
MOUNT GREEN HOUSING ASSOCIATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

MOUNT GREEN HOUSING ASSOCIATION LIMITED

COMPANY INFORMATION

Board members	Martin Large (resigned 30 September 2025) Verena Buchanan Heather Bowman (appointed 1 October 2025) Juliana Crowe (resigned 18 February 2026) Greg Falvey John Skivington Becky Slaymaker Agnieska Stobinska Kelvan Swinnerton
Company secretary	Syka Sheikh (appointed 1 July 2026)
Community Benefit Society Number	IP16264R
Regulator of Social Housing Number	L0042
Registered office	Suite C, Lancaster House Grange Business Park Enderby Road Leicester LE8 6EP
Independent auditor	Menzies LLP 20 Colmore Circus Queensway Birmingham B4 6AT
Bankers	Barclays Bank 1 Churchill Place London E14 5HP
Principal Solicitors	Trowers and Hamlins London EC1Y 8YZ

MOUNT GREEN HOUSING ASSOCIATION LIMITED

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MOUNT GREEN HOUSING ASSOCIATION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2026

Introduction

The Board presents its report and audited financial statements for Mount Green Housing Association Limited (the 'Association') for the year ended 31 March 2026.

Nature of the business and principal activities

Mount Green Housing Association Limited is a Registered Society under the Cooperative and Community Benefit Societies Act 2014, with charitable status, and a Registered Provider with the Regulator of Social Housing (RSH). Its parent is Stonewater Limited (the 'Group' or 'Stonewater').

Mount Green's principal activities include:

- provision of a range of accommodation which includes family housing, homes for people with disabilities, older persons housing and housing for key and essential workers;
- letting of housing for rent to people who are unable to rent or buy at open market rates;
- property management services to leaseholders;
- development of new homes over the full range of tenures to alleviate housing need in Surrey;
- development of low-cost home ownership products for people of low to moderate incomes who are able to buy a share of the equity in their home.

We currently have 1,670 properties that we own or manage, mainly within Surrey and North Sussex.

Business review

The turnover of £14.1 million is £0.4 million lower than last year due to a decrease in 1st tranches sales proceeds of £0.4 million and a decrease in service charge income received, offset by a rent increase of 2.7% for the majority of tenures. The Association made an operating surplus of £2.9 million and had a total comprehensive loss of £0.7 million.

Chair's Statement

Having joined the Board in October 2025, I would like to thank everyone who contributed to Mount Green's 2025-26 performance. I am particularly grateful to my predecessor, Martin Large, our Board Members, Marcus Canning and the senior leadership team. Their collective experience, commitment and leadership have ensured a strong and stable transition as we completed our integration with Stonewater.

This year, the Board has maintained a clear focus on governance, compliance and accountability. We have strengthened oversight while ensuring that Mount Green continues to deliver services that reflect local needs. Our recent C2 regulatory grading confirms that we are meeting the Regulator's consumer standards, and we have a clear and structured plan in place to progress to C1.

Integration into the Stonewater Group has enhanced our resilience. We now benefit from increased investment capacity, stronger compliance frameworks and access to wider expertise. At the same time, we have maintained our commitment to locally focussed services, ensuring that decisions remain close to our customers and communities.

We have seen tangible progress in service delivery, including improvements in housing management and the expansion of our local repairs service. These changes strengthen our ability to provide safe, warm and well-maintained homes.

The Board continues to prioritise customer voice in our governance. Resident representation at Board level, alongside active engagement through our customer communities, ensures that we remain informed by the experiences and priorities of those we serve.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2026**



Heather Bowman
Chair

Report of Management

This year, Mount Green has made strong progress following its integration with Stonewater in February 2024. We have built a more responsive, locally focussed service across Surrey and Sussex while strengthening our operational performance.

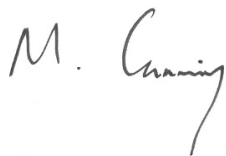
We have expanded our in-house maintenance team, improved response times and are seeing increased customer satisfaction. Alongside this, we have strengthened our community presence by introducing more neighbourhood representatives and delivering a broader programme of local engagement activities. These changes are helping us better understand and respond to customer needs.

We have also advanced our sustainability agenda. We are securing grant funding and preparing for further retrofit investment to improve energy efficiency and reduce costs for customers. This work supports both our environmental commitments and our focus on affordability.

At the same time, we have fully aligned with Stonewater's governance and operational frameworks. This ensures consistent management of risk and performance, while giving us access to the scale, expertise and financial strength of the wider group.

Our priority now is to build on this momentum. We will continue to strengthen our service delivery, invest in our homes and enhance the customer experience. We will also deepen our local presence, ensuring that our services remain accessible, responsive and tailored to the communities we serve.

I would like to thank colleagues across Mount Green and Stonewater for their continued hard work and commitment. Their contribution has been central to our progress this year, and it will remain key to our success in the years ahead.



Marcus Canning
Director of Mount Green

MOUNT GREEN HOUSING ASSOCIATION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2026

RISKS AND UNCERTAINTIES

The Stonewater Group risk register is monitored by the Stonewater Group Risk and Assurance Committee, which provides assurance to the parent board. Mount Green are in the process of adopting Stonewater's policies. The Board is responsible for reviewing Mount Green's risks and, if appropriate, escalating material risks to the Group Risk and Assurance Committee. Mount Green's top operational risks are:

1. Inability to manage expenditure
2. Poor service delivery of our local model, which is a key aspect of the Stonewater partnership arrangement
3. Reputational damage
4. Mount Green's leaders do not have the capacity and/or capability to deliver the corporate plan and/or the supporting team does not have the capacity and/or capability to undertake the full range of responsibilities delegated to them
5. Data or security breach as a result of insufficient cyber security measures
6. Failure to expand the delivery of the Direct Labour Organisation (DLO) as agreed

Mount Green risks are managed within the overarching Stonewater Group risk appetite. The board reviews compliance with the risk appetite at each meeting and confirms to the parent board whether or not Mount Green's operations are in line with this. If they move outside the risk appetite, corrective actions are put in place.

GOVERNANCE

The Board has overall responsibility for the strategic oversight and management of Mount Green. Day-to-day performance management is delegated to the Director. The Board approves the strategy, ensures effective management of resources and risk, oversees performance and the achievement of the strategic goals, and ensures effective governance and external reporting. The Board has adopted the 2020 National Housing Federation (NHF) Code of Governance and was fully compliant with it at 31 March 2026 and post year end. The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

Mount Green's principal accounting policies are set out in Note 2 of the financial statements. The financial statements comply with the Statement of Recommended Practice for Social Housing Providers (SORP) 2018 and FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland).

The Board is able to confirm to the best of its knowledge compliance with its adopted code of governance and the regulatory governance, financial viability standard as set by Regulator of Social Housing.

EQUALITY, DIVERSITY AND INCLUSION (ED&I)

Equality, Diversity and Inclusion is integral to Mount Green's Corporate Plan, our mission statement of 'Everyone Matters' and through one of the values – 'Fair'. Combining these and the objectives that sit underneath, it is how we will proactively work on ED&I internally with our team and externally with our residents.

As of April 2025 we have adopted Stonewater's values and strategic plan aligning with the strong Group commitment to ED&I and utilising the framework and resources in place at a group level.

ED&I is also a main principle of good governance running through the National Housing Federations (NHF) Code of Governance, the newly launched NHF Code of Conduct as well as the Regulator of Social Housing's

MOUNT GREEN HOUSING ASSOCIATION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2026

(RSH) Regulatory Standards.

VALUE FOR MONEY

Our definition of Value for Money (VfM) is using our finite resources to maximum effect to get the optimum outcomes for customers. Our key aim is to get the right balance between quality and cost and get the most out of our assets and employees by operating efficiently and effectively.

Adding Social Value (SV) is another key part of our offering to customers. We define SV as 'making a positive difference to the lives of our residents and the wider communities in which they live and the general economy'. This is enshrined in our vision of being an excellent landlord. As a business with social objectives, we reinvest surpluses in new homes and improving properties and services.

The Value for Money regulatory framework requires us to publish our results against seven specific measures. The regulation allows for us to decide what our target should be and to benchmark appropriately. The results for Mount Green are in the following table:

Measure	2025/26	2024/25	2023/24	2022/23	MG Target	Global Accounts Median 2024/25
Reinvestment %	2.8%	5.6%	4.0%	5.8%	2.4%	7.5%
New supply delivered % (social)	0.0%	0.0%	2.5%	2.8%	0.5%	1.3%
New supply delivered % (non-social)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing %	65.6%	63.9%	79.2%	61.4%	63.9%	45.5%
EBITDA MRI interest cover %	11.3%	(77.1)%	64.8%	86.3%	120.0%	112.9%
Social housing cost pu (£)	£8,101	£10,162	£6,373	£5,724	£8,148	£5,688
Operating margin % (social)	10.3%	10.3%	25.7%	30.3%	13.0%	20.0%
Operating margin % (overall)	14.9%	15.3%	29.0%	29.7%	16.5%	17.4%
Return of capital employed	2.2%	2.6%	4.6%	3.8%	2.9%	3.0%

Reinvestment and new supply - This demonstrates the extent to which we are investing our own money in new supply and works to our existing properties and is one of our key strategic objectives. Spend on component replacements was in line with the budget for 2025-26.

Gearing – This measures the proportion of borrowing in relation to our asset base. Our strategy in recent years has been to borrow to fund our ambitious growth which has led to our gearing ratio being high. Debt was higher at 31 March 2026 than in the previous year due to increased borrowing from the intercompany loan. There are

MOUNT GREEN HOUSING ASSOCIATION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2026

plans in place to partially repay this in 2026-27.

EBITDA MRI interest cover - This shows the relationship between cash generated from our activities in the year and the annual interest payments on outstanding debt; the higher the percentage the more available cash there is to service debts. While we have not met our target, this metric has improved from prior year due to a decrease in capital investment spend.

Social Housing cost per unit (cpu) – Our cost per unit has increased largely due to increased compliance and our decision to invest more upfront on compliance. Increased costs on materials, energy and labour, and the bringing forward of fire safety works, have all led to the deterioration in this cost per unit measure however we have seen an improvement from prior year and achieved our target.

Operating margin – This demonstrates the profitability of our operating activities. Increasing operating margins are one way to improve the financial efficiency of a business, although as we have social objectives too, this is not always a straightforward measure. This metric excludes the surplus on the disposal of housing assets. Both metrics are broadly in line with the targets set for the year.

Return on capital employed - This shows how well we are using both capital and debt to generate a financial return. This measure has decreased from prior years, reflecting our decreased operating surplus.

FINANCIAL PERFORMANCE

For 2025/26 we are reporting a net deficit of £0.7m against a turnover of £14.1m. The following table shows the results over the past 5 years.

Summarised financial performance	2026 £000	2025 £000	2024 £000	2023 £000	2022 £000
Turnover	14,102	14,500	14,884	13,756	11,856
Operating surplus	2,912	3,364	5,699	4,582	5,083
Net interest	(3,658)	(4,113)	(4,820)	(3,734)	(3,740)
Net surplus/(deficit) before tax	(746)	(749)	879	848	1,343
Operating surplus %	20.6%	23.2%	38.3%	33.3%	42.9%
Net surplus/(deficit) before tax %	(5.3%)	(0.05%)	5.9%	6.2%	11.3%
Total fixed assets (housing stock at cost)	153,346	150,800	143,594	139,966	132,585
Total reserves	23,492	24,211	24,881	24,157	23,457

Overall surpluses in the year and reserves are also impacted by the value of the Social Housing Pension Scheme (SHPS). As at March 2026 we are now recognising a liability of £0.45m (2025: £0.45m). This recognition in the movement of a pension liability has the potential to impact the total comprehensive income and expenditure in future years as the liability we recognise is determined partly by how well the pension funds' assets are invested and macro-economic factors. Mount Green has minimised the liability for future years as the final salary pension scheme has been closed to new entrants for a number of years.

Mount Green's accumulated reserves amounted to £23.5m (2025: £24.2m).

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2026**

As a result of joining the Stonewater group, there is an intercompany loan facility from Stonewater Limited. The total loan facility from Stonewater Limited is for £71.5m and consists of two tranches. The first is an interest free tranche of £11.5m which is undrawn and available for Mount Green to use for investment in existing properties. The second tranche, for £60.0m, is charged at an interest rate of SONIA plus a margin of 1.0%. The facility expires in March 2031. At 31 March 2026, £11.8m of this tranche was drawn (2025: £9.7m).

In January 2025, Stonewater Funding reallocated part of the 2042 bonds which had been onlent to Stonewater Limited, to Mount Green Housing Association. The terms of the reallocated debt are the same as the terms of the original onlending to Stonewater Limited so that Stonewater Funding continues to receive sufficient interest to pay the investors who hold the bond. £30.0m of nominal debt (and the associated bond premiums) were onlent to Mount Green at a fixed interest rate of 5.034%.

Going concern

The Board has reviewed the Association's five-year strategic plan and 30-year financial projections. This review included stress testing and analysis of potential impact on covenants. The Board is fully satisfied that the Association has adequate resources to continue trading for the foreseeable future and therefore continues to adopt the going concern basis in preparing the Association's financial statements.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

BOARD MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2026

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

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditors

The Board members who held office at the date of approval of this report confirm that in fulfilling their duties as a Board member they have taken the steps they ought to have taken to make themselves aware of any information relevant to the audit and the auditors are aware of that information. So far as they are aware there is no relevant audit information which they have not made the auditors aware of.

Post balance sheet events

On 3 June 2026, Stonewater Limited announced a proposed corporate reorganisation under which Mount Green Housing Association Limited, a registered provider of social housing and community benefit society (registration number 16264R), intends to transfer its engagements to Stonewater Limited. This transaction is subject to regulatory approvals and completion processes and has therefore been treated as a non-adjusting post balance sheet event.

Auditors

Menzies LLP (formerly Beever and Struthers LLP) were re-appointed as Mount Green Housing Association Limited's external auditors for 2025/26 on 22 July 2025 by the Board.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**BOARD MEMBERS' REPORT
FOR THE YEAR ENDED 31 MARCH 2026**

This report was approved by the Board on 21 July 2026 and signed on its behalf by:



Heather Bowman
Chair

MOUNT GREEN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOUNT GREEN HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Mount Green Housing Association Limited (the 'association') for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, and the notes to the financial statements, including a summary of significant accounting policies in note 2. 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:

- give a true and fair view of the state of the association's affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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 association 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 statements, we have concluded that the Board'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 association'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 Board 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 Strategic Report and the Board members' Report other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

MOUNT GREEN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOUNT GREEN HOUSING ASSOCIATION LIMITED

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's Responsibilities set out on page 7, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the Board 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 Board is responsible for assessing the association'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 Board either intend to liquidate the association 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.

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

Extent to which the Audit was Considered Capable of Detecting Irregularities, Including Fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered

MOUNT GREEN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOUNT GREEN HOUSING ASSOCIATION LIMITED

Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:


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Menzies LLP
 Chartered Accountants
 Statutory Auditor

20 Colmore Circus
 Queensway
 Birmingham
 B4 6AT

Date : 17-Sep-2026

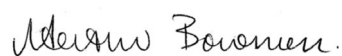
MOUNT GREEN HOUSING ASSOCIATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026**

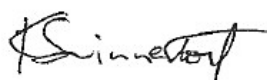
	Note	2026 £000	2025 £000
Turnover	3	14,102	14,500
Cost of sales	3	-	(248)
Operating costs	3,4	(11,999)	(12,037)
Surplus on disposal of fixed assets	3,10	809	1,149
Operating surplus		2,912	3,364
Interest receivable and similar income	11	55	12
Interest payable and financing costs	12	(3,713)	(4,125)
(Deficit) for the year		(746)	(749)
Actuarial gains on defined benefit pension scheme		27	79
Other comprehensive income for the year		27	79
Total Comprehensive Income for the year		(719)	(670)

The notes on pages 17 to 51 form part of these financial statements.

The financial statements were approved by the Board on 21 July 2026 and signed on its behalf by:



Heather Bowman
Board Member



Kelvan Swinnerton
Board Member



Syka Sheikh
Company Secretary

MOUNT GREEN HOUSING ASSOCIATION LIMITED
REGISTERED NUMBER: IP16264R

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

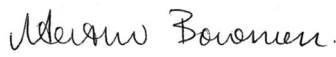
	Note	2026 £000	2026 £000	2025 £000 <i>Restated</i>	2025 £000 <i>Restated</i>
Fixed assets					
Intangible Assets	14		400		453
Housing Properties	15		129,677		128,761
Other fixed assets	16		1,789		1,555
			131,866		130,769
Current assets					
Properties held for sale	17	58		-	
Debtors	18	639		812	
Current asset investments	26	230		262	
Cash at bank and in hand	26	1,931		1,778	
		2,858		2,852	
Creditors: amounts falling due within one year	19	(5,102)		(3,708)	
Net current liabilities			(2,244)		(856)
Total assets less current liabilities			129,622		129,913
Creditors: amounts falling due after more than one year	20		(105,835)		(104,553)
Provisions for liabilities					
Other provisions	24	-		(700)	
		-		(700)	
Pension liability	25		(295)		(449)
Net assets			23,492		24,211
Capital and reserves					
Profit and loss account			23,492		24,211
			23,492		24,211

MOUNT GREEN HOUSING ASSOCIATION LIMITED
REGISTERED NUMBER: IP16264R

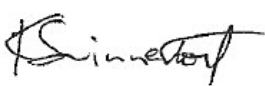
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

The notes on pages 17 to 51 form part of these financial statements.

TThe financial statements were approved by the Board on 21 July 2026 and signed on its behalf by:



Heather Bowman
Board Member



Kelvan Swinnerton
Board Member



Syka Sheikh
Company Secretary

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2026**

	Income and expenditure reserve	Total reserves
	£000	£000
At 1 April 2025	24,211	24,211
Comprehensive income for the year		
Loss for the year	(746)	(746)
Actuarial gains on pension scheme	27	27
Other comprehensive income for the year	27	27
Total comprehensive income for the year	(719)	(719)
At 31 March 2026	<u>23,492</u>	<u>23,492</u>

The notes on pages 17 to 51 form part of these financial statements.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2025

	Income and expenditure reserve	Total reserves
	£000	£000
At 1 April 2024	24,881	24,881
Comprehensive income for the year		
Loss for the year	(749)	(749)
Actuarial gains on pension scheme	79	79
Total comprehensive income for the year	(670)	(670)
At 31 March 2025	<u>24,211</u>	<u>24,211</u>

The notes on pages 17 to 51 form part of these financial statements.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

1. Legal status

Mount Green is incorporated in the United Kingdom and is registered under the Co-operative and Community Benefit Societies Act 2014 and with the Regulator of Social Housing as a Registered Provider. Its registered office is Suite C Lancaster House, Grange Business Park, Enderby Road, Whetstone, LE8 6EP. The principal activities and operating base are set out in the Report of the Board. On 31st January 2024 Mount Green became a subsidiary of Stonewater Limited.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements of Mount Green are prepared in accordance with applicable accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Statement of Recommended Practice for registered social housing providers, Housing SORP 2018.

In accordance with FRS 102 Mount Green is a public benefit entity that has applied "PBE" prefixed paragraphs.

The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The accounts are prepared on the historical cost basis of accounting and are presented in sterling (£'000's), unless otherwise stated.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

The financial statements are presented in Sterling (£'000) except where specifically stated otherwise.

In preparing these financial statements, advantage has been taken of the following disclosure exemptions available to subsidiary undertaking in FRS 102:

- No cash flow statement has been presented.
- Disclosures in respect of the Association's financial instruments have not been presented.
- Disclosure in respect of the related party transactions with intra group companies.

The information is included in the consolidated financial statements of Stonewater Limited as at 31 March 2026 and these financial statements may be obtained from Stonewater's registered address as disclosed on the Company Information page.

2.2 Going concern

Mount Green continuously reviews its exposure to risks related to operations, with the factors likely to affect its future performance and financial position. The adopted stress testing framework within our 30-year business plan will make our assessments around the business more thorough and meaningful.

On 3 June 2026, Stonewater Limited announced a proposed corporate reorganisation under which Mount Green Housing Association Limited, a registered provider of social housing and community benefit society (registration number 16264R), intends to transfer its engagements to Stonewater Limited. This transaction is subject to regulatory approvals and completion processes and has therefore been treated as a non-adjusting post balance sheet event.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

2. Accounting policies (continued)

2.3 Significant judgements and estimates

Preparation of the financial statements in conformity with generally accepted accounting practices requires management to make significant judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The judgements made are detailed in the relevant accounting policy section. Those areas that have the most significant effect on the amounts recognised are:

- Housing properties useful lives and subsequent depreciation - £1.9m (2025: £1.9m)
- Impairment - £0.1m (2025: £0.5m)

Other key sources of estimation uncertainty:

- Estimating the liability to pay defined benefit pensions - £ (2025: £449k)
- Provisions for bad debts - £361k (2025: £319k)

The basis of the calculations of these items are detailed in the sections below.

2.4 Turnover

Turnover represents rental and service charge income, grants receivable from local authorities and from Homes England, income from shared ownership first tranche sales, and proceeds from property sales, grant amortisation and other income, all of which arises in the UK.

2.5 Revenue recognition

Rental and service charge income is recognised from the point where properties under developments reach practical completion or otherwise become available for letting net of voids.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. First tranche sales and open market sales are included within turnover and the related portion of the cost of the asset recognised as an operating cost. The resultant surplus or deficit is recognised within the income statement.

Capital grants received are initially deferred and then credited to turnover in the Statement of Comprehensive Income on a straight-line basis over the expected life of the asset which they have funded once that asset is completed. Revenue grants are recognised when the conditions for receipt are met.

2.6 Bad debt provision

Provisions are made at the end of each period based on the outstanding value of monies owed from customers. The debt is analysed by type and by the length of time that it has been outstanding to decide which would be the most at risk and therefore require a provision to be made.

The rental debtors balance of £787k (2025: £776k) (note 18) recorded in the Statement of Financial Position comprises a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible. The bad debt provision was increased

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

2. Accounting policies (continued)

to reflect the increased risk of residents being unable to pay debts due, caused by cost-of-living increases.

2.7 Service charges

The Association adopts a mixture of fixed and variable method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated or fixed amounts chargeable.

2.8 Leasehold Sinking Funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors. Contributions to the sinking funds are collected from customers via service charges and credited to the funds. Expenditure is debited from the sinking fund as it is incurred and credited to the Statement of Comprehensive Income.

2.9 Operating costs

Direct employee, administration and operating costs are allocated to either the Statement of Comprehensive Income or capital schemes on the basis of costs of staff or the extent to which they are directly engaged in the operations concerned.

2.10 Development costs, work in progress and properties held for sale

Work in progress (WIP) is stated at the lower of cost and net realisable value. Cost includes the cost of acquiring land and buildings, development costs, staff costs and interest charges incurred during the development period. Distinguishing the point at which a project is more likely to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation of development costs, management monitors the asset and considers whether changes indicate that impairment is required.

Additions to WIP include the costs of finance charges specifically related to the funding of the purchase and development of the property, except that interest costs incurred prior to construction and after practical completion are written off in the period to which they relate. Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development, if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- b) interest on borrowings as a whole, after deduction of interest on SHG in advance, to the extent that they can be deemed to be financing the development programme.

Where there is a mixed tenure development which has more than one element, Mount Green allocates the cost of the land to each element of the scheme to reflect the respective values of the land for different tenure types.

Properties developed with the intention of outright sale are recorded within current assets at the lower of cost and net realisable value. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

2. Accounting policies (continued)

2.11 Housing properties and depreciation

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

Where an asset comprises of components with materially different useful lives, those assets are separately identified and depreciated over those individual lives. Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation of housing properties major components is on a straight-line basis over the following terms:

Central heating, boilers and hard-wired alarms	- 15	years
Kitchens	- 20	years
Lifts	- 20	years
Heating, ventilation and plumbing systems	- 40	years
Bathrooms	- 30	years
Windows and external doors	- 30-40	years
Electrics	- 30	years
Roof	- 20-50	years
Main fabric of the building	- 100-125	years

The accumulated depreciation at 31 March 2026 was £23.6m compared to £22.1m as at March 2025.

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefit is capitalised and the carrying amount of any replaced component or part component is derecognised. Expenditure comprises of invoiced values and an allocation of staff costs.

Properties acquired from another Registered Provider as a result of stock swaps or a transfer of engagement are initially recorded at their fair value.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The split is determined by the percentage of the property sold under the first tranche disposal and the remainder retained within social property, plant and equipment. The first tranche proportion is classed as inventory in current assets and related sales proceeds included in turnover and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for appreciation or impairment.

The exception to the above is where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus. In these circumstances any surplus on

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

2. Accounting policies (continued)

disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or fixed assets.

The overall surplus is the difference between the net present value of cashflows and the cost. The net present value of the cashflows is the sum of the first tranche proceeds, net rental streams and expected receipts from subsequent disposal of the asset, less any grant repayable.

Depreciation of Shared Ownership properties is over 100 years.

The residual values of fixed assets, their useful lives and their depreciation rates are reviewed at each reporting date and where there is an indication of a significant change since the previous reporting date, they are adjusted prospectively. Social housing grant (SHG) is amortised to income over the corresponding period of the structure for social housing lettings.

2.12 Intangible Assets

Computer software is carried at cost less accumulated amortisation and impairment losses. Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when there is an ability to use the software, and it can be demonstrated how the software will generate probable future economic benefits.

Amortisation is charged on a straight-line basis over the expected useful life of the software. The expected useful life is considered to be between three and ten years. The computer software is reviewed for impairment where there are triggers such as technological advancement or changes in market price, that indicate that the carrying amount may be impaired.

2.13 Other property, plant and equipment depreciation

Other property, plant and equipment comprise other fixed assets and are stated at cost less accumulated depreciation.

Depreciation is provided evenly on the cost of other property, plant and equipment to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. Management reviews its estimate of the useful lives of depreciable assets at each reporting date.

The estimated useful lives range as follows:

Freehold office buildings	-	60 years
Computer software and hardware	-	3-7 years
and office equipment		
Office furniture and fittings	-	4-15 years
Estate equipment	-	5-20 years

Gains or losses arising on the disposal of other property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

2. Accounting policies (continued)

2.14 Financial instruments

Financial assets and liabilities comprise investments, trade and other debtors, cash and cash equivalents, trade and other payables, accruals and loan balances.

The classification of financial instruments as “basic” or “other” requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its return.

Financial assets and financial liabilities are recognised when Mount Green becomes party to the contractual provisions of the financial instrument. All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financing transaction, the financial asset or financing liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when, there exists a legally enforceable right to set off the recognised amounts and Mount Green intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Other financial instruments and investments in equity instruments are recognised at fair value with any gains or losses being reported in surplus or deficit.

Financial assets are derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled,
- all the risk and rewards of ownership of the financial asset are substantially transferred to another party; or the control has transferred to another party, despite having retained some, but not all, significant risks and rewards of ownership.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments represent a liquidity reserve fund which is equivalent to one year's interest on the AHF loan.

Trade (including rental) and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that all amounts due will not be able to be collected.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short term bank deposits and bank overdrafts which are an integral part of Mount Green's cash management. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

2. Accounting policies (continued)

basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.15 Impairment of non-financial assets

Non-financial assets comprise housing properties, property, plant and equipment and stock.

Non financial assets, other than those measured at fair value, are assessed for indications of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of a non financial asset is the higher of its fair value less costs to sell and its value in use.

Value in use for housing properties which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired is based on the value in use for assets held for their service potential, being the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

The recoverable amount for an asset held for its service potential is assessed as the depreciated replacement cost which is the lower of (a) the cost of purchasing an equivalent property on the open market; and (b) the land cost plus the rebuilding cost of the structure and components. There is limited history of acquiring or selling properties from or to other registered providers and the Board considers that there is no active market. As a result, no impairment provision against social housing assets has been recognised. The carrying values of the relevant assets are shown in note 11.

The assessment of whether an asset is held for its service potential is a matter of judgement and in making that judgement the Board considers the current use of the asset and the expected future use of the asset. If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

2.16 Impairment of financial assets

Financial assets comprise investments, trade and other debtors and cash and cash equivalents.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

2. Accounting policies (continued)

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2.17 Loan issue costs

Costs incurred in raising loan finance are recorded as a deduction from the gross proceeds of the loan and subsequently amortised in the income and expenditure account over the expected term of the loan.

2.18 Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accrual model.

The unamortised element of the government grant is recognised as deferred income in creditors due within one year or due after more than one year as appropriate in the Statement of Financial Position.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England.

Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. If unused within a three year period, grants received from Homes England are repayable unless specifically agreed otherwise, including any accrued interest.

In 2025 Mount Green received a specific extension for £0.1m of recycled grant over three years old. Any unused recycled capital grant held within the recycled capital grant fund is disclosed in the Statement of Financial Position and the notes, split between creditors falling due within one and after one year.

2.19 Other grants

Grants received from non government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable.

A grant that imposes specified future performance related conditions is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability in the Statement of Financial Position.

2.20 Pensions and short term employee benefits

Mount Green participates in the Social Housing Pension Scheme (SHPS) in both the defined benefit and the defined contribution section of that scheme.

Defined benefit pension scheme (note 23)

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

2. Accounting policies (continued)

The defined benefit section is now closed to new members and only a defined contribution pension is offered to new members of staff. The defined benefit section of SHPS is a multi employer defined benefit (final salary) contributory pension scheme administered independently.

The liability recognised in the statement of financial position in respect of the defined benefit scheme is the present value of the association's share of the defined benefit obligation at the reporting date less the fair value of the association's share of the scheme assets at the reporting date.

The association's share of the defined benefit obligation is calculated using the projected unit credit method, based on the association's current and past employees. Annually the association engages the scheme actuaries to calculate the obligation, using the association's assumptions. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of scheme assets (which are attributable to all participating employers in the scheme) is measured in accordance with the FRS 102 fair value hierarchy and where relevant includes the use of appropriate valuation techniques. Once the fair value of the scheme assets has been determined, the scheme administrators allocate the scheme assets to individual employers.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 're measurement of net defined benefit pension scheme liability'.

The cost of the defined benefit plan, recognised in the income statement as employee costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as 'Finance expense'.

2.21 Cash and cash equivalents

Cash and cash equivalents in the Association's statement of financial position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

2.22 Leases

Leases are classified as finance leases where the terms of the leases transfer substantially all the risks and the rewards incidental to ownership of the leased asset. All other leases are classified as operating leases.

Rentals paid or receivable under operating leases are recognised to the Statement of Comprehensive Income on a straight line basis over the term of the lease, including where payments or receipts are not required to be made on a straight-line basis. Lease incentives are similarly spread on a straight line basis over the relevant lease terms. Assets held under finance leases are measured initially at the fair value of the leased asset and the corresponding lease liability. Assets held under finance leases are included in tangible fixed assets and depreciated in

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

2. Accounting policies (continued)

the same way as owned assets.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Association a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Association becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.24 Value Added Tax

A large proportion of Mount Green's income comprises rental income, which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the Statement of Comprehensive Income. A new partial exemption special method (PESM) has been granted and applied in the financial statements.

2.25 Taxation

Mount Green has charitable status and therefore is not subject to Corporation Tax on surpluses derived from charitable activities, provided that the surpluses are applied to charitable objects. In the 2025/26 financial year, there were no activities which would be liable to Corporation Tax. There was no corporation tax liability in 2024/25.

2.26 Revenue reserves

Revenue reserves relate to the cumulative surpluses.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

3. Particulars of turnover, costs of sales, operating costs and operating surplus/(deficit) - Current Year

	Note	Turnover 2026 £000	Cost of Sales 2026 £000	Operating costs 2026 £000	Surplus on disposal of fixed assets 2026 £000	Operating surplus / (deficit) 2026 £000
Social housing lettings	4	13,382	-	(11,999)	-	1,383
Other social housing activities						
Intermediate rent		513	-	-	-	513
Other income		207	-	-	-	207
Surplus on disposal of fixed assets	10	-	-	-	809	809
Total		<u>14,102</u>	<u>-</u>	<u>(11,999)</u>	<u>809</u>	<u>2,912</u>

Turnover from Intermediate rent includes £4k of grant amortisation (2025: £4k).

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

Particulars of turnover, costs of sales, operating
costs and operating surplus/(deficit) - Prior Year

	Note	Turnover 2025 £000	Cost of Sales 2025 £000	Operating costs 2025 £000	Surplus on disposal of fixed assets 2025 £000	Operating surplus / (deficit) 2025 £000
Social housing lettings	4	13,415	-	(12,037)	-	1,378
Other social housing activities						
First tranche shared ownership sales		415	(248)	-	-	167
Intermediate rent		523	-	-	-	523
Other income		147	-	-	-	147
Surplus on disposal of fixed assets	10	-	-	-	1,149	1,149
Total		<u>14,500</u>	<u>(248)</u>	<u>(12,037)</u>	<u>1,149</u>	<u>3,364</u>

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

4. Particulars of the income from social housing lettings

	General Needs 2026 £000	Supported / Housing for older people 2026 £000	Shared ownership 2026 £000	Affordable Rent 2026 £000	Total 2026 £000	Total 2025 £000
Rent receivable net of identifiable service charges	6,205	2,092	1,272	2,161	11,730	11,535
Service charge income	626	576	241	1	1,444	1,672
Net rent receivable	6,831	2,668	1,513	2,162	13,174	13,207
Amortised government grants (note 21)	114	53	16	25	208	208
Income from social housing lettings	6,945	2,721	1,529	2,187	13,382	13,415

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

Particulars of the expenditure from social housing lettings

	General Needs 2026 £000	Supported / Housing for older people 2026 £000	Shared ownership 2026 £000	Affordable Rent 2026 £000	Total 2026 £000	Total 2025 £000
Management	(3,312)	(60)	(6)	(9)	(3,387)	(5,125)
Service charge costs	(1,557)	(289)	(81)	(58)	(1,985)	(1,781)
Routine maintenance	(2,809)	(194)	(9)	(88)	(3,100)	(2,402)
Planned maintenance	(605)	(33)	(2)	(16)	(656)	(602)
Major repairs (note 15b)	(548)	(174)	(4)	(2)	(728)	(273)
Bad debts	(57)	6	-	(17)	(68)	75
Depreciation on housing properties – annual charge (note 6 and 15b)	(1,104)	(209)	(158)	(331)	(1,802)	(1,864)
Depreciation on housing properties – accelerated on disposal of components (note 6 and 15a)	(131)	(30)	-	(9)	(170)	(65)
Impairment on housing properties (note 6 and 15b)	-	(103)	-	-	(103)	-
Expenditure on social housing lettings	<u>(10,123)</u>	<u>(1,086)</u>	<u>(260)</u>	<u>(530)</u>	<u>(11,999)</u>	<u>(12,037)</u>
Operating surplus/(deficit) on social housing lettings	<u>(3,178)</u>	<u>1,635</u>	<u>1,269</u>	<u>1,657</u>	<u>1,383</u>	<u>1,378</u>
Void losses	(23)	(55)	1	(7)	(84)	(157)

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

5. Units of housing stock

	At the start of the year	Additions	Disposals	Reclassific ations	At the end of the year
	Number	Number	Number	Number	Number
General needs	853	-	(2)	(79)	772
Affordable	182	-	-	81	263
Shared ownership	187	-	(5)	-	182
Supported	63	-	(1)	17	79
Housing for older people	287	-	-	-	287
Total owned	1,572	-	(8)	19	1,583
Accommodation managed for others	137	-	(31)	(19)	87
Total owned and managed accommodation	<u>1,709</u>	<u>-</u>	<u>(39)</u>	<u>-</u>	<u>1,670</u>

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

6. Operating surplus

	2026	<i>2025</i>
	£000	<i>£000</i>
This is arrived at after charging/(crediting):		
Depreciation of housing properties		
- annual charge (note 4 and 15)	1,802	1,864
- accelerated depreciation (note 4 and 15a)	170	65
Depreciation of other tangible fixed assets (note 16)	64	110
Amortisation of intangible assets (note 14)	110	-
Impairment of housing properties (note 4 and 15b)	103	-
Impairment of other tangible fixed assets (note 16)	4	477
Rent payable under operating leases	2	2
Surplus on sale of other tangible fixed assets (note 10)	(809)	(1,149)
Auditor's remuneration (excluding VAT):		
Audit of the financial statements	37	31
In respect of other services	-	18

7. Employees, Directors' and senior executive remuneration

The average number of employees, including Directors, expressed as full time equivalents (FTE) (calculated based on 35 hours) during the year was:

	2026	<i>2025</i>
	No	<i>No</i>
Administration	6	9
Development	1	2
Housing, support and care	24	35
	<u>31</u>	<u>46</u>

MOUNT GREEN HOUSING ASSOCIATION LIMITED

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	2026	2025
	£000	£000
Employee Costs		
Wages and salaries	1,363	1,696
Social security costs	163	322
Defined contribution pension contributions	131	250
Defined benefit current service cost	2	(1)
	<u>1,659</u>	<u>2,267</u>

Until 31 March 2010 Mount Green operated a single benefit structure: a defined benefit, final salary scheme with a 1/60th accrual rate. From 31 March 2010 this scheme was closed to new entrants and from 1 October 2010 a defined contribution structure was made available to new employees and to existing staff wishing to transfer from the defined benefit scheme. The employee contribution to the defined contribution scheme is 5% of gross income, employer contribution is 10%.

See note 23 for further details regarding the Pension liability in relation to the defined benefit scheme for existing and former employee members.

Salary bandings for all employees earning over £60,000 (including pension contributions)

	2026	2025
	£000	£000
Band		
£60,000 - £69,999	-	4
£70,000 - £79,999	1	2
£90,000 - £99,999	1	1
£110,000 - £119,999	1	-
£120,000 - £129,999	-	1
	<u>3</u>	<u>8</u>

8. Directors' and senior executives' remuneration

Key management personnel include the Board Members and Directors. Remuneration paid was as follows:

	2026	2025
	£000	£000
Directors' remuneration	249	313
Amounts paid to non-executive directors	45	70
Pension contributions	28	21
Total	<u>322</u>	<u>404</u>

The £249k in directors remuneration above includes £64k relating to a third party acting as an Executive Consultant (2025:£57k)

MOUNT GREEN HOUSING ASSOCIATION LIMITED

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FOR THE YEAR ENDED 31 MARCH 2026**

9. Board members' remuneration

	2026 £000	2025 £000
Martin Large (Resigned)	9	17
Becky Slaymaker	6	6
David Hunter (Retired)	-	17
Greg Falvey	6	6
John Skivington	6	6
Juliana Crowe (Resigned)	-	-
Kelvan Swinnerton	6	6
Agnieszka Stobinska	6	6
Verena Buchanan	6	6
Heather Bowman (Chair)	-	-
	<u>45</u>	<u>70</u>

The highest paid director was the Director of Mount Green, excluding pension contributions at £93,964 (2025: Managing Director £128,966). The Director was an ordinary member of the Social Housing Pension Scheme and no enhanced or special terms apply. Mount Green does not make any further contribution to an individual pension arrangement. Employer's pension contribution for the Director for the year was £20k (2025: Managing Director £9k).

Juliana Crowe and Heather Bowman are Board Members of the parent company, Stonewater Limited, and receive no additional remuneration for their roles on the Board of Mount Green.

10. Surplus on disposal of fixed assets

	Shared ownership properties 2026 £'000	Other housing properties 2026 £'000	Total 2026 £'000	Total 2025 £'000
Disposal proceeds	1,301	512	1,813	1,841
Net book value of disposals (note 15a)	(763)	(89)	(852)	(690)
Other costs	<u>85</u>	<u>(237)</u>	<u>(152)</u>	<u>(2)</u>
Surplus on disposal of fixed assets	<u>623</u>	<u>186</u>	<u>809</u>	<u>1,149</u>

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

11. Interest receivable and similar income

	2026	2025
	£000	£000
Bank interest	55	12
Total	<u>55</u>	<u>12</u>

12. Interest payable and financing costs

	2026	2025
	£000	£000
Interest on loans and overdrafts	2,069	2,131
Interest payable to group undertakings (note 22)	2,023	2,234
Amortisation of bond premium (note 22)	(410)	(275)
Amortisation of bond discount (note 22)	2	2
Amortisation of issue costs	3	3
Interest capitalised on construction on housing properties (note 14b)	-	(72)
Loan FRS 102 adjustment and RCGF interest	4	74
Net interest on net defined benefit liability (note 24)	22	28
Total	<u>3,713</u>	<u>4,125</u>

13. Taxation on surplus on ordinary activities

	2026	2025
	£000	£000
Deficit on ordinary activities before tax	(746)	(749)
Corporation tax charged at 25% (2025: 25%)	187	187
Effects of:		
Charitable tax exemption	(187)	(187)
Total tax charge	<u>-</u>	<u>-</u>

Mount Green Housing Association Limited is registered with charitable rules under Co-operative and Community Benefit Societies Act and as such received charitable relief from Corporation tax.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

14. Intangible Fixed Assets

	Computer software restated £'000	Total restated £'000
Cost or valuation		
At 1 April 2025 restated	500	500
Additions	57	57
At 31 March 2026	<u>557</u>	<u>557</u>
Amortisation		
At 1 April 2025 restated	(47)	(47)
Charge for the year	(110)	(110)
At 31 March 2026	<u>(157)</u>	<u>(157)</u>
Net Book Value		
At 31 March 2026	<u>400</u>	<u>400</u>
At 31 March 2025 restated	453	453

During the year assets were reclassified from computer equipment to intangible assets as the spend related to internally generated assets. £500k of cost and £47k of accumulated amortisation were reclassified relating to prior years from computer equipment in other fixed assets.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

15. a) Tangible fixed assets housing properties

	Housing properties held for lettings	Housing properties for letting under construction	Shared ownership properties held for lettings	Shared ownership under construction	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 April 2025	129,572	-	21,228	-	150,800
Additions:					
- replace and improve components	3,671	-	-	-	3,671
Transfer to properties held for sale	(59)	-	-	-	(59)
Disposals:					
- staircasing (note 10)	-	-	(831)	-	(831)
- replaced components	(135)	-	-	-	(135)
- other sales (note 10)	(100)	-	-	-	(100)
At 31 March 2026	132,949	-	20,397	-	153,346
Depreciation:					
1 April 2025	20,680	-	1,359	-	22,039
Charge for the year (note 4 and 6)	1,640	-	164	-	1,804
Disposals during the year:					
- staircasing (note 10)	-	-	(68)	-	(68)
- other sales (note 10)	(11)	-	-	-	(11)
- replaced components	(201)	-	3	-	(198)
At 31 March 2026	22,108	-	1,458	-	23,566
Provision for impairment:					
At 1 April 2025	-	-	-	-	-
Charge for the year (note 4 and 6)	103	-	-	-	103
At 31 March 2026	103	-	-	-	103
Net book value:					
At 31 March 2026	110,738	-	18,939	-	129,677
At 31 March 2025	108,892	-	19,869	-	128,761

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

b) Tangible fixed assets housing properties - Net Book Value analysis

	2026	<i>2025</i>
	£000	<i>£000</i>
The net book value of housing and other properties comprises:		
Freehold	123,794	122,923
Long leasehold	<u>5,883</u>	<u>5,838</u>
Total	<u>129,677</u>	<u>128,761</u>
Interest capitalisation:		
Interest capitalised in the year (note 12)	-	72
Rate used for capitalisation	0	3%
Works to properties:		
Improvements to existing properties capitalised	3,746	7,184
Major repairs expenditure to Statement of Comprehensive Income (note 4)	<u>729</u>	<u>273</u>
	<u>4,475</u>	<u>7,457</u>

Impairment

The Association assessed its portfolio for indicators of impairment at the Statement of Financial Position date 31 March 2026. At 31 March 2026 we considered whether any specific indications of impairment at scheme or property level exist and one scheme was identified which required impairment of £0.1m.

The schemes impaired in the Association are as follows:

Scheme	Charge/(Reversal)	No. of units	Carrying value
	£'000	affected	prior to
			Impairment
	£'000		£'000
Support Living Scheme 1	103	7	103
	103	7	103

Properties held for security

The Association had 837 properties pledged as security at 31 March 2026 with a NBV of £52.2m (2025: 764 properties NBV £47.7m). The Association had 1,004 completed assets that have not been charged, with a net book value of £63.4m (2025: 920 properties NBV £60.9m). There are some assets that are not suitable for security charging.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Other tangible fixed assets

	Freehold office £000	Furniture and office equipment £000	Computer equipment restated £000	Site Assets £000	Total restated £000
Cost or valuation					
At 1 April 2025 restated	2,585	226	357	458	3,626
Additions	-	-	-	302	302
At 31 March 2026	2,585	226	357	760	3,928
Depreciation and Impairment					
At 1 April 2025 restated	1,163	205	346	357	2,071
Charge for the year	30	9	7	18	64
Impairment charge	4	-	-	-	4
At 31 March 2026	1,197	214	353	375	2,139
Net book value					
At 31 March 2026	1,388	12	4	385	1,789
At 31 March 2025 restated	1,422	21	11	101	1,555

The latest valuation of the freehold office in Leatherhead advised a value that is lower than the net book value by £0.5m, therefore an impairment has been booked. The impairment brought forward is £477K and the further £4K was booked in the year.

During the year assets were reclassified from computer equipment to intangible assets as the spend related to internally generated software. £500k of cost and £47k of accumulated amortisation from prior years were reclassified to intangible assets note 14.

17. Properties held for sale

	2026 £000	2025 £000
Housing properties held for sale:		
Other properties for sale	58	-
	<u>58</u>	<u>-</u>

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

18. Debtors

Due within one year

	2026 £000	2025 £000
Rent and service charge arrears	787	776
Less: Provision for doubtful debts	(361)	(319)
	426	457
Prepayments and accrued income	196	134
Amounts owed by group undertakings	1	-
Other debtors	16	221
	639	812

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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19. Creditors: Amounts falling due within one year

	2026 £000	2025 £000
Housing loans internal (note 23)	162	155
Housing loans external (note 23)	346	330
Issue costs	(3)	(3)
Other creditors	383	383
Trade creditors	193	50
Prepaid rental income	801	617
Accruals	832	914
Retentions	120	119
Other taxation and social security	-	18
Amounts owed to group undertakings	1,352	347
Pension fund loan	66	15
Deferred capital grant fund <1yr	212	202
Leaseholder sinking funds	638	561
	<u>5,102</u>	<u>3,708</u>

20. Creditors: Amounts falling due after more than one year

	2026 £000	2025 £000
Housing loans internal (note 23)	43,966	42,058
Housing loans external (note 23)	41,423	41,767
Issue costs (note 23)	(48)	(46)
Deferred capital grant (note 21)	20,494	20,732
Recycled capital grant fund (note 22)	-	42
	<u>105,835</u>	<u>104,553</u>

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

21. Deferred capital grant

	2026	2025
	£000	£000
At 1 April	20,934	20,611
Grants received during the year	-	800
Transfer to RCGF (note 22)	(185)	-
Released to income in the year (notes 3 and 4)	(212)	(212)
Write back amortisation on disposals (note 10)	169	(265)
	<u>20,706</u>	<u>20,934</u>
At 31 March	20,706	20,934
Amounts due for repayments:		
-within one year (note 19)	212	202
-greater than one year (note 20)	<u>20,494</u>	<u>20,732</u>
	<u>20,706</u>	<u>20,934</u>

22. Recycled capital grant fund (RCGF)

	2026	2025
	£000	£000
At 1 April	42	1,698
Inputs to fund:		
Grants recycled from deferred capital grants (note 21)	185	-
Interest accrued (note 12)	4	74
Recycling of grant:		
Recycled on disposals	-	40
Transfer to other group members	(231)	(1,770)
	<u>-</u>	<u>42</u>
At 31 March	-	42
Amounts due for repayments:		
-within one year (note 19)	-	-
-within two to three years (note 20)	-	42
	<u>-</u>	<u>42</u>

MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

23. Loans and borrowings

Maturity of debt:	Intercompany loan 2026 £000	Bond Finance 2026 £000	Bonds onlending 2026 £000	Other loans 2026 £000	Total 2026 £000
In one year or less, or on demand	-	262	162	84	508
Issue costs <1 year	-	-	(3)	-	(3)
Within one year (note 19)	-	262	159	84	505
In more than one year but not more than two years	-	273	165	91	529
In more than two years but not more than five years	11,750	882	546	328	13,506
After five years	-	39,404	31,505	445	71,354
Issue costs	-	(7)	(42)	-	(49)
Greater than one year (note 20)	11,750	40,552	32,174	864	85,340
Total loans	<u>11,750</u>	<u>40,814</u>	<u>32,333</u>	<u>948</u>	<u>85,845</u>

Apart from the facility from Stonewater Limited, housing loans are secured by specific fixed charges on Mount Green's individual properties.

The total loan facility from Stonewater Limited is for £71.5m and consists of two tranches. The first is an interest free tranche of £11.5m which is undrawn and available for Mount Green to use for investment in existing properties. The second tranche, for £60.0m, is charged at an interest rate of SONIA plus a margin of 1.0%. The facility expires in March 2031. At 31 March 2026, £11.8m of this facility was drawn (2025: £9.7m).

In January 2025, Stonewater Funding reallocated part of the 2042 bonds which had been onlent to Stonewater Limited, to Mount Green Housing Association. The terms of the reallocated debt are the same as the terms of the original onlending to Stonewater Limited so that Stonewater Funding continues to receive sufficient interest to pay the investors who hold the bond. £30.0m of nominal debt (and the associated bond premiums) were onlent to Mount Green at a fixed interest rate of 5.034%.

There are four additional bond arrangements. One for £6.0m nominal (2024: £6.0m) with Affordable Housing Finance at an effective rate of 3.91% and repayable in full in May 2042. The remaining three bonds are with GB Social Housing for a total nominal value of £31.0m (2024: £31.0m) at an average effective rate of 3.787% and are repayable in full in February 2038.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

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	Intercompany loan 2025 £000	Bond finance 2025 £000	Bond onlending 2025 £000	Other loans 2025 £000	Total 2025 £000
In one year or less, or on demand	-	253	155	77	485
Issue costs <1 year	-	-	(3)	-	(3)
Within one year (note 19)	-	253	152	77	482
In more than one year but not more than two years	-	261	162	84	507
In more than two years but not more than five years	-	849	521	300	1,670
After five years	9,680	39,709	31,695	564	81,648
Issue costs	(2)	-	(44)	-	(46)
Greater than one year (note 20)	9,678	40,819	32,334	948	83,779
Total loans	<u>9,678</u>	<u>41,072</u>	<u>32,486</u>	<u>1,025</u>	<u>84,261</u>

MOUNT GREEN HOUSING ASSOCIATION LIMITED

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24. Provisions for liabilities and charges

	2026	2025
	£000	£000
At 1 April	700	-
(Credited)/Charged in year	(700)	700
At 31 March	<u>-</u>	<u>700</u>

The provision held in the financial statements for potential Health and Safety legal obligations was released in full in the year as the matter was concluded.

25. Pensions

Mount Green participates in the Social Housing Pension Scheme (the scheme). The tables below set out the impact of the pension scheme movements on the Statement of Other Comprehensive Income, and the Statement of Financial Position.

Statement of Comprehensive Income

	2026	2025
	£000	£000
Actuarial gains/(losses)		
SHPS	<u>27</u>	<u>79</u>
Total	<u><u>27</u></u>	<u><u>79</u></u>

Statement of Financial Position

	2026	2025
	£000	£000
Pension Liability		
SHPS	<u>295</u>	<u>449</u>
	<u><u>295</u></u>	<u><u>449</u></u>

Mount Green Housing Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

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Pensions (continued)

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2023. This actuarial valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

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Pensions (continued)

	SHPS 2026 £000	<i>Total 2025 £000</i>
Fair value of plan assets	2,673	2,624
Present value of plan liabilities	(2,968)	(3,073)
Net pension scheme liability	<u>(295)</u>	<u>(449)</u>

Contributions by plan participants:

At the beginning of the year / initial recognition	2,624	2,819
Interest income on plan assets	153	135
Experience on plan assets	(109)	(215)
Benefits paid and expenses	(155)	(282)
Contributions by employer	157	160
Contributions by fund participants	3	7
At the end of the year	<u>2,673</u>	<u>2,624</u>

Reconciliation of present value of plan liabilities

Defined benefit obligation at start of period / initial recognition	(3,073)	(3,475)
Current service cost	(2)	1
Expenses	(6)	(5)
Interest expense	(175)	(163)
Contributions by plan participants	(3)	(7)
Actuarial gains (losses) due to scheme experience	133	(89)
Actuarial gains (losses) due to changes in demographic assumptions	(27)	-
Actuarial gains (losses) due to changes in financial assumptions	30	383
Benefit paid and expenses	<u>155</u>	<u>282</u>
At the end of the year	<u>(2,968)</u>	<u>(3,073)</u>

Amounts recognised in other comprehensive income are as follows:

Included in administrative expenses		
Service costs	2	(1)
Administration expenses	<u>6</u>	<u>5</u>
	<u>8</u>	<u>4</u>

Amounts included in other finance costs

Net interest costs (note 13)	<u>22</u>	<u>28</u>
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MOUNT GREEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

Pensions (continued)

	Total 2026 £000	<i>Total 2025 £000</i>
Analysis of actuarial loss recognised in other comprehensive income		
Return on fund assets in excess of interest	133	(89)
Change in financial assumptions	30	383
Change in demographic assumptions - gain (loss)	(27)	-
Experience loss on defined benefit obligation	(109)	(215)
Total actuarial gains (losses)	27	79

	SHPS 2026 £000	<i>Total 2025 £000</i>
Composition of plan assets		
Equities	296	294
Liability driven investment	815	795
Cash	27	42
Diversified growth fund	339	364
Property	130	132
Debt	590	510
Alternatives	476	487
Total	2,673	2,624

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2026 was £44,000 (2025: (£80,000)).

	SHPS 2026 %	<i>SHPS 2025 %</i>
Principal actuarial assumptions used at the statement of financial position date:		
Discount rates:	6.08	5.82
Future salary increases	4.03	3.79
Future pension increases	3.35	3.13
Inflation assumptions - RPI	3.31	3.10
Inflation assumptions – CPI	3.03	2.79

MOUNT GREEN HOUSING ASSOCIATION LIMITED

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Mortality rates:

For a male aged 65 now	20.9	20.5
For a female aged 65 now	23.2	23.0
At 65 for a male member aged 45 now	22.2	21.7
At 65 for a female member aged 45 now	24.6	24.5

26. Cash and cash equivalents

	2026 £000	2025 £000
Cash at the end of the year	1,931	1,778
Investments	230	262
	<u>2,161</u>	<u>2,040</u>

Included in the cash balances was £606k (2025: £466k) being held on behalf of Leaseholders in the form of a sinking fund.

The investment amount relates to cash held in secured accounts in relation to the AHF bond.

27. Operating leases

There are no payments that the Society is committed to make under operating leases total (2025: £2k), the future minimum lease payments are set out below:

	2026 £000	2025 £000
Office equipment and computers		
Within one year	-	2
One to five years	-	-
	<u>-</u>	<u>2</u>

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

28. Share capital

	2026	2025
	£	£
At 1 April	9	10
Shares issued in the year	1	-
Shares cancelled in the year	(2)	(1)
At 31 March	<u>8</u>	<u>9</u>

The share capital of the Association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of Mount Green. Therefore, all shareholdings relate to non-equity interests.

29. Related parties

Agnieszka Stobinska has been an active Board member through 2024/25 and 2025/26. Total rent and service charge during the period was £4,584 (2025: £4,650) with a credit balance of £424 at year end (2025: £205). Her lease was on normal commercial terms, and she would not have been able to use her position to her advantage.

The Association has taken advantage of the disclosure exemption available to subsidiary undertakings in FRS 102 in respect of related party transactions with intra group companies.

The Association transacted with a non-regulated entity (Stonewater Funding PLC) whose principle activity is to act as the capital markets issuance vehicle for the group. The management fee charged by Stonewater Funding PLC was £9k (2025: £0k). The total loan balance and interest charged by Stonewater Funding PLC in the year was:

	2026	2025
	£000	£000
Loan balance (after issue costs) (note 23)	32,333	32,487
Interest charged - including amortisation of bond premium and discount (note 12)	1,354	280

The parent company is Stonewater Limited, a registered social housing provider. There is no ultimate controlling party of Stonewater Limited. A copy of the consolidated financial statements can be obtained for the parent company's registered office, which is shown on the Company Information page.

MOUNT GREEN HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

30. Capital commitments

There were no capital commitments at 31 March 2026 (2025: £nil).

31. Post balance sheet events

On 3 June 2026, Stonewater Limited announced a proposed corporate reorganisation under which Mount Green Housing Association Limited, a registered provider of social housing and community benefit society (registration number 16264R), intends to transfer its engagements to Stonewater Limited. This transaction is subject to regulatory approvals and completion processes and has therefore been treated as a non-adjusting post balance sheet event.