

Longhurst Group Trading Update for the period ending 31 December 2017

Longhurst Group (“LG”) is today issuing its consolidated unaudited trading update for the nine months ended 31 December 2017.

The Statement of Comprehensive Income Comparatives (SOCi) are to LG’s consolidated unaudited results for the nine months ending 31 December 2016. These results do not include the results of Axiom Housing Association Limited (“Axiom”) who joined the Group on 07 July 2017. Axiom is to be accounted for as an acquisition for the purposes of the 2017/18 Financial Statements.

Highlights

- Total turnover for the period was £108.8m, an increase of 29.3% on the prior year. The increase is due to the results of Axiom being included from July to December and the increase in turnover from property sales.
- Turnover from Property Sales was £23.5m up from £9.9m in 2016 with a margin of 21.7% down from a margin of 34.5% in 2016.
- Net operating margin was 31.02% down from 36.16% in 2016.
- Negative goodwill written off following the acquisition of Axiom was £5.2m.
- At 31 March 2018 LG’s void loss was 0.90% and arrears performance was 2.32%

Commenting on the results to the 31 December, Robert Griffiths CFO and Deputy CEO

“LG’s operating surplus for the period to the end of December was just under £2m better than budget at £33.76m.

The margin on low cost home ownership (“LCHO”) sales and market sales was 21.7% to 31 December 2017, down from 34.5% for the same period in 2016. The lower net sales margin reflects the change in mix in LG’s sales programme with less section 106 LCHO sales in 2017 as a proportion of total sales; section 106 LCHO sales traditionally achieve a higher margin of up to 30%.

Excluding the write off, of negative goodwill, LG now expects the surplus for the year after tax to be just over £20m against a budget of £19.8m.

Housing Completions

LG has completed 400 new homes in the nine months to 31 December 2017 and completed 518 in the year to 31 March 2018.

Two stock rationalisation acquisitions have also completed since the end of the 3rd quarter with 144 properties purchased from PA Housing on 26 March 2018 and 308 from Hyde Housing on 16 April 2018.

Future Development

A further 1330 units are expected to be completed by 2021/22 from current committed projects and uncommitted identified sites which are not yet in contract.

	9 months to 31/12/2016 £'000	9 months to 31/12/2017 £'000	Movement £'000	
Statement of Comprehensive Income				
Turnover (excluding property sales)	74,292	85,264	10,972	14.8%
Turnover from property sales	9,890	23,563	13,673	138.3%
Total turnover	84,182	108,827	24,645	29.3%
Cost of sales	(7,350)	(19,358)	(12,008)	163.4%
Operating costs	(46,391)	(55,710)	(9,319)	20.1%
Operating surplus	30,441	33,759	3,318	10.9%
Operating margin	36.16%	31.02%		
Surplus on sale of properties not developed for outright sale	643	719	76	11.8%
Negative goodwill written off	-	5,225	5,225	100.0%
Movement in investment properties	-	-	-	0.00%
Interest receivable and other income	78	75	(3)	-3.8%
Interest payable and similar charges	(18,925)	(19,224)	(299)	1.6%
Actuarial gains/losses in respect of pension schemes	-	-	-	0.00%
Tax payable	(115)	(376)	(261)	226.6%
Surplus for the period	12,122	20,178	8,056	66.5%

	31/03/2017 £'000	31/12/2017 £'000
Statement of Financial Position		
Fixed assets		
Housing properties	912,739	1,045,751
Investment properties	5,449	5,449
Other fixed assets	14,366	17,628
	932,554	1,068,827
Current assets		
Stock	26,214	18,817
Trade and other debtors	3,562	2,283
Cash and cash equivalents	10,122	16,320
	39,898	37,420
Creditors: amounts falling due within one year	(22,006)	(26,367)
Net current assets/(liabilities)	17,892	11,052
Total assets less current liabilities	950,446	1,079,880
Creditors: amounts falling due after one year		
Loans	(497,766)	(555,259)
SHPS pension agreement plan	(10,610)	(13,430)
Deferred capital grant	(228,011)	(273,692)
	(736,387)	(842,381)
Pension provision	(3,505)	(3,505)
Total net assets	210,554	233,994
Capital and reserves		
Revenue reserve	102,487	122,665
Revaluation reserve	139,502	139,502
Cashflow hedge reserve	(32,435)	(29,173)
Designated reserves	1,000	1,000
	210,554	233,994

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