.

The Company works with its advisers to ensure compliance with all the requirements. In the short term, the Board is particularly focused on strengthening the approach to the new Consumer Standards.

As part of its regulatory obligations, the Company has submitted its third annual Statistical Data Return to RSH. The Company owned 24 shared ownership units which have all been sold, by way of first tranche, as at the period ending 31 December 2024.

VALUE FOR MONEY

Introduction:

At Zen, our commitment to delivering Value for Money ("VfM") is reflected in our focus on providing high-quality homes and services with maximum efficiency. Our goal is to make the most effective use of rental income while addressing the needs of our customers and stakeholders. To achieve VfM, we maintain a strategic balance between minimising costs, optimising efficiency, maximising enterprise value, and achieving sustainable, positive outcomes.

Our approach to VfM involves leveraging our resources and assets to deliver on our strategic objectives, as detailed in our Business Plan and Strategy. This plan underscores the importance of ongoing investment in improving services, which not only enhances customer satisfaction but also leads to recurring cost savings.

Maintaining a continuous focus on VfM is essential for the successful execution of our goals. By prioritising careful allocation of resources and targeted investments, we ensure operational efficiency and long-term sustainability, driving the success of Zen.

DIRECTORS' REPORT

(CONTINUED)

VALUE FOR MONEY STRATEGY

In January 2024, the Board approved Zen’s Value for Money Strategy 2024-2027 with four key objectives:

STRATEGIC TARGETS	VFM METRIC(S)	2024-2027 VFM TARGET
Scaling and Property Acquisition	- Reinvestment % - New supply delivered	- With a strong growth agenda for the current business plan period, Zen aims to scale substantially throughout 2025 and 2026. Zen will aim to reinvest its First Tranche Sales to achieve the scaling goal. - In light of our growth aspirations, our goal is to position ourselves within the top quartile of our sector in terms of the number of social units delivered.
Financial strength and sustainability	- Operating Margin (social housing) % - Operating Margin (overall) % - EBITDA MRI interest cover % - Gearing % - ROCE %	- Considering that Zen is at its scaling and growth stage, most of the emphasis will be made on achieving that objective. - Zen will maintain at least 18 months liquidity and will have sufficient working capital to ensure smooth operation. - Zen will aim to outperform the sector average financial performance over the next 3 years.
Development and Operations	We will seek VfM in the appointment and management of designers, architects, planning consultants and managing agents.	Zen will endeavour to tender its required services in accordance with the procurement policy.
Customer satisfaction and engagement	- Customer satisfaction - Headline social housing cost per unit (£)	- 85% customer satisfaction with services provided. - Headline social housing cost per unit, lower than the sector median (£5.8k – 2024 Global Accounts) by year three. The Board recognise that the start-up costs associated with a new RP are likely to disproportionately add costs in the initial years.

The RSH has defined seven VfM metrics for Registered Providers to measure against, and these are the main elements of our VfM reporting and analysis, which allow us to compare across other Registered Providers, and against our own performance.

DIRECTORS' REPORT

(CONTINUED)

METRIC 1: REINVESTMENT (%)

This metric assesses fixed asset investment in both existing properties and new supply as a percentage of the total property portfolio.

For the period ended 31 December 2024, Zen did not acquire or develop any units or carry out works to existing stock, resulting in a metric of 0%.

To date, Zen has invested £5.4 million into newly built affordable housing. With strong growth ambitions, performance against this metric is expected to exceed the sector median of 7.7% in future financial years as development activity progresses.

METRIC 2A: NEW SUPPLY DELIVERED – SOCIAL (%)

This metric measures the number of new housing units acquired or developed during the year as a proportion of total units owned at year-end. For the reporting period, the metric is 0%, reflecting the timing of development activity. Zen expects to deliver additional affordable homes in 2025 as part of its growth strategy, with the aim of achieving an above-average development ratio as new schemes complete.

METRIC 2B: NEW SUPPLY DELIVERED – NON-SOCIAL (%)

Zen has no Non-Social Housing homes within its portfolio and expects to continue to invest in only affordable housing. The ratio for this metric is therefore 0%.

METRIC 3: GEARING

As at 31 December 2024, the Company's gearing was 231%. Zen's debt relates entirely to a long-term Shareholder loan and an interest free Shareholder loan.

The Board is satisfied with performance against this metric and that financial gearing levels are appropriate to protect the long-term financial viability of the Company, especially as Zen continues to grow its housing portfolio.

Zen will ensure that future levels of interest and covenant requirements of any debt do not put the business at excessive financial viability risk.

METRIC 4: EBITDA MRI - INTEREST COVER (%)

This metric measures the level of surplus generated relative to interest payable and is a key indicator of liquidity and investment capacity.

For the financial period, the Company reported a negative EBITDA of £433,510, with interest payable and financing costs of £237,396, primarily relating to the shareholder loan facility.

This results in an EBITDA to Interest Cover ratio of (182.61)%, which is below the sector median of 122%. The negative ratio reflects Zen's current growth phase, with significant investment in development activity ahead of generating stable operating income.

As the portfolio matures and income-generating assets increase, the position is expected to improve.

DIRECTORS' REPORT

(CONTINUED)

METRIC 5: HEADLINE SOCIAL HOUSING COST PER UNIT (£)

The headline social housing cost per unit, calculated in line with the Regulator's definition, is £26,222 for this nine-month reporting period, which is above the sector median. This reflects Zen's early stage of growth, where the majority of investment remains in development, with a limited number of completed and occupied homes. As the portfolio grows, with new shared ownership properties coming into management, costs are expected to remain elevated in the short term before reducing as the portfolio stabilises, occupancy increases, and economies of scale are achieved.

METRIC 6A: OPERATING MARGIN - SOCIAL HOUSING LETTINGS (%)

For this financial period, the Company had turnover of £0.50mn from shared ownership sales and rental income and an operating deficit of £0.433mn. This resulted in an Operating margin from social housing lettings of (86.33)%.

METRIC 6B: OPERATING MARGIN - OVERALL (%)

The overall operating margin for the Company was (86.33)% which is below the peer average of 18.5%.

METRIC 7: RETURN ON CAPITAL EMPLOYED (%)

It is not possible to calculate this metric due to the nature of our funding, which affects the current liabilities.

Internal Controls

The Board is responsible for the internal financial control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the company are safeguarded. The Board has contractually delegated to external agencies the services the Company requires, but it is fully informed of the internal control framework established by these external agencies to provide reasonable assurance on the effectiveness of internal financial controls.

The key procedures include review of management accounts, monitoring of performance at Board meetings, maintenance of appropriate insurance and adherence to physical and computer security procedures.

Complaints

Zen is a member of the Housing Ombudsman Service and ensures its complaint handling remains in line with the requirements of the Complaint Handling Code.

The Company considered there to be no material areas of non-compliance against the Complaint Handling Code.

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

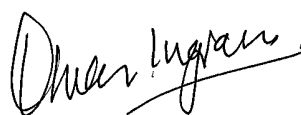
- **select suitable accounting policies and then apply them consistently;**
- **make judgements and accounting estimates that are reasonable and prudent;**
- **prepare the financial statements on the going concern basis unless it is inappropriate**
- **to presume that the company will continue in business.**

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.

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies' exemption provided by section 414B of the Companies Act 2006 not to provide a strategic report.

On behalf of the board



OWEN INGRAM

DIRECTOR

Date: 20th June 2025

CHARTERED ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF ZEN HOUSING LTD FOR THE PERIOD ENDED | 31 DECEMBER 2024

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Zen Housing Ltd for the period ended 31 December 2024 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation>.

This report is made solely to the board of directors of Zen Housing Ltd, as a body, in accordance with the terms of our engagement letter dated 1 March 2022. Our work has been undertaken solely to prepare for your approval the financial statements of Zen Housing Ltd and state those matters that we have agreed to state to the board of directors of Zen Housing Ltd, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume

responsibility to anyone other than Zen Housing Ltd and its board of directors as a body, for our work or for this report.

It is your duty to ensure that Zen Housing Ltd has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Zen Housing Ltd. You consider that Zen Housing Ltd is exempt from the statutory audit requirement for the period.

We have not been instructed to carry out an audit or a review of the financial statements of Zen Housing Ltd. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

MGR Weston Kay LLP
Chartered Accountants
55 Loudoun Road
St John's Wood
London, United Kingdom
NW8 0DL

MGR Weston Kay LLP

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED
31 DECEMBER 2024

	Notes	Period ended 31 December 2024 £	Year ended 31 March 2024 £
Turnover	3	502,117	2,960,157
Cost of sales	4	(354,926)	(2,042,421)
Gross profit		147,191	917,736
Administrative expenses		(580,701)	(251,682)
Other operating income		-	266
Operating (loss)/profit	6	(433,510)	666,320
Finance income	8	721	2,996
Finance costs	9	(237,396)	(171,543)
Fair value gains and losses on investment properties	11	189,382	(348,038)
(Loss)/profit before taxation		(480,803)	149,735
Tax on (loss)/profit	12	167,546	(124,443)
(Loss)/profit for the financial period		(313,257)	25,292

The income statement has been prepared on the basis that all operations are continuing operations.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		31 December 2024		31 March 2024	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		-		1,954
Investment property	11		5,395,000		5,250,000
			<u>5,395,000</u>		<u>5,251,954</u>
Current assets					
Inventories	14	-		217,908	
Debtors	15	7,287,915		127,442	
Cash at bank and in hand		4,035,957		362,411	
		<u>11,323,872</u>		<u>707,761</u>	
Creditors: amounts falling due within one year	16	(16,741,080)		(5,668,666)	
Net current liabilities			<u>(5,417,208)</u>		<u>(4,960,905)</u>
Net (liabilities)/assets			<u>(22,208)</u>		<u>291,049</u>
Capital and reserves					
Called up share capital	17		900,002		900,002
Profit and loss reserves	18		(922,210)		(608,953)
Total equity			<u>(22,208)</u>		<u>291,049</u>

For the financial period ended 31 December 2024 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the Company to obtain an audit of its financial statements for the period in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 20th June 2025 and are signed on its behalf by:



OWEN INGRAM

DIRECTOR

Company registration number 12534088 (England and Wales)

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2024

	SHARE CAPITAL	PROFIT AND LOSS RESERVES	TOTAL
Balance at 1 April 2023	900,002	(634,245)	265,757
Year ended 31 March 2024:			
Profit and total comprehensive income	-	25,292	25,292
Balance at 31 March 2024	900,002	(608,953)	291,049
Period ended 31 December 2024:			
Loss and total comprehensive income	-	(313,257)	(313,257)
Balance at 31 December 2024	900,002	(922,210)	(22,208)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2024

1. Accounting policies

Company information

Zen Housing Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 55 Loudoun Road, St John's Wood, London, NW8 0DL.

On 4 November 2021, the Company registered as a profit-making private registered provider of social housing with the Regulator of Social Housing.

1.1 Reporting period

The comparative figures represent a full financial year spanning 1 April 2023 to 31 March 2024.

The current accounting period reflects a shortened period spanning 1 April 2024 to 31 December 2024.

1.2 Accounting convention

These financial statements have been prepared in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime and with reference to the consideration of the Statement of Recommended Practice (SORP) 'Accounting by Registered Social Housing Providers 2018', and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The disclosure requirements of section 1A of FRS 102 have been applied other than where

additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

1.3 Going concern

The Directors have assessed the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

1.4 Turnover

The Company recognises revenue on an accruals basis, and when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. Revenue comprises rental income and First Tranche sales of shared ownership properties.

Gross rental income - Gross rental income is non-contingent rental income, recognised on a straight-line basis over the term of the underlying lease and is included in the Profit and Loss

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Account. Any contingent element of rental income is recognised on an as-received basis. Lease incentives granted are recognised as an integral part of the net consideration for the use of the property and are therefore recognised on the same, straight-line basis over the term of the lease.

Income from property sales is recognised when performance conditions are fulfilled which is usually at the point of legal completion.

Property sales consist of one performance obligation - the transfer of the property to the shared owner. The transaction price is fixed and specific in the sales contract. Revenue is recognised at a point in time, when control of the property passes. Control is considered to pass on legal completion of the property sale.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings 33% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. After initial recognition, investment property is stated at its fair value at the Statement of Financial Position date. Gains and losses arising from changes in the fair value

of investment property are included in profit or loss for the period in which they arise in the Profit and Loss Account.

Investment property is recognised as an asset when it is probable that the economic benefits that are associated with the property will flow to the Company and it can measure the cost of the investment reliably. This is usually on legal completion.

Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be obtained from the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recorded in profit or loss in the period in which the property is derecognised.

Significant accounting judgement, estimates and assumptions made for the valuation of investment properties are discussed in note 2.

1.7 Shared ownership

Shared ownership is where initially a long lease on a property is granted through a sale to the occupier, in return for an initial payment (the First Tranche).

First Tranche sales are included within turnover and the related proportion of the cost of the asset recognised as cost of sales.

Shared ownership properties are split proportionately between Inventories and Investment properties based on the current element relating to First Tranche sales. The assumptions on which the First Tranche proportion has been based include, but are not

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

limited to, matters such as the affordability of the shared ownership properties, local demand for shared ownership properties, and general experience of First Tranche shared ownership sales within Zen Housing and the wider the social housing sector.

Shared Owners have the right to acquire further tranches and any surplus or deficit on such subsequent sales are recognised in the Statement of Comprehensive Income as a part disposal of Investment properties.

1.8 Inventories

Inventories relate to properties held for delivery as to Shared Ownership which provides an affordable homes ownership through a part-buy, part-rent model where Shared Owners buy a stake in the home (with a lower deposit requirement as it is only required as a percentage of this stake) and pay a discounted rent on the portion of the property that the Shared Owner(s) does not own. Inventories are held at the lower of cost and net realisable value.

1.9 Financial instruments

Financial Assets

Recognition of financial assets

All financial assets are recognised on a trade date which is the date when the Company becomes a party to the contractual provisions of the instrument.

Initial measurement and classification of financial assets

Financial assets are classified into the following categories: 'financial assets at fair value through profit or loss' and 'financial assets at amortised cost'. The classification depends on the business model in which the asset is managed and on the cashflows associated with that asset.

Financial assets are initially measured at fair value, plus transaction costs, except for those financial

assets classified as at fair value through profit or loss, which are initially measured at fair value. At 31 March 2024 the Company had the following non-derivative financial assets which are held at amortised cost:

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and short-term deposits with an original maturity of three months or less.

Trade and other receivables

Trade and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are discounted and then held at amortised cost, less provision for expected credit loss.

Financial liabilities

At 31 December 2024 the Company had the following non-derivative financial liabilities which are classified as other financial liabilities:

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Profit and Loss Account over the period of the borrowings using the effective interest method.

De-recognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.10 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full using the balance sheet liability method on timing difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

The company as lessor

Rentals receivable under operating leases are recognised in the Profit and Loss Account on a straight-line basis over the term of the relevant lease. In the event that lease incentives are granted to a lessee, such incentives are recognised as an asset. The aggregate cost of the incentives is recognised as a reduction in rental income on a straight-line basis over the term of the relevant lease.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

2 Judgements and key sources of estimation uncertainty

In the application of Zen's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Shared Ownership Properties

Zen estimates the proportion of Shared Ownership properties that will be sold as First Tranche sales and therefore classified as inventory rather than investment property. The assumptions on which the proportion has been based include, but are not limited to, matters such as the affordability of the shared ownership properties, local demand for shared ownership properties, and general experience of First Tranche shared ownership sales in the social housing sector. The first tranche sales percentage used is consistent with values used by the valuers. As at 31 December 2024 the average

first tranche sales percentage assumed for vacant shared ownership properties was 25%. If there is a change in percentage used, this will affect the proportion of inventory and investment property recognised with a higher assumed first tranche sale percentage resulting in a higher inventory value and lower investment property value.

Investment properties

Zen uses the valuation carried out by its independent valuers as the fair value of its property portfolio. The assumptions on which the property valuation reports have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, ground conditions at the properties, the structural condition of the properties, prevailing market yields and comparable market transactions.

Zen's properties have been independently valued by Savills ("Savills" or the "Valuer") in accordance with the definitions published by the Royal Institute of Chartered Surveyors' ("RICS") Valuation - Professional Standards, July 2017, Global and UK Editions (commonly known as the "Red Book"). Savills is a recognised firm within residential and social housing property valuation and has sufficient skills and understanding to undertake the valuations competently.

If the assumptions upon which the external valuer has based its valuations prove to be inaccurate, this may have an impact on the value of Zen's investment properties, which could in turn have an effect on Zen's financial position and results.

3. Turnover

	DEC 2024	MAR 2024
Turnover analysed by class of business	£	£
Rent receivable	140,897	78,499
Service charge income	53,720	31,658
First Tranche sales of shared ownership properties	307,500	2,850,000
	502,117	2,960,157

4. Social Housing turnover and costs

	DEC 2024	MAR 2024
Social Housing turnover and costs	£	£
Rent receivable	140,897	78,499
Service charge income	53,720	31,658
Service charge expenses	(55,589)	(42,212)
Property operating expenses	(64,861)	(90,866)
	74,167	(22,921)

There were £3,863 void losses during the period (March 2024: £31,671)

First Tranche sales of shared ownership properties	307,500	2,850,000
First Tranche costs of shared ownership properties	(234,476)	(1,909,343)
First Tranche costs of shared ownership properties	73,024	940,657

5. Accommodation in management and development

	DEC 2024	MAR 2024
	No of properties	No of properties
Social housing:		
Shared ownership balance at period start	24	8
Additions	-	16
Shared ownership balance at period end	24	24

The Company owns 24 affordable home ownership units (March 2024: 24) that are managed on its behalf, under management agreements, by Pinnacle Property Management.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

6. Operating (loss)/profit

	DEC 2024	MAR 2024
Operating (loss)/profit for the period is stated after charging:	£	£
Depreciation of owned tangible fixed assets	48	945
(Profit)/loss on disposal of tangible fixed assets	-	23
Cost of stocks recognised as an expense	234,476	1,909,343

7. Employees

The average monthly number of persons (including directors) employed by the Company during the period was:

	DEC 2024	MAR 2024
	Number	Number
Total	3	3

Their aggregate remuneration comprised:

	DEC 2024	MAR 2024
	£	£
Wages and salaries	21,000	40,785
Social security costs	-	444
Pension costs	-	127
	21,000	41,356

Remuneration of key management personnel

The aggregate amount paid to non-executive directors during the period was £21,000 (March 2024: £31,365).

The remuneration paid to the highest paid director during the period was £9,000 (March 2024: £12,000).

There were no full-time equivalent staff whose remuneration is payable in increments above £60,000 during the period, or in the comparative year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

8. Interest receivable and similar income

	DEC 2024	MAR 2024
	£	£
Interest receivable and similar income includes the following:		
Interest on bank deposits	721	305
Other interest income	-	2,691
Total interest revenue	721	2,996

9. Interest payable and similar expenses

	DEC 2024	MAR 2024
	£	£
Interest payable and similar income includes the following:		
Interest payable to group undertakings	200,616	-
Other interest on financial liabilities	13,532	158,281
	214,148	158,281

Other finance costs:

Amortised loan arrangement fees	23,248	13,262
	237,396	171,543

10. Change in fair value

	DEC 2024	MAR 2024
	£	£
Changes in the fair value of investment properties	189,382	(348,038)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

11. Investment property

	DEC 2024	MAR 2024
Fair value	£	£
At 1 April 2024	5,250,000	1,710,000
Additions	(44,382)	5,229,662
Transfers to inventory	-	(1,341,624)
Revaluations	189,382	(348,038)
At 31 December 2024	5,395,000	5,250,000

Investment properties comprise of Shared Ownership properties that have been completed.

The historical cost of investment properties at 31st December 2024 was £5,574,232 (March 2024: £5,618,614).

The Company's investment properties have been independently valued at fair value by Savills, an accredited external valuer with recognised and relevant professional qualifications.

The Company's Shared Ownership properties are valued by Savills using a discounted cashflow methodology applying a discount rate to estimated future cashflows.

12. Taxation

	DEC 2024	MAR 2024
Deferred tax	£	£
Origination and reversal of timing differences	(167,546)	124,443

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

13. Tangible fixed assets

	Plant and machinery etc	
Cost		£
At 1 April 2024		2,373
Disposals		(2,373)
At 31 December 2024		-
Depreciation and impairment		
At 1 April 2024		419
Depreciation charged in the period		48
Eliminated in respect of disposals		(467)
At 31 December 2024		-
Carrying amount		
At 31 December 2024		-
At 31 March 2024		1,954

14. Inventories

	DEC 2024	MAR 2024
	£	£
Shared Ownership properties	-	217,908

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

15. Debtors

	DEC 2024	MAR 2024
Amounts falling due within one year:	£	£
Other debtors	6,844	7,005
Other debtors - deposits	6,138,061	-
Trade and other receivables	39,816	27,711
Prepayments	853,971	11,048
	7,038,692	45,764

	DEC 2024	MAR 2024
Amounts falling due after more than one year:	£	£
Deferred tax asset	249,223	81,677
Total debtors	7,287,915	127,441

At the prior year end, Other debtors of £6,138,061 related to deposits paid for acquisitions.

Included within prepayments are prepaid acquisition costs totalling £837,664 (March 2024: £Nil).

Included within other receivables are tenant arrears totalling £3,718 (March 2024: £431).

The deferred tax asset relates to tax losses the company expects to utilise in future periods.

16. Creditors: amounts falling due within one year

	DEC 2024	MAR 2024
	£	£
Trade creditors	217,080	157,993
Amounts owed to parent undertaking	11,019,325	4,402,307
Other creditors	5,504,675	1,108,366
	16,741,080	5,668,666

Included within other creditors in the prior period was an external loan facility with Together Commercial. As at 31 December 2024 the amount owed to Together Commercial was £Nil (March 2024: £1,099,927). This loan was interest-only, with a variable interest rate and was repaid April 2024. The loan facility was secured by way of charge against one of the company's developments.

Included within other creditors in the current period is an external loan facility with the ultimate controlling company. As at 31 December 2024 the amount owed was £5,480,616 (March 2024: £Nil). The loan facility is charged at a fixed rate of interest, with a maturity date of May 2025.

Amounts owed to parent undertaking are unsecured, interest free and repayable on demand.

17. Called up share capital

	2024	2024	2024	2024
	Number	Number	£	£
Ordinary share capital Issued and fully paid	900,002	900,002	900,002	900,002
Ordinary of £1 each				

The share capital account relates to amounts subscribed for share capital.

18. Retained earnings

	DEC 2024	MAR 2024
	£	£
At the beginning of the period	(608,953)	(634,245)
(Loss)/profit for the period	(313,257)	25,292
At the end of the period	(922,210)	(608,953)

19. Other leasing information

	DEC 2024	MAR 2024
	£	£
Receivable within 1 year	224,574	199,195
Receivable between 1-2 years	224,574	207,352
Receivable between 2-3 years	224,574	207,352
Receivable between 3-4 years	224,574	207,352
Receivable between 4-5 years	224,574	207,352
Receivable after 5 years	107,563,110	90,686,332
Total	108,685,980	91,714,935

Zen's Shared Ownership properties are let to Shared Owners on leases with initial lease terms of between 250 to 999 years.

20. Controlling party

The immediate parent undertaking is Pegasus Affordable Limited, a company incorporated in England and Wales, whose registered office is Silver House, 31-35 Beak Street, London, United Kingdom, W1F 9SX.

The ultimate controlling company is European Property Investors Special Opportunities 6 SCSp-SICAV-SIF, the registered office is 404, Route d'Esch, L-1471 Luxembourg.

21. Related party transactions

For the period ended 31 December 2024, the Directors of the Company are considered to be the key management personnel. Details of aggregate amounts paid to Directors for their services can be found within note 7.

Zen Living Management Limited ("ZLML"), a related party, provided management services to the company. During the period ZLML charged the company £403,165 (March 2024: £90,877). During the period, ZLML also charged the company development acquisition fees of £198,131 (March 2024: £Nil). No amounts were outstanding at the year-end (2024: £Nil).

At 31 December 2024, the amount due to the former parent undertaking, The Real Partners (2017) Limited, was £Nil (March 2024: £4,402,307). This loan was interest free and the balance was comprised of development funding.

At 31 December 2024, the amount due to the parent undertaking, Pegasus Affordable Limited, was £11,019,325 (March 2024: £Nil). This loan was interest free and the balance was comprised of development funding.

Note 16 provides details regarding the loan from the ultimate controlling company.

