

HORIZON HOUSING GROUP PENSION SCHEME ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

Registrar of Occupational and Personal Pension Schemes Registration Number 101372140

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

TABLE OF CONTENTS

TRUSTEE AND ADVISERS	1
TRUSTEE'S REPORT	2
STATEMENT OF TRUSTEE'S RESPONSIBILITIES	6
INVESTMENT REPORT	7
SUMMARY OF CONTRIBUTIONS	10
INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS	11
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE	12
FUND ACCOUNT	15
STATEMENT OF NET ASSETS (available for benefits)	16
NOTES TO THE FINANCIAL STATEMENTS	17
REPORT ON ACTUARIAL LIABILITIES	26
ACTUARIAL CERTIFICATE	28
ENGAGEMENT POLICY IMPLEMENTATION STATEMENT	29
MEMBERS' INFORMATION	31

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

TRUSTEE AND ADVISERS

Principal employer

Southern Housing

Trustee

The Law Debenture Pension Trust Corporation plc

The lead director for the Law Debenture Pension Trust Corporation plc is Edward Levy

Scheme Actuary

John Hemsley FIA

Mercer

Independent Auditor

RSM UK Audit LLP

Scheme Administrator

Aptia UK Limited

St James's Tower

7 Charlotte Street

Manchester, M1 4DZ

contactUK@aptia-group.com

Investment Advisor

Mercer

Investment manager

Mobius Life

AVC provider

Prudential Assurance Company Limited

Banker

Royal Bank of Scotland plc

Solicitor

Stephenson Harwood LLP

Address for enquiries

FAO Horizon Housing Group Scheme

The Law Debenture Pension Trust Corporation p.l.c

8th floor, 100 Bishopsgate,

London, EC2N 4AG

Email: pegasus@lawdeb.com

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

TRUSTEE'S REPORT

The Trustee has pleasure in presenting its report and the audited financial statements of the Scheme for the year ended 31 March 2025.

The report sets out how the Scheme is run, how the assets are invested, and the financial activity of the Scheme in the year ended 31 March 2025.

The Scheme is a defined benefit scheme. It was established on 1 July 1984 to provide retirement benefits to all eligible employees of Optivo (formerly known as AmicusHorizon Limited) and their dependants.

The principal employer, Optivo, amalgamated with Southern Housing Group Limited on 16 December 2022 to form Southern Housing which is now the principal employer of the Scheme.

The scheme is currently governed by the Trust Deed and Rules dated 24 August 2015.

The Scheme closed to new members on 1 April 2002.

Changes to the Scheme

There have been no significant changes to the Scheme benefits during the year.

GMP equalisation

On 26 October 2018 the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to Guaranteed Minimum Pension ("GMP") benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme but has considered the amount to be immaterial and has not been accounted for in these financial statements.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking Group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. This is a non-adjusting post balance sheet event and the Trustee do not consider the amount to be material and have not accounted for it in these financial statements.

Appointment and Removal of Trustee and Management of the Scheme

In accordance with the Trust Deed the Principal Employer, Southern Housing has the power to appoint and remove the Trustee of the Scheme.

Aptia UK Limited is the pension administration service provider for the Scheme.

Enquiries about the Scheme generally or about an individual's entitlement to benefits should be addressed to the administrator at the address shown on page 1.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

TRUSTEE'S REPORT (CONTINUED)

Tax Status

In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme became a registered pension scheme under Chapter 2 of part 4 of the Finance Act 2004. The Trustee has no knowledge of any reason why the registration should be prejudiced or withdrawn.

Pension Increases

Pension in payment (in excess of GMP) for service before 6 April 2006 is increased by 5% or RPI if less and for service after 6 April 2006, pensions are increased by 2.5% or RPI if less. Post 1988 GMP is increased on a statutory basis. The increases are applied on 1 April each year. There were no discretionary increases paid in the year.

Additional Voluntary Contributions (AVCs)

The Scheme has an AVC facility with The Prudential Assurance Company held separately from the main fund. Those members who choose to participate in this arrangement accumulate additional benefits in with profits and unit linked funds that accrue to them on a money purchase basis. Members holding AVC benefits under this arrangement receive an annual statement showing the value of the benefits in their AVC Funds at 31 March and any movements in the year.

Transfer Values

Transfer values paid during the year were calculated and verified in the manner required by the Regulations and did not include any discretionary benefits. None of the transfer values paid were less than the amount required by the Regulations.

Actuarial Review

The most recent actuarial valuation of the Scheme was carried out as at 31 March 2023 and the outcome was detailed in a report dated 14 November 2023.

This revealed a surplus in the assets when measured against the Scheme's technical provisions of £6.1m as noted on page 26. The technical provisions are calculated according to the method and assumptions set out in the statement of funding principles dated 14 November 2023.

Further details from the valuation were included in the Summary Funding Statement that was sent to all active and deferred members and pensioners during December 2023.

The next full valuation is due to be carried out as at 31 March 2026.

Contributions

The Schedule of contributions was updated on 14 November 2023.

Contributions for the year were paid in accordance with the Schedule of Contributions.

From 1 December 2023 no further deficit funding or expense contributions were required from the employer in accordance with the Schedule of contributions dated 14 November 2023.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

TRUSTEE'S REPORT (CONTINUED)

Financial development of the Scheme

The financial statements of the Scheme for the year ended 31 March 2025 have been prepared and audited in accordance with sections 41(1) and (6) of the Pensions Act 1995.

The Fund Account on page 15 shows that the net withdrawals arising from dealings with members for the year were £3,029,556 (2024: withdrawals of £667,925). The net return on the Scheme's investments for the year was a decrease of £1,454,075 (2024: an increase of £616,049). The total net movement in the Scheme's assets for the year was a decrease of £4,483,631 (2024: a decrease of £51,876), giving net assets of the Scheme at the year end of £61,596,127 (2024: £66,079,758).

Further details of the financial developments of the Scheme may be found in the audited financial statements on pages 15 to 25.

Membership

Details of the membership of the Scheme as at 31 March 2025 are given below:

	2025	2024
ACTIVE MEMBERS		
Opening balance	5	5
Members retiring during the year	-	-
Leavers with preserved benefits	-	-
ACTIVE MEMBERS AT THE END OF THE YEAR	5	5
PENSIONERS		
Opening balance	306	295
Adjustment to opening figure	(2)	(1)
Members retiring during the year (including dependants)	22	15
Deaths	(4)	(3)
PENSIONERS AT THE END OF THE YEAR	322	306
MEMBERS WITH DEFERRED BENEFITS		
Opening balance	213	231
Adjustment to opening figure	-	(2)
Active members leaving with preserved benefits	-	-
Retirements	(20)	(15)
Transfers out	(1)	-
Deaths	-	(1)
MEMBERS WITH DEFERRED BENEFITS AT THE END OF THE YEAR	192	213
TOTAL MEMBERSHIP	519	524

These membership figures do not include movements notified to the Administrator after completion of the annual report. Membership numbers are in respect of periods of service held on record. The adjustments represent movements in the opening position in the prior year.

Pensioners include individuals receiving a pension upon the death of their spouse.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

TRUSTEE'S REPORT (CONTINUED)

Investment strategy and management of the investments

The day-to-day management of the investments has been delegated by the Trustee to the investment manager as shown on page 1. The investment managers are remunerated on a fee basis as shown in the Investment Report on page 7.

The Trustee has produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. A copy of the Statement can be found at:

<https://www.southernhousing.org.uk/system-pages/horizon-housing-group-pension-scheme-sip>

Internal Dispute Resolution (IDR) Procedure

The Trustee has adopted a dispute resolution procedure, a copy of which can be provided on request to the Scheme administrator.

Additional Information

The Pensions Act extended the legal rights of members, beneficiaries and pensioners to receive on request a broad range of information. Some of these rights relate to specific benefit details for an individual which have, in any event, always been available to members or are already provided automatically without the need to make a request. Other rights, relating to more general Scheme information and the availability of documents containing this information, must be drawn to your attention and are detailed below. In addition, your attention is drawn to other items which any member wanting more technical information is invited to request from the Scheme administrator:

- Trust Deed and Rules
- The latest report on the actuarial valuation
- The latest statement of investment principles drafted in accordance with Section 35 of the Pensions Act 2004
- Disputes resolution procedures
- Actuarial statement on calculation of transfer values

Information regarding the Scheme, including the address at which the Trustee may be contacted, has been lodged with the Pensions Regulator.

Further Information

Members are entitled to inspect copies of documents giving information about the Scheme. In some circumstances copies of documents can be provided, but a charge may be made for copies of the trust documents (Deed and Rules) and of the Actuary's report.

Any member with a complaint against the Scheme or a query about their pension entitlement which they considered had not been satisfactorily addressed could use the "Internal Dispute Resolution Procedure" or, alternatively, they could obtain free advice through Money and Pensions Service who can be reached at <https://www.moneyhelper.org.uk/en/contact-us>

Further details are provided in the Member's Information later in this report.

Any query about the Scheme, including requests from individuals for information about their benefits, should be addressed to the contact details shown on page 1.

This report, including the Investment Report and the Members' Information, was approved by the Trustee on..... and signed on its behalf by:

.....

Trustee

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

INVESTMENT REPORT

Overview

The overall management of the Scheme's investments is the responsibility of the Trustee. However, the day-to-day execution of investment related transactions has been delegated to Mercer. Mercer ceased to provide discretionary management services with effect from 2 February 2021 and now provide investment advice only.

Investment Strategy

The investment strategy is formalised in a Statement of Investment Principles (SIP) which has been prepared in accordance with section 35 of the Pensions Act 1995. The current SIP was updated in September 2024.

The basis of the Trustee's strategy is to invest the Scheme's assets in a "stabilising" portfolio, comprising assets such as bonds and liability driven investments ("LDI"). The stabilising allocation is set with regard to the Scheme's liability profile, i.e. the split of liabilities between actives, deferred and pensioners, and the overall required return objective of the Scheme's assets, which is determined by the funding objective and current funding level.

The Trustee regards the basic distribution of the assets to be appropriate for the Scheme's objectives and liability profile. The Trustee has established a benchmark allocation to each asset class within each strategic asset allocation, which is set out in the SIP. The Trustee has agreed to target 100% hedging against changes in interest rates and expected inflation relative to the Scheme's 'funded' liabilities.

Environmental, Social and Governance considerations (ESG)

The Trustee recognises that Environmental, Social and Governance (ESG) factors, including climate change, can all influence the investment performance of the Scheme's portfolio, and it is therefore in members' and the Scheme's best interests that these factors are taken into account within the investment process and that ESG risks are identified and avoided or mitigated as best as possible.

The Scheme's assets are invested in pooled funds. The Trustee has identified that the influence it can have on the ESG policies and practices of the companies in which its managers invest, is potentially limited. The Trustee believes that investing with a manager who approaches investments in a responsible way and takes account of ESG-related risks will lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.

Therefore, the Trustee works with the Investment Consultant to monitor the investment managers' approaches to ESG factors with respect to their selection of investments and select investment managers that have passed an ESG screening.

Corporate Governance and Voting Policy

The Trustee has concluded that voting rights should be left with their investment manager to exercise those rights in accordance with its published corporate governance policy. Where the Trustee is specifically invited to vote on a matter related to corporate policy, the Trustee will exercise their right in accordance with what they believe to be the best interests of the majority of the Scheme's membership.

Custodial arrangements

All the Scheme's funds are invested in unitised vehicles and so the Trustee does not need to appoint a custodian. The Trustee remains responsible for ensuring the Scheme's assets are securely held.

All assets held by Mobius Life other than assets where a life company reinsures into Mobius Life are free of any official claim or charge against property or funds for payment of a debt or an amount owed for any services rendered and are free of any lien.

Investment management fees

Mobius Life levy fees based on a percentage of the assets under management.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

INVESTMENT REPORT (CONTINUED)

Performance



Horizon Housing Group Pension Scheme Investment Manager's Report to 31 March 2025

Fund Performance to: **31 Mar 2025**

% Fund Growth	1 Year to 31 Mar 25	3 Years to 31 Mar 25	1 Year to 31 Mar 24	1 Year to 31 Mar 23	1 Year to 31 Mar 22	1 Year to 31 Mar 21
CT LDI Real Dynamic LDI Fund	-27.2 %	-60.4 %	-22.9 %	-89.0 %	13.0 %	1.1 %
M&G Total Return Credit Investment Fund	8.2 %	7.7 %	12.6 %	2.5 %	1.0 %	16.2 %
Ninety One Global Total Return Credit Fund	7.6 %	3.2 %	9.5 %	-6.7 %	-1.9 %	21.5 %
Payden Absolute Return Bond Fund	6.2 %	4.1 %	5.4 %	0.8 %	-1.5 %	14.4 %
Insight IIFIG Maturing Buy and Maintain Bond Fund 2026-2030	4.6 %	1.7 %	8.0 %	-7.0 %	na	na
Insight IIFIG Maturing Buy and Maintain 2031-2035 Bond Fund	1.9 %	-1.0 %	8.3 %	-12.0 %	na	na
Insight LDI Solutions Plus Fully Funded Gilts Fund 2041-2050	-6.9 %	-13.0 %	-3.9 %	-26.4 %	-8.4 %	-8.3 %
Insight LDI Partially Funded Index-Linked Gilts 2031-2040	-25.1 %	-75.7 %	-10.9 %	-97.8 %	19.6 %	0.0 %
Insight LDI Partially Funded Index-Linked Gilts 2041-2050	-30.2 %	-70.7 %	-18.3 %	-95.6 %	11.3 %	7.5 %
Insight IIFIG Maturing Buy and Maintain Bond Fund 2021-2025	5.4 %	2.4 %	4.0 %	-2.1 %	-8.0 %	na
CT Sterling Liquidity Fund	5.1 %	4.1 %	5.1 %	2.0 %	0.1 %	0.1 %
Insight LDI Solutions Plus Fully Funded Gilts Fund 2051-2065	-9.4 %	-16.6 %	-6.4 %	-31.6 %	-9.9 %	-12.2 %
Insight LDI Partially Funded Gilts 2041-2050	-25.1 %	-62.5 %	-17.9 %	-91.4 %	-23.7 %	-37.6 %

Notes:

- Returns shown are gross of charges based on Mobius Life unit prices
- Returns for periods in excess of a year are annualised.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

INVESTMENT REPORT (CONTINUED)

Fund Profiles

CT LDI Real Dynamic LDI Fund

The objective of the Fund is to provide a hedge against real rate liabilities (i.e. nominal and inflation risks inherent in the liabilities) by the Manager's use of a number of hedging assets.

CT Sterling Liquidity Fund

The investment objective is to maintain high levels of liquidity and generate a return in line with money market rates.

Insight IIFIG Maturing Buy and Maintain 2031-2035 Bond Fund

The funds seek to generate a return for investors by investing primarily in a portfolio of debt securities.

Insight IIFIG Maturing Buy and Maintain Bond Fund 2021-2025

The funds seeks to generate a return for investors by investing primarily in a portfolio of debt securities.

Insight IIFIG Maturing Buy and Maintain Bond Fund 2026-2030

The funds seek to generate a return for investors by investing primarily in a portfolio of debt securities.

Insight LDI Partially Funded Gilts 2041-2050

The objective of these Funds is to provide nominal and inflation-linked returns by investing primarily in UK government gilts and index-linked gilts, on a partially funded basis.

Insight LDI Partially Funded Index-Linked Gilts 2031-2040

The objective of these Funds is to provide nominal and inflation-linked returns by investing primarily in UK government gilts and index-linked gilts, on a partially funded basis.

Insight LDI Partially Funded Index-Linked Gilts 2041-2050

The objective of these Funds is to provide nominal and inflation-linked returns by investing primarily in UK government gilts and index-linked gilts, on a partially funded basis.

Insight LDI Solutions Plus Fully Funded Gilts Fund 2041-2050

The objective of these Funds is to provide nominal and inflation-linked returns by investing primarily in UK government gilts and index-linked gilts, on a fully funded basis.

Insight LDI Solutions Plus Fully Funded Gilts Fund 2041-2050

The objective of these Funds is to provide nominal and inflation-linked returns by investing primarily in UK government gilts and index-linked gilts, on a fully funded basis.

Insight LDI Solutions Plus Fully Funded Gilts Fund 2051-2065

The objective of these Funds is to provide nominal and inflation-linked returns by investing primarily in UK government gilts and index-linked gilts, on a fully funded basis.

M&G Total Return Credit Investment Fund

That fund aims to maximise total return principally through prudent investment management. It aims to provide investors with attractive returns from capital and income from a diversified pool of debt and debtlike assets, including but not limited to, debt instruments with a fixed, variable or floating rate coupon. The fund will identify opportunities at the market, sector, issuer or security level. There is no geographic limitation to the investment universe.

Ninety One Global Total Return Credit Fund

The Fund aims to generate long term total returns, comprising income and capital gains, by investing primarily in a diversified portfolio of fixed and floating rate credit securities. The Fund targets a return in excess of Overnight SOFR (Secured Overnight Financing Rate) +4% gross of fees over a full credit cycle. Credit cycles can vary in length and typically last between 3 and 7 years. While the Fund aims to achieve a positive return and its performance target, there is no guarantee that either will be achieved over the full credit cycle, or over any period of time. There is no guarantee that all capital invested in the Fund will be returned.

Payden Absolute Return Bond Fund

The Payden Absolute Return Bond Fund's strategy seeks to have positive absolute returns over the long term, regardless of different market environments. To achieve this goal, the fund seeks to provide total return, whether through price appreciation, or income, or a combination of both. It seeks opportunities by employing a flexible approach that evaluates security attractiveness globally, both inside and outside the United States. A special emphasis is placed on risk management seeking to mitigate potential downside.

Source: Mobius Life Limited

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

SUMMARY OF CONTRIBUTIONS

Statement of Trustee's Responsibilities in respect of Contributions

The Trustee is responsible under Pensions legislation for ensuring that there is prepared, maintained and from time to time revised, a Schedule of Contributions, showing the rates of contributions payable to the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

Trustee's Summary of Contributions payable under the Schedules in respect of the Scheme year ended 31 March 2025

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 14 November 2023.

Contributions payable under the Schedule in respect of the Scheme year

	£
Employer: Normal contributions	42,152

Member: Normal contributions	15,242
------------------------------	--------

Total contributions payable under the Schedule as reported on by the Scheme auditor	57,394
--	---------------

Reconciliation of contributions under the Schedule of Contributions to contributions reported in the accounts

Contributions reported under the Schedules of Contributions above	57,394
Members' AVCs	-

Total contributions payable under the Schedule as reported on by the Scheme auditor and reported in the financial statements	57,394
---	---------------

Signed on behalf of the Trustee on

.....

Trustee

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS UNDER REGULATION 4 OF THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN AUDITED ACCOUNTS AND A STATEMENT FROM THE AUDITOR) REGULATIONS 1996, TO THE TRUSTEE OF THE HORIZON HOUSING GROUP PENSION SCHEME

Statement about contributions payable under schedule of contributions

We have examined the summary of contributions payable to the Horizon Housing Group Pension Scheme on page 10, in respect of the scheme year ended 31 March 2025.

In our opinion the contributions for the scheme year ended 31 March 2025 as reported in the attached summary of contributions on page 10 and payable under the schedule of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the actuary on 14 November 2023.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 10 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of trustee and auditor

As explained more fully on page 6 in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustee as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

.....
RSM UK Audit LLP
Statutory Auditor and Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date:

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE HORIZON HOUSING GROUP PENSION SCHEME

Opinion

We have audited the financial statements of the Horizon Housing Group Pension Scheme for the year ended 31 March 2025 which comprise the Fund Account, the Statement of Net Assets (available for benefits) and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

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 Scheme 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

In auditing the financial documents, we have concluded that the Scheme's Trustee's 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 Scheme'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 Scheme's Trustee 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 annual report, other than the financial statements and our auditor's report thereon. The Scheme's Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE HORIZON HOUSING GROUP PENSION SCHEME (CONTINUED)

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 6, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines 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 Trustee is responsible for assessing the Scheme'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 Trustee either intends to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory frameworks that the Scheme operates in and how the Scheme is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE HORIZON HOUSING GROUP PENSION SCHEME (CONTINUED)

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report

This report is made solely to the Scheme's Trustee as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee 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 Scheme and the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

.....
RSM UK Audit LLP
Statutory Auditor and Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date:

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £	2024 £
CONTRIBUTIONS AND BENEFITS			
Contributions receivable			
Employer contributions	4	42,152	1,714,975
Employee contributions	4	15,242	27,886
Total contributions		57,394	1,742,861
Benefits payable	5	(2,719,157)	(2,281,335)
Payments to and on account of leavers	6	(187,826)	-
Administrative expenses	7	(179,967)	(129,451)
		(3,086,950)	(2,410,786)
NET (WITHDRAWALS) FROM DEALINGS WITH MEMBERS		(3,029,556)	(667,925)
INVESTMENT RETURNS			
Investment income	8	2,887	2,458
Change in market value of investments	9.1	(1,430,158)	657,734
Investment management expenses		(26,804)	(44,143)
NET RETURNS ON INVESTMENTS		(1,454,075)	616,049
NET (DECREASE) IN THE FUND DURING THE YEAR		(4,483,631)	(51,876)
NET ASSETS OF THE SCHEME AT 1 APRIL		66,079,758	66,131,634
NET ASSETS OF THE SCHEME AT 31 MARCH		61,596,127	66,079,758

The notes on pages 17 to 25 form an integral part of these financial statements.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

AT 31 MARCH 2025

	Note	2025 £	2024 £
INVESTMENT ASSETS			
Pooled investment vehicles	9.3	60,959,145	65,024,994
AVC Investments	9.4	108,332	147,963
Cash and other investment balances	9.3	-	39,521
TOTAL INVESTMENTS		61,067,477	65,212,478
 CURRENT ASSETS	10	899,118	1,526,510
CURRENT LIABILITIES	11	(370,468)	(659,230)
 NET ASSETS OF THE SCHEME AT 31 MARCH		61,596,127	66,079,758

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on page 26 and these Financial Statements should be read in conjunction with that Report.

The notes on pages 17 to 25 form an integral part of these financial statements.

These financial statements were approved by the Trustee on and were signed on its behalf by:

.....

Trustee

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The financial statements of the Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

The financial statements have been prepared on the going concern basis. At the date of signing these financial statements, the Trustee believes that as a result of the assets held within the Scheme, the Scheme is able to cover its related outgoings until at least 31 October 2026. Together with the relatively strong position of the Principal Employer, the Trustee considers the preparation of the financial statements on a going concern basis to be appropriate.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's Report.

3 ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements:

3.1 Accruals concept

The financial statements have been prepared on an accruals basis with the exception of individual transfers which are recognised when received or paid.

3.2 Contributions and benefits

Contributions and benefits are accounted for in the period in which they fall due.

Employer deficit contributions are accounted for in accordance with the Schedule of Contributions.

Employer other contributions are accounted for in accordance with the Schedule of Contributions.

3.3 Valuation of investments

Investments are valued at fair value.

The market value of pooled investment vehicles is taken as the closing single price at the accounting date, as advised by the investment managers.

The additional voluntary contributions investments include policies of assurance underwritten by Prudential. The market value of these policies of assurance has been taken as the surrender values of the policies at the year end, as advised by the underwriter.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3.4 Investment income

Investment income is recognised as follows:

Interest on bank deposits is accounted for as it accrues.

3.5 Foreign currency

The Scheme's functional and reporting currency is pounds sterling (GBP). Foreign currency transactions are translated into sterling at the rate prevailing on the date of the transaction, rounded to the nearest £1.

The market value of investments and other assets held in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Differences arising on the translation of investments are included in changes in market value.

3.6 Expenses

Expenses are included on an accruals basis. Investment management expenses are met by the Fund as the investment manager levy fees based on a percentage of assets under management and by direct deduction from the underlying fund units.

4 CONTRIBUTIONS

	2025 £	2024 £
Employer's Contributions		
Normal contributions	42,152	48,308
Deficit contributions	-	1,333,334
Other contributions	-	333,333
	42,152	1,714,975
Employees' contributions		
Normal contributions	15,242	27,886
	15,242	27,886
	57,394	1,742,861

Deficit reduction contributions of £4,000,000 per annum (payable in monthly instalments) were due to be received by the Scheme up to 31 July 2023 per the Schedule of contributions dated 30 June 2023. After this date no deficit contributions are due as the Scheme is in surplus.

Other contributions of £400,000 per annum (payable in monthly instalments) were due to be received by the Scheme up to 31 July 2023 per the Schedule of contributions dated 30 June 2023. After this date no further other contributions were due.

Contributions to meet Scheme expenses of £25,000 per month were payable up to 30 November 2023. From 1 December 2023 no further expense contributions are required from the employer in accordance with the Schedule of contributions dated 14 November 2023.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 BENEFITS

	2025	2024
	£	£
Pension payments	2,052,554	1,829,879
Commutations and lump sum retirement benefits	653,604	427,533
Lump sum death benefits	12,999	23,923
	<u>2,719,157</u>	<u>2,281,335</u>

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2025	2024
	£	£
Individual transfers to other schemes	154,863	-
Purchase of annuities	32,963	-
	<u>187,826</u>	<u>-</u>

7 ADMINISTRATIVE EXPENSES

	2025	2024
	£	£
Administration	52,607	40,556
Actuarial & consultancy	49,644	70,279
Legal & professional fees	62,003	2,604
Audit fees	15,713	16,012
	<u>179,967</u>	<u>129,451</u>

8 INVESTMENT INCOME

	2025	2024
	£	£
Interest on cash deposits	2,887	2,458
	<u>2,887</u>	<u>2,458</u>

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 INVESTMENTS

9.1 RECONCILIATION OF INVESTMENTS

Reconciliation of investments held at beginning and end of year:

	Value at 1 April 2024	Purchases at cost	Sales proceeds	Change in market value	Value at 31 March 2025
	£	£	£	£	£
Pooled investment vehicles	65,024,994	4,657,468	(7,288,840)	(1,434,477)	60,959,145
AVC investments	147,963	-	(43,950)	4,319	108,332
	65,172,957	4,657,468	(7,332,790)	(1,430,158)	61,067,477
Cash deposits	39,521			-	-
	65,212,478			(1,430,158)	61,067,477

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

9.2 CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Scheme's net assets at 31 March 2025 and 31 March 2024:

	2025		2024	
	£	%	£	%
Insight IIFIG Maturing Buy & Maintain 2031-2035 Bond Fund Monthly	12,720,475	20.89	13,104,563	19.83
Insight IIFIG Maturing Buy & Maintain 2026-2030 Bond Fund Monthly	12,864,412	20.65	12,843,942	19.44
Payden Absolute Return Bond Fund	10,046,437	16.31	13,444,626	20.35
M&G Total Return Credit	5,295,675	8.60	4,924,775	7.45
Ninety One Global Total Return Credit Fund	5,274,941	8.56	4,933,608	7.47
BMO Real Dynamic LDI Fund	5,207,365	8.45	7,152,897	10.82

9.3 POOLED INVESTMENT VEHICLES

	2025	2024
	£	£
Bonds	59,942,417	64,310,943
Cash	1,016,728	714,051
	60,959,145	65,024,994

The investment managers operating the pooled investment vehicles are all registered in the United Kingdom.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9.4 AVC INVESTMENTS

The Trustee holds assets which are separately invested from the main fund to secure additional benefits on a money purchase basis for those members who have elected to pay Additional Voluntary Contributions.

Members participating in this arrangement receive an annual statement made up to 31 March each year, confirming the amounts held to their account and movements during the year.

AVC investments held at the year end are as follows:

	2025	2024
	£	£
Prudential Assurance Company Limited	108,332	147,963

9.5 FAIR VALUE HEIRARCHY

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date
Level 2	Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Inputs are unobservable for the asset or liability

All of the pooled investment vehicles have been included in level 2 as the pooled funds themselves are not exchange traded.

The AVC investments are valued using a single bonus interest rate which, together with a basic interest rate, is broadly equal to the average yield on the underlying fixed interest investments in a with profit fund operated by the AVC provider. With profits funds are categorised as level 3 as they often rely on a number of unobservable (in the market) inputs, such as bonuses.

The Scheme's investment assets can therefore be categorised as follows:

	Level 1	Level 2	Level 3	Total 2025
	£	£	£	£
Pooled investment vehicles	-	60,959,145	-	60,959,145
AVC investments	-	-	108,332	108,332
Cash deposits	-	-	-	-
	-	60,959,145	108,332	61,067,477

	Level 1	Level 2	Level 3	Total 2024
	£	£	£	£
Pooled investment vehicles	-	65,024,994	-	65,024,994
AVC investments	-	-	147,963	147,963
Cash deposits	39,521	-	-	39,521
	39,521	65,024,994	147,963	65,212,478

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9.6 TRANSACTION COST DISCLOSURE

Direct Transaction Charges

There are no direct transaction costs incurred by policy holders when transacting in Mobius Life funds.

Indirect Transaction Charges

Indirect costs, such as bid-offer spread costs and costs charged within pooled investment vehicles, do not need to be disclosed.

9.7 INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. Further information on the Trustee's approach to risk management and the Scheme's exposure to credit and market risk are set out below.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

For full detail of the Scheme's investment strategy, as well as information in respect of the Scheme's approach to risk management, measurement, reporting and mitigation strategies, please refer to the Trustee's most recent Statement of Investment Principles. The Trustee manages investment risks, including credit risk and market risk. They also review the overall asset allocation of the scheme to ensure that it remains appropriate to their overall investment strategy.

Pooled investment arrangements used by the Scheme comprise unit-linked insurance contracts.

Further information on the Trustee's approach to risk management and the Scheme's exposure to credit and market risks are set out below.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(i) Credit Risk

The Scheme invests in pooled investment vehicles on a platform with Mobius Life and is therefore directly exposed to credit risk in relation to the investments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Mobius Life wraps the Investment Manager products through a regulated single Life Policy (a Trustee Investment Plan), thus simplifying the investment administration of all investments into the Life Policy.

Mobius Life Investment Funds invest in a range of investments, including: in-house investment funds; external collective investment schemes; individual securities; and other external insurance company investment funds. The types of investment funds permitted are governed by the Prudential Regulatory Authority and Financial Conduct Authority.

Policyholders bear the investment risk of the underlying investments. This includes but is not limited to; market risk; credit risk and liquidity risk. Where Mobius Life Funds are invested in other Insurance Company funds through reinsurance agreements, a 'Floating Charge' agreement on the reinsured assets is put in place to afford Policyholders the same rights as a direct Policyholder. The assets are held in a Pooled Life Fund which is held separately to Mobius Life's shareholder and other Company assets. Mobius Life is subject to quarterly scrutiny by the Financial Services Regulators. Indirect credit risk arises in relation to underlying investments held in the bond (excluding the Index-Linked Gilt holdings) and Multi Asset Credit ("MAC") pooled investment vehicles. The Trustee manages the indirect credit risk of the Scheme by investing in funds which hold a majority of investment grade credit rated investments.

At the year end, the Scheme was exposed to indirect credit risk of £60,959,145 (2024: £65,024,994) of bond and Multi Asset Credit (MAC) securities.

(ii) Currency risk

The Scheme's assets are subject to indirect currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles.

The Trustee does not currently have a currency hedging policy.

The Scheme's total net unhedged exposure by major currency at the year end was £20,617,053 (2024: £23,303,009).

(iii) Interest rate risk

The Scheme's assets are subject to indirect interest rate risk through its bond and Multi Asset Credit (MAC) pooled investment vehicles. At the year end, the Scheme was exposed to interest rate risk of £60,959,145 (2024: £65,024,994) of bond, and MAC securities.

The Scheme manages its interest rate risk by considering the net risk when taking account of how their liabilities are valued.

(iv) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities and property held in pooled investment vehicles, as well as the Index-Linked Gilt pooled investment vehicles due to the inflation sensitive elements of the fund, and also the MAC pooled investment vehicles. The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

At the year end, the Scheme's exposure to investments subject to other price risk through its pooled investment vehicles was £nil (2024: £nil).

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 CURRENT ASSETS

	2025	2024
	£	£
Cash balance	894,335	1,520,143
Contributions due		
- from employer	3,512	4,033
- from employee	1,271	2,334
	899,118	1,526,510

All contributions due at the year end have been paid to the Scheme subsequent to the year end in accordance with the Schedule of Contributions.

11 CURRENT LIABILITIES

	2025	2024
	£	£
Due to employer (for reimbursement of pension payments)	340,368	619,721
Administrative expenses	30,100	39,509
	370,468	659,230

12 RELATED PARTY TRANSACTIONS

Contributions on behalf of the active members are paid in accordance with the Schedule of Contributions and in accordance with the Scheme rules are on the same terms as normally granted to members.

The employer pays the pension payroll to the pensioners and then this is reimbursed by the Scheme.

Direct expenses incurred by the Trustee, who is considered Key Management Personnel, are paid by the employer. In the year the Employer paid Trustee fees totalling £73,927 (2024: £73,439).

13 GMP EQUALISATION

On 26 October 2018 the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to Guaranteed Minimum Pension ("GMP") benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme but has considered the amount to be immaterial and has not been accounted for in these financial statements.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking Group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The Trustee does not consider the amount to be material and has not accounted for it in these financial statements.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 CONTINGENT ASSETS AND LIABILITIES

The Virgin Media Limited/NTL Pension Trustees II decision, handed down by the High Court in June 2023, considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out scheme cannot be altered unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. The Court of Appeal dismissed Virgin Media's appeal against this ruling in June 2024.

In June 2025 the Government announced that it will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.

The Trustee will investigate the possible implications of the above with its advisers once further detail is provided by the Government on the proposed legislation but, it is not possible, at present, to estimate the potential impact, if any, on the Scheme.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

REPORT ON ACTUARIAL LIABILITIES

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the employer and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The most recent triennial actuarial valuation of the Scheme was carried out as at 31 March 2023. The results of both of these are included below;

	2023
	£m
Value of assets available to meet technical provisions	66.0
Value of liabilities in respect of technical provisions	59.9
Funding level	110%

Although there are no current plans to discontinue the scheme and buy-out liabilities with an insurance company, the Trustee also considers the level of funding relative to the estimated costs of such a buy-out (known as "solvency liabilities") and equivalent information on this basis is provided below:

	2023
	£m
Value of assets available to meet technical provisions	66.1
Value of liabilities in respect of solvency valuation	66.0
Solvency level	99.8%

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Scheme in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows:

Method

The actuarial method to be used in the calculation of the technical provisions is the projected unit method with a one year control period.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

REPORT ON ACTUARIAL LIABILITIES (CONTINUED)

Significant actuarial assumptions

Pre-retirement discount interest rate: calculated as the Nominal Gilt Yield Curve plus 0.5% per annum at each term.

Post retirement discount interest rate: calculated as the Nominal Gilt Yield Curve plus 0.5% per annum at each term.

Future Retail Prices inflation: as measured by the RPI growth will be calculated using the Gilt Inflation Curve

Future Consumer Prices inflation: RPI Inflation less 1.0% p.a. at each term until 2030 and no adjustment thereafter

Salary increases: will be calculated in line with the CPI assumption.

Increases to pensions in payment: Pension increases will be calculated using Jarrow-Yildirim Methodology allows for the relevant measure of inflation and maximum annual increases

Pension increases in deferment: Elements of pension in deferment which have future revaluation in line with CPI subject to a maximum of 5% per annum will be calculated as revaluing at the assumed rate of CPI inflation, subject to a minimum assumption of 0% per annum and a maximum assumption of 5% per annum.

Mortality pre-retirement: no allowance.

Mortality post retirement: base mortality table: 111% of S3PMA (males) and 103% of S3PFA_M (females), projected to the valuation date, with a 1.5% per annum long term projected rate of improvement (CMI_2022 [1.50%,S=7]), using a year of birth approach.

Cash commutation: Members assumed to exchange 80% of maximum cash permitted (ignoring the effect of protection of cash) at current commutation rates

Withdrawal rates: No withdrawal decrement (i.e. active members assumed to stay in service until retirement date)

Contingent dependant's pensions: 90% of members will be assumed to be married at retirement (or on earlier death).

Spouses ages: Husbands will be assumed to be three years older than their wives.

Discretionary benefits: There has not been any practice of granting discretionary benefits or increases in benefits under the Scheme and consequently no allowance will be made for this.

Actuarial update

An actuarial update was carried out as at 31 March 2024. At this date the Scheme was assessed to be 117% funded, with a surplus of £9.7m when measured against the technical provisions.

Next actuarial valuation

The next triennial valuation is due as at 31 March 2026.

ACTUARIAL CERTIFICATE

Actuary's Certification of Schedule of Contributions

Horizon Housing Group Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2023 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated (i.e. signed on behalf of the trustee on) 14 November 2023.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:		Date:	<u>14</u> November 2023
Name:	John Hemsley	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	4 Brindleyplace Birmingham, B1 2JQ	Name of employer:	Mercer Limited

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 31 March 2025

Introduction

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles (SIP) produced by the Trustee has been followed during the year to 31 March 2025. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

Trustee's Investment Objectives

The Trustee believes it is important to consider the stewardship policy in place in the context of the investment objectives it has set. The Trustee's primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the Trustee aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme. The Trustee also ensures that its investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

Investment Strategy

In March 2024, the Trustee carried out a review of the liability hedging strategy, in order to mitigate any funding level volatility due to changes in interest rates and inflation. The Trustees implemented a new hedging strategy in May 2024, allowing the Scheme to move from an under-hedged position on interest rates and inflation, on the Technical Provisions basis, to an overhedged position. The overhedging on the Technical Provisions basis resulted in a c.93% and c.96% hedge ratios on interest rates and inflation, on a Gilts Flat basis.

Review of the SIP

The SIP was updated in September 2024.

Policy on ESG, Stewardship and Climate Change

The Trustee understands that it must consider all factors that have the potential to impact upon the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors. The Scheme's SIP includes the Trustee's policies on ESG factors, stewardship and climate change. These policies were last reviewed as part of a SIP update in September 2024. The Trustee keeps its policies under regular review, with the SIP subject to review at least triennially. The Trustee can confirm that it has acted in accordance with the SIP in relation to voting and engagement activities over the year under review.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

Investment Structure

The Scheme's main investment is a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers. The Trustee has no direct relationship with the Scheme's underlying investments managers, but the Trustee has the responsibility of monitoring the pooled funds, in conjunction with advice received from its investment advisor, Mercer.

Engagement

In the year to 31 March 2025, the Trustee has not directly engaged with the pooled investment managers on matters pertaining to ESG, stewardship or climate change. However, the performance monitoring reports produced by Mercer include ESG specific ratings of the funds held (with ratings derived by Mercer) and this helps to determine whether further action should be taken. Mercer will continue to monitor the progress of the credit managers pertaining to their overall approach towards Responsible Investment. However, due to the nature of the Scheme's investments (no equity holdings), this will relate to investment manager's general engagement activities with portfolio companies, rather than specific votes.

Voting Activity

The Scheme no longer holds any voting rights via its pooled fund investments. As such, there were no key votes on which to report over the year. The Trustee has delegated any engagement activities with invested companies to the investment manager.

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

MEMBERS' INFORMATION

INTRODUCTION

The Scheme is a defined benefit scheme and is administered in accordance with the establishing document and rules, solely for the benefit of its members and other beneficiaries.

Other information

- (i) The Department for Work and Pensions (DWP) Pension Tracing Service

The purpose of the DWP's Pension Tracing Service is to provide a tracing service for ex-members of schemes and their dependants with pension entitlements who have lost touch with earlier employers and their schemes. The contact details for the Pension Tracing Service are as follows:

The Pension Service www.gov.uk/find-pension-contact-details
Post Handling Site A 0800 731 0175
Wolverhampton
WV98 1AF

- (ii) Any concerns in respect of the Scheme should be referred to the Administrator, who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension schemes, who have problems concerning their scheme and are not satisfied by the information or explanation given by the administrators or the Trustee, can consult The Pensions Ombudsman. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended. The address is:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London (Tel: 0800 917 4487)
E14 4PU (Email: enquiries@pensions-ombudsman.org.uk)

You can also submit a complaint form online: www.pensions-ombudsman.org.uk/making-complaint/

- (iii) MoneyHelper provides pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities: The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. MoneyHelper can be contacted at:

MoneyHelper
120 Holborn (Tel: 0800 011 3797)
London (Email: pension.enquiries@moneyhelper.org.uk)
EC1N 2TD (Website: www.moneyhelper.org.uk)

- (iv) The Pensions Regulator (TPR) can intervene if it considers that a scheme's trustee, advisers or the employer are not carrying out their duties correctly. The address for TPR is:

Telecom House
125-135 Preston Road
Brighton
East Sussex
BN1 6AF

HORIZON HOUSING GROUP PENSION SCHEME

YEAR ENDED 31 MARCH 2025

MEMBERS' INFORMATION (CONTINUED)

- (v) The Pensions Protection Fund was introduced to protect members' interests in certain circumstances, i.e. to provide compensation where an employer has become insolvent and the scheme assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.
- The Pension Protection Fund is funded by a retrospective levy on occupational pension schemes.
- (vi) The Trust Deed and rules, the Scheme details, and a copy of the Payment Schedule and Statement of Investment Principles are available for inspection free of charge by contacting the Trustee at the address shown for enquiries in this report. Any information relating to the members' own pension position, including estimates of transfer values, should also be requested from the administrators of the Scheme, Aptia, at the address detailed in this report.