Stonewater Limited
Annual Report & Accounts

For the year ended 31 March 2026





Our **Purpose**

Everyone has a place to call home.

Kingston Mews, Swallowcliffe, Somerset.

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Registered Society Number: 20558R
Regulator of Social Housing Registration Number: L1556

About Stonewater



Handing over our 8,000th new home in Mulberry Meadows, Castle Cary, Somerset.

Stonewater is one of the UK's largest social housing providers, driven by our purpose that everyone has a place to call home. With around 40,000 homes, we proudly serve more than 93,000 customers, providing safe, affordable homes and the services and support that help people and communities thrive.

Our mission is to make a difference to our customers and communities through quality homes and great services that reflect our social ethos. Guided by our vision to be the most trusted, inspiring and sustainable provider of affordable homes, we offer homes for rent, shared ownership and purchase, alongside specialist housing and support services, including retirement living, supported housing, domestic abuse refuges, LGBTQ+ safe spaces and young people's foyers.

Everything we do is centred on our customers. We build trusted relationships, create lasting social value and invest in homes, services and communities that enable people to live independently, realise their potential and thrive. Through innovation, collaboration and a long-term commitment to sustainability, we are helping shape stronger communities for the future.

Stonewater has an annual turnover of more than **£305 million** and fixed assets exceeding **£3.2 billion**. We continue to hold a strong credit rating from S&P Global Ratings, alongside **G1** and **V2** gradings from the Regulator of Social Housing and a **C2** consumer grading.

As part of the Stonewater Group, encompassing both charitable and commercial subsidiaries, we reinvest in our homes, services and communities to maximise our social impact. Stonewater is more than a housing provider – we're building homes, strengthening communities and creating opportunities for people to thrive.

For more information, visit our website at www.stonewater.org

Our customers

- A considerable proportion (35.2%) of our general needs customers are families with dependent children.
- 24.6% of our customers are older people (55+).
- 61.8% of our tenancies last for five years and longer.
- Our specialist housing provides support for many vulnerable groups within our society, this includes young people, young families, those with mental health issues and learning disabilities, and those suffering domestic abuse.
- We also provide accommodation on behalf of a number of support agencies across the country, who use our properties to deliver services to people including those who are homeless, suffering domestic abuse, have mental or physical support needs, young people, drug and alcohol recovery, and ex-offenders.

Providing homes is at the core of what we do as an organisation. As a housing association with a strong social purpose, we are committed to addressing the challenges of the current economic conditions, affecting both our customers and our sector.

Over the past year, we have built 741 homes (2025: 1,029), which is broken down into:

- 578 affordable rent, social rent, rent to buy; and
- 163 shared ownership.

During 2025/26, 91 (2025: 30) void properties were sold. These are typically properties with limited stock in the vicinity or perhaps require some modernisation or hold a low EPC rating which we do not want to retain. 125 units were sold via staircasing where shared owners chose to buy a further proportion of the property. 21 units were sold through the Right to Buy, Right to Acquire and Rent to Buy properties.

About Stonewater

Our Purpose, Vision, Mission and Values

Everyone has a place to call home, that's our **Purpose.**

Everything we do is driven by our **Vision** to be the most trusted, inspiring and sustainable provider of affordable homes.

Our **Mission** is to make a difference to our customers and communities through quality homes and great services which reflect our social ethos.

As a housing association with a strong social purpose, we are committed to addressing the challenges of the current economic situation, affecting both our customers and our sector. We are also committed to providing homes that are energy efficient and are working towards Government targets for carbon neutrality.

- **Our Values are designed to recognise that it's not just what we do that matters, it's how we do things that's important too.**
- **Each of our Values has behaviours associated with it - these are the way we bring our values to life.**
  - Collaborative
  - Accountable
  - Resilient
  - Ethical









Board members, chief officers and advisors

Board members at 31 March 2026



Sheila Collins
Chairman of the Board

Sheila has a wealth of experience in the governance of large complex organisations, as well as that of smaller charities. She has served at board and trustee level across a number of different not-for-profit sectors including roles on the boards of Bournemouth University and MacMillan Caring Locally.

A retired solicitor, Sheila also brings a commercial perspective and a passion for the diversity and inclusion agenda.

Sheila was previously Chairman of the Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust.



Jennifer Bennet
Chair of Nominations and Remuneration Committee

Chair of Governance and People Challenge and Assurance Panel

During her career as a solicitor working for clients in the social housing sector, Jennifer specialised in governance, securitisation, asset management and leasehold law.

She has also held a number of voluntary roles including a Non-Executive Director of Portsmouth Hospitals NHS Trust; an Independent Member of Winchester City Council Standards Committee; a Non-Executive Director of Parity Trust, which provides loan finance for community-based projects and a Trustee of the Roberts Centre, a charity providing housing support in Portsmouth.

She is a founding member of Portsmouth Housing Community Trust established in 2019.



Heather Bowman
Chair of Mount Green Housing Association

Heather is an experienced executive and non-executive director having worked in social housing and the third sector for over 35 years. Most recently she was Chief Operating Officer at Sovereign, one of the largest housing associations.

She is passionate that safe, secure, and good quality homes in great places give individuals, families and communities choices and opportunities to thrive.



Juliana Crowe
Chair of Customer Experience Challenge and Assurance Panel

Juliana has over 25 years' experience working in the social housing sector, most recently as housing director for a large Midlands-based housing group. Previously, she worked for the London Boroughs of Southwark, Tower Hamlets and Greenwich.

Juliana is a board member of Nehemiah Housing and a trustee of the Talensi Community Development Foundation in Ghana. She has also been Chair of the CIH West Midlands Board and a Trustee of HACT.



Angus Michie
Chair of Homes and Development Challenge and Assurance Panel

Chair of Stonewater Developments Limited

Chair of Stonewater Commercial Limited

Angus is a qualified chartered surveyor with 30 years' experience in the residential development industry. He has a real passion for creating places for people to live that are attractive, well designed and sustainable.

Angus spent 25 years with the Berkeley Group. As Divisional Chairman of a number of their operating businesses in London, the South East and the Midlands, he was responsible for a number of the group's joint ventures with the Prudential and various local authorities. Angus is the Managing Director of SevenCapital, a developer of residential and mixed use communities across London, the Midlands and the South East.



Hursh Shah
Chair of Finance Challenge and Assurance Panel

Hursh is a qualified accountant and finance professional with treasury, capital market and corporate finance experience. He is currently Head of Capital Markets at British Land responsible for managing existing finance and raising new finance and manages relationships with stakeholders including debt investors and rating agencies.

He has also been involved in the formation and operations of joint ventures between British Land and its partners and is a director for a number of these joint ventures.

Board members at 31 March 2026



Imran Mubeen

Imran is a chartered accountant and senior executive with over 20 years' experience in social housing, infrastructure finance, treasury, and strategy. Currently a director at Newbridge Advisors, he advises housing associations, government bodies, and investors on mergers, funding, and delivery capacity.

Formerly Director of Treasury at Bromford Housing Group, he led over £1bn of funding and sustainable finance initiatives. He brings extensive governance, risk, regulatory, and stewardship expertise, with significant experience shaping housing finance policy and supporting boards to balance financial resilience with social purpose.



Jane Scott
Chair of Technology and Data Challenge and Assurance Panel

Jane is an experienced business leader with a specialism in information technology and digital transformation. Her career has focused on fast moving consumer goods companies at which she has led large-scale transformational projects to support optimal customer service, business growth and operational excellence.

Jane has experience of all key aspects of IT and management including data strategy, cyber security and systems infrastructure.

Her professional roles have been complimented by non-executive director roles in higher education, deposit return scheme administration and management consultancy.



Nicola Webber
Chair of Risk and Assurance Committee

Nicola is a chartered accountant with a background in corporate finance, private equity, and investment management. She is a portfolio non-executive director, working with purpose-led organisations, and brings extensive experience as chair of audit, risk, and finance committees. Nicola currently serves on the boards of Westfield Health, an insurance and wellbeing company.

Mount Green Board

Heather Bowman	**Chair of the Board**	(appointed 1 October 2025)
Verena Buchanan	**Board member**	
Juliana Crowe	**Board member**	(resigned 18 February 2026)
Greg Falvey	**Board member**	
Martin Large	**Board member**	(resigned 30 September 2025)
John Skivington	**Board member**	
Becky Slaymaker	**Board member**	
Agnieska Stobinska	**Board member**	
Kelvan Swinnerton	**Board member**	

Board and Company Secretary changes in the year

Natalie Angus	**Company Secretary**	(appointed 18 August 2025) (resigned 16 March 2026)
Chris Edis	**Board member**	(resigned 31 December 2025)
Annie Harling	**Company Secretary**	(resigned 18 August 2025)
Barry Hoffman	**Board member**	(resigned 17 March 2026)
Martin Large	**Board member**	(resigned 30 September 2025)
Andrew Lawrence	**Board member**	(resigned 30 September 2025)
Adam McGhin	**Company Secretary**	(appointed 16 March 2026) (resigned 30 June 2026)
Imran Mubeen	**Board member**	(appointed 1 January 2026)
Syka Sheikh	**Company Secretary**	(appointed 1 July 2026)
Nicola Webber	**Board member**	(appointed 1 October 2025)

Board members, chief officers and advisors

Chief Officer Group



Jonathan Layzell
Chief Executive

Jonathan Layzell was appointed Chief Executive of Stonewater in June 2025. A respected sector leader with over 20 years' experience, Jonathan brings deep expertise in affordable housing, customer service transformation, and strategic growth.

Before stepping into the Chief Executive role, Jonathan was Chief Officer for Growth and Development, where he led Stonewater's national housebuilding programme - delivering more than 1,000 new homes every year - and spearheaded major mergers and acquisitions. He also held interim responsibility for the Customer Experience Directorate, supporting services for over 93,000 customers.

Jonathan is a recognised leader in the housing sector and has led nationally significant bids, including securing over £500 million in funding for Stonewater from Homes England, and has championed pioneering initiatives in sustainability, public art, and community investment.

A passionate advocate for inclusive leadership and place-based regeneration, Jonathan continues to play a leading role in public affairs and housing policy.

He is a member of the Stonewater Funding Board.



Patrick Chauvin
Chief Officer Safety, Assets and Sustainability
(resigned 12 June 2026)

Patrick is a seasoned property and asset management professional with a strong background in housing and construction.

A qualified building surveyor, he began his career in private practice, managing construction projects for high-profile clients. With extensive experience in safety compliance, he is committed to ensuring homes meet the highest standards, balancing costs while prioritising customer wellbeing.



David Ripley
Chief Operating Officer

David is an experienced executive with expertise in both the private and public sectors.

As social housing providers, he believes that customer service, engagement and empowerment, driven by legislation, should be in our DNA. As such, he is a passonate advocate of Stonewater's commitment to keeping customers at the heart of all we do.

He has responsibility for Stonewater's compliance with the Consumer Standards.



Francesco Elia
Interim Chief Financial Officer
(appointed 10 March 2026)

Francesco is an experienced finance leader with over 30 years' experience across the social housing and real estate sectors.

He has worked at executive level within some of the UK's largest housing organisations, bringing expertise in financial strategy, treasury, governance, and business planning. Francesco specialises in interim and consultancy roles, supporting organisations through periods of transition, strategic change, and financial challenge.

He is focused on helping organisations maintain stability, strengthen financial resilience, and align delivery with long-term sustainability goals.



Ann-Marie Spencer
Interim Chief Information Officer
(appointed 15 December 2025)

Ann-Marie brings over 20 years' experience leading transformation across social housing, regulated and public sector organisations. She has a strong track record of aligning technology, data and operating models with organisational strategy to improve services and outcomes for customers.

Passionate about social purpose and inclusive leadership, Ann-Marie believes technology should enable people rather than lead them. She is also a Non-Executive Director at Brighter Futures.



James Bradbury
Chief Investment Officer
(appointed 15 June 2026)

James is Chief Investment Officer at Stonewater, bringing more than 20 years' experience in housing, development, and regeneration. He leads the organisation's investment strategy, overseeing asset investment, building safety, housing development, and the delivery of high-quality, sustainable homes.

Since joining Stonewater in 2015, James has held several senior leadership roles, helping shape the organisation's approach to growth, investment, and housing delivery. He has extensive experience across the housing development lifecycle and has worked closely with local authorities, Homes England, and strategic partners to increase the supply of affordable housing.

Chief Officer Group changes in the year

Anne Costain	Resigned 31 May 2026
Gareth Lloyd	Resigned 30 April 2026

Secretary	**Syka Sheikh**
Registered office	Suite C, Lancaster House Grange Business Park Whetstone Leicester LE8 6EP
Advisors:	
Principal bankers	**Barclays Bank PLC** 1 Churchill Place London E14 5HP
External auditor	**Menzies LLP** 20 Colmore Circus Queensway Birmingham B4 6AT
Internal auditor	**TIAA Limited** Artillery House New Gate Lane Fareham PO14 1AH
Solicitors	**Devonshires Solicitors LLP** 30 Finsbury Circus London EC2M 7DT
Solicitors (Governance)	**Trowers & Hamlins LLP** 3 Bunhill Row London EC1Y 8YZ
Solicitors (Mount Green)	**Trowers & Hamlins LLP** 3 Bunhill Row London EC1Y 8YZ



Energy efficient homes at South Petherton.

Chairman's statement

After seven years as Chair of the Stonewater Board, I am pleased to reflect on what we have achieved together.



During this time, Stonewater has grown in confidence and capability. What matters most, however, is that we have remained focused on our customers. That focus has shaped our decisions and guided our priorities.

The past year has been challenging. Many customers continue to face rising costs and uncertainty. In response, we have stayed disciplined and focused on delivering against our priorities, while providing support where it is needed most. We have continued to invest in our homes and services while maintaining a strong and resilient financial position, recognising the importance of balancing today's pressures with long-term sustainability.

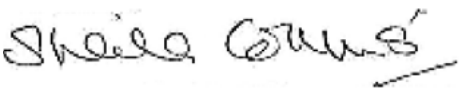
We achieved a G1 governance rating and V2 financial viability rating - a strong result in the current environment. Our C2 grading against the new consumer standards reflects that we meet expectations overall, while recognising there is more to do. We have continued to strengthen our approach to repairs, complaints and customer insight, and improving consistency of service remains a clear organisational priority. The Board remains fully engaged in overseeing this progress.

Our social purpose continues to guide us. We have invested in our homes and communities, alongside targeted support for customers facing hardship. This includes practical help with managing finances, accessing benefits and building pathways into employment. This work makes a real difference and remains central to our role.

This year has also brought changes to our Board. I would like to thank those who have stepped down or taken on new roles for their contribution and commitment. Strong governance relies on thoughtful leadership, and I am proud of the role the Board continues to play in supporting the organisation.

I would also like to thank Jonathan Layzell, the chief officer group and colleagues across Stonewater for their professionalism and dedication. I have seen first-hand the care and commitment they bring to their work every day.

Stonewater is well led, financially stable and clear in its purpose - it's been a real honour to steer its vision for the customers and communities we serve. I have every confidence that Angus Michie, who will succeed me as Chair, will continue to build on Stonewater's strength and success. He has a deep commitment to our social ethos combined with brilliant commercial acumen. I look forward to seeing the organisation continue to flourish in the years ahead and know I'm leaving things in the very best hands.



Sheila Collins
Chairman of the Board

Chief Executive's statement

This has been my first full year as Chief Executive, and it has reinforced my belief in what Stonewater can achieve.



What stands out most is our people, their commitment to customers and the pride they take in their work. That culture is a real strength and will continue to shape how we deliver for our customers.

We are operating in a challenging environment. Regulation is increasing, costs remain high and customer expectations continue to rise. These pressures are real, but they also bring a clear focus: to improve the quality of our homes and the consistency of our services.

Over the past year, we have made tangible progress. We have secured significant funding to support investment in our homes and services, while maintaining a disciplined approach to financial resilience in a challenging operating environment. We have continued to improve the energy efficiency of our homes and strengthened our approach to maintaining them. We are also making better use of data and technology to plan ahead, target investment and improve how we deliver services.

At the same time, we know there is more to do. Repairs, complaints and service consistency remain key priorities. We are taking action to improve performance and ensure that customers feel heard, respected and well served.

We are also well placed to respond to national priorities, including increased focus on social housing and new funding opportunities. This gives us the opportunity to invest further in our existing homes - while continuing to deliver new, high-quality, energy-efficient homes for the future.

Looking ahead, our priorities are clear. We will continue to invest in our existing homes, improve the reliability and quality of our services, strengthen trust with our customers and maintain our financial resilience. These are the foundations that will allow us to deliver long-term value.

We will continue to work closely with partners, regulators and stakeholders, but our impact will always be local - in the homes and communities we serve.

While I would like to thank every member of the Chief Officer Group and the Board, I would like to finish by expressing my appreciation and gratitude to Sheila Collins, who is stepping down as Chair after seven years. It's been an absolute privilege to work with Sheila, who has always put customers at the heart of every decision. Looking forward, her successor Angus Michie brings his own passion and unique expertise which I'm confident will ensure Stonewater's continuing success.

We have strong foundations, a clear plan and a shared sense of purpose. While the environment remains challenging, I am confident that our strong governance, financial resilience and commitment to customers leave Stonewater well placed for the future.



Jonathan Layzell
Chief Executive

Report of the Board of Management and Strategic Report

Operating environment and external factors

External environment

We are approaching the midpoint of this Parliament, which runs until May 2029. Now in its second full year, the Government continues to shape its domestic agenda against a backdrop of economic pressure, global instability and increasing political plurality.

We are actively monitoring and engaging with this evolving landscape to understand what it means for Stonewater, our customers and the wider sector. As pressures continue to shift - particularly rising energy costs - we remain focused on responding with agility while maintaining strong support for our customers.

Political direction

The Government reshuffle in September 2025 saw the housing portfolio transfer from Angela Rayner to Steve Reed, alongside a renewed emphasis on delivery through the "Build Baby, Build" agenda. Housing remains central to the Government's priorities, with further revisions to the National Planning Policy Framework, the passage of the Planning and Infrastructure Act, and continued structural reform across local government.

However, housing completions continue to fall. Developers cite high interest rates, rising construction costs and reduced investor confidence as key challenges. As a result, the Government's target of delivering 1.5 million new homes during this Parliament will require sustained intervention, including further planning reform and targeted support for the sector.

Funding and regulation

We have submitted ambitious bids to the revamped Social and Affordable Homes Programme, supported by £39bn in funding between 2026-2036. We will continue to maximise opportunities through the Warm Homes Plan and other funding streams to invest in both new and existing homes.

At the same time, the financial and regulatory environment has become more demanding. While the 10-year rent settlement at CPI+1% provides greater certainty, new responsibilities - including the introduction of Awaab's Law in October 2025 - are increasing operational expectations and costs. Changes such as Employer National Insurance contributions and wider regulatory requirements are also adding to cost pressures.

Over the past year, we have responded to several significant regulatory developments affecting both existing homes and new supply, including:

- A renewed Decent Homes Standard (DHS), with a 2035 compliance deadline, strengthening requirements on the condition of key building elements and our response to damp and mould.
- Updated Minimum Energy Efficiency Standards (MEES) within the DHS, requiring improvements to insulation, energy systems and on-site generation by 2030.
- The introduction of the Future Homes Standard, updating Building Regulations for new homes, including the phase-out of gas boilers and stronger energy efficiency requirements from 2028.

We are aligning our investment and asset strategies to meet these requirements while continuing to deliver safe, high-quality homes.

Energy affordability and sustainability

Rising energy costs, driven in part by ongoing international instability, continue to affect both our customers and the services we provide. Affordability and sustainability remain critical issues for the sector.

In the short term, we are working with Government and sector partners to support measures that reduce the immediate impact of the cost-of-living crisis, particularly for customers on lower incomes.

Looking ahead, we will continue to engage in policy development to advocate for long-term solutions - including investment in energy-efficient homes and targeted use of renewable technologies - that reduce costs for customers while supporting wider sustainability goals.

We continue to monitor wider geopolitical developments and global market conditions closely, recognising their potential impact on energy costs, inflation, supply chains and affordability for customers. These factors continue to inform our planning, investment decisions and risk management approach



The Fold, Horsforth, West Yorkshire.

Strategic Plan and objectives

Our Strategic Plan outlines our three strategic objectives. These have been shaped in response to the current operating environment for housing, the opportunities available to us, and the challenges we face.

By 2030, we will deliver our three strategic objectives:

- **Customer-centred services**
  We will provide customer-centred services that are proactive and efficient, and that help us to retain and attract customers.
  This means being a customer-led business, developing a trusting relationship with our customers and communities, getting things right first time and striving for high levels of customer satisfaction.
- **Quality homes and neighbourhoods**
  We will supply, manage, and maintain homes and neighbourhoods that are safe, connected, efficient, affordable, and flexible.
  We will continue to grow, providing more affordable homes for those in greatest need, meeting the changing needs of our customers, old and new, and working with customers and partners to develop happy and healthy neighbourhoods.
- **Maximising value**
  We will maximise the value we provide to our customers and communities through decision making and initiatives that support environmental and social sustainability.
  This means minimising our impact on the environment and supporting our customers to do the same, increasing the efficiency of their homes through investment and guidance. We will ensure our people are engaged, developed and equipped to achieve our goals.

Report of the Board of Management and Strategic Report

Our performance against strategic objectives

Customer-centred services

Strategic objective	Outcome measure	Target 2025/26	Result 2025/26
Provide customer-centred services that are proactive and efficient to help us retain and attract customers.	Overall satisfaction with services (transactional)	**76%**	**76%**
	Tenancies terminated within two years %	**0.9%**	**0.2%**
	Avoidable contact	**10%**	**15%**
	First-time resolution of customer enquiries	**80%**	**79%**
	Transactions via our digital channels %	**50%**	**44%**
	Responsive repairs, customer satisfaction (transactional)	**75%**	**70%**

Overall satisfaction with services (transactional)

Customer satisfaction with Stonewater's services was on target. During the year, 443 area improvement projects were delivered, providing targeted enhancements to communal spaces such as bin stores, car parks, signage and bike storage. These investments have improved environmental quality, safety and accessibility, supporting increased customer satisfaction and pride in place by focusing resources on areas of greatest importance to customers.

Tenancies terminated within two years

This is at 0.2%, which is favourable against our target of 0.9%. Early intervention with new customers, including establishing payment arrangements and signposting support at the start of tenancies, has been central to preventing debt accumulation and supporting tenancy sustainment. In addition, all customers are proactively contacted annually to remind them of the financial inclusion offer and to identify emerging support needs.

Avoidable contact

Avoidable contact, which measures inbound contact arising from service failure, was above the 10% target and is being addressed through an organisation-wide, preventative approach focused on root-cause resolution, strengthened cross-service accountability, clearer customer communications and Board-level performance oversight.

First-time resolution of customer enquiries

This was 79%, against a target of 80%. Our service model continues to support delivering services right first time; enhancing digital services; and evolving a national specialist approach to provide expert support for customers where they need it.

Transactions via our digital channels

This is 44% against a target of 50%. Performance reflects ongoing work to strengthen digital platforms and build customer confidence in online services, which remains a priority due to its importance in improving customer experience and delivering value for money. Targeted digital inclusion initiatives, including the provision of SIM cards with free calls, texts and data, have also supported customers with limited connectivity to access essential services, employment opportunities and social connections, helping to reduce digital exclusion and inequality.

Responsive repairs customer satisfaction (transactional)

Customer satisfaction with responsive repairs is 70%, slightly below the 75% target. Performance has been broadly stable. We now have clearer and more useful feedback following improvements to surveys and communications, which are helping customers' views to be captured more accurately. Early real-time feedback from contractors is also improving oversight, and better categorisation is helping us act more quickly on the results.

Quality homes and neighbourhoods

Strategic objective	Outcome measure	Target 2025/26	Result 2025/26
Supply, manage and maintain homes that are safe, connected, efficient, affordable and flexible and support happy and healthy neighbourhoods.	Gas compliance %	**100%**	**99.9%**
	Number of outstanding fire risk assessments	**0**	**0**
	Emergency Repairs Completed - Low Cost Rental Accommodation (LCRA)	**95.3%**	**90.6%**

Gas compliance

The number of our homes with a valid landlord's gas safety certificate was 99.9%, slightly behind our target of 100%. This was caused by 34 homes for which access could not be gained to service gas components. Appropriate action is under way to access these properties.

Number of outstanding fire risk assessments

Zero outstanding fire risk assessments, confirming 100% completion at year end.

Emergency repairs completed on time - Low Cost Rental Accommodation (LCRA)

Performance against the Emergency Repairs Completed LCRA Tenant Satisfaction Measure (TSM) remains below target, with actions focused on contractor management and system improvements to enhance data accuracy and categorisation. Increased volumes, partly due to Awaab's Law, have added pressure, though seasonal trends should ease demand. A dedicated Hazards team and cross-directorate group are in place to support improvement.

Maximising value

Strategic objective	Outcome measure	Target 2025/26	Result 2025/26
Maximise the value we provide to our customers and communities through decision making and initiatives that support environmental and social sustainability	Average re-let time for all homes (days)	18	21
	Gross arrears	3.9%	3.6%
	Income collected as a percentage of total due %	99.5%	100.1%
	Shared ownership homes void for more than six months %	5%	6%
	Average sales time from handover to sale completion (weeks)	15	18

Average re-let time for all homes

Average re-let time was 21.1 days, exceeding the 18-day target. Improvement plans are in place to reduce void levels and address contractor performance. A full end-to-end operational review is also underway to streamline the void maintenance process and improve efficiency between Stonewater and its contractors.

Gross arrears

Gross arrears ended the year at 3.6% inside our target of 3.9%, which is a positive result against the backdrop of challenging economic conditions presented by increased rent and service charge costs and the cost-of-living crisis for residents.

Income collected as a percentage of total due

The overall rent collection rate finished the financial year at 100.1% against a target of 99.5%. This reflects effective income recovery and arrears management, with collections slightly exceeding the total rent due during the year. Income collected can exceed 100% as this measure compares the value of cash collected against rent due for the year, including recovery of arrears from previous periods.

Shared ownership homes void for more than six months

Shared ownership homes void after more than six months ended the year at 6%, which was slightly above our target of 5%. Progress is being made, with nine properties now reserved and a further three subject to applications. Of those reserved, four are scheduled to complete in April 2026, with the remainder expected to complete across May and June. The remaining five properties continue to be actively marketed.

Report of the Board of Management and Strategic Report

Operational delivery

Asset management

Stonewater is committed to ensuring that our homes are warm, safe, and secure, providing our customers with a high-quality living environment. We take a holistic approach to managing our assets, balancing the need for immediate improvements with long-term strategic planning to deliver high-quality homes that meet statutory requirements and contribute to our purpose of providing everyone with a place they can truly call home.

We continuously assess and invest in our properties to ensure they always meet current and future regulatory standards, as well as the changing expectations of our customers. This includes proactive maintenance, timely repairs, and planned improvements that enhance the energy efficiency, safety, and overall quality of our homes. We use asset, digital, repairs, customer and satisfaction data to target our investment activities, ensuring that we prioritise the most effective areas for improvement while maintaining the financial sustainability of the Association. Our Homes Strategy also supports our commitment to environmental sustainability by aligning investments with our Environmental Strategy, ensuring that homes remain affordable, energy-efficient, and resilient in the face of climate change.

As part of our asset management strategy, we also regularly review our homes to identify properties that are no longer financially viable or fit for purpose. Where appropriate, we dispose of assets that no longer meet the needs of our customers or align with our long-term strategic goals. The proceeds from these disposals are reinvested into more sustainable, viable properties that better serve our customers and contribute to the overall growth and health of our business.

Responsive repairs and planned maintenance

Stonewater applies a tiered procurement and contract management approach reflecting the scale and risk profile of repairs and maintenance services. 'Tier One' contractors deliver high-value responsive repairs, complemented by specialist planned maintenance providers procured through appropriate routes.

Most Tier One contracts operate on Price Per Property (PPP) and Price Per Void (PPV) models, with clearly defined scopes to manage cost certainty, value for money and minimise variability risk. Platform Property Care operates under a Cost Sharing Vehicle (CSV), reimbursing actual costs; this higher-cost exposure will cease by 31 December 2026, with a replacement model being procured to strengthen cost control and efficiency.

Contractor performance is managed through a structured KPI framework, aligned to service outcomes including timeliness, quality and TSMs. Performance is monitored continuously and formally monthly through the Contractor Management Framework, providing consistent oversight, early identification of performance risks and targeted improvement actions.

Independent assurance is embedded through peer review by the Contract Management and Support team, including Quantity Surveyors who validate volumes, assess contractual compliance and monitor costs against budgets and forecasts (Value For Money [VFM] control). Quarterly Strategic Core Group meetings, independently facilitated, provide external challenge and strategic oversight of partner performance.

This approach has driven measurable improvements in service delivery, with most contractors meeting or exceeding key performance thresholds and contributing to improved customer satisfaction outcomes.

During 2025/26, Stonewater has progressed its data-led Damp, Mould and Condensation (DMC) Strategy, using risk-based analysis to prioritise interventions and protect customers from health and safety risks. Early engagement, enhanced communication and deployment of specialist contractors have improved response times and remediation outcomes. External audit has provided Substantial Assurance, confirming the effectiveness of controls.

The DMC strategy, alongside established compliance with Housing Health and Safety Rating System (HHSRS) requirements, mitigates regulatory and health risks and positions Stonewater to meet the phased requirements of 'Awaab's Law.' Enhancements to systems, processes and culture are ongoing to ensure sustained compliance and resilience.

Performance is subject to robust governance through customer panels, executive oversight and Board scrutiny, ensuring transparency, accountability and alignment with regulatory expectations.

In relation to disrepair, a strengthened Part 36 approach has improved the timeliness of resolution and reduced legal and financial exposure, evidenced by a decline in open cases and associated settlement costs (VFM benefit). A Part 36 Offer under the Civil Procedure Rules (CPR) provides a formal mechanism for either party to make an offer to settle a dispute, with potentially significant costs consequences if the offer is unreasonably rejected.

Building safety and compliance

During 2025/26 we have continued to work with customers to ensure our buildings are safe. We have attained substantial assurance audit outcomes on gas safety and fire safety management from our independent internal auditors and have achieved 100% TSM performance on water and fire safety and 99%+ on all other areas.

Environmental, Social and Governance (ESG)

Stonewater's Environmental Strategy supports delivery of the Government's 2050 net zero target, with defined pathways to improve energy efficiency across new and existing homes and strengthen resilience to climate change (risk: regulatory compliance, asset obsolescence; outcome: reduced emissions and improved asset sustainability).

Our principal emissions arise from existing homes and development activity. A structured retrofit programme is in place to achieve Minimum Energy Efficiency Standards (MEES). During 2025/26, we completed Social Housing Decarbonisation Fund (SHDF) Wave 2, upgrading c.800 homes, including insulation to 450+, 300+ air source heat pumps and c.150 PV installations (outcome: reduced energy demand and carbon; VFM: targeted investment leveraging grant funding).

We have mobilised Warm Homes: Social Housing Fund Wave 3, supported by £18.7m Department of Energy Security and Net Zero (DESNZ) funding, to improve over 1,600 homes by March 2028. Additional activity is being delivered through West Midlands Combined Authority retrofit funding (risk mitigation: funding dependency and delivery capacity; VFM: co-investment reducing net cost to the Group).

All new Land and Build schemes approved since April 2021 utilise nonfossil fuel heating. Adoption of Modern Methods of Construction continues to increase, with over 30% of 2024/25 completions achieving EPC B (SAP 86+) and 17% EPC A (outcome: lower lifecycle emissions and running costs, VFM, improved long-term asset performance and reduced future retrofit requirements).

We continue to address fuel poverty through targeted customer support. The Customer Energy Hub provides guidance on energy efficiency, cost management, and access to financial support, complemented by digital resources (outcome: improved affordability and tenancy sustainment; VFM: reduced arrears and demand for support services).

The Sustainable Futures programme builds customer capability through a structured ninemonth training offer, enhancing environmental awareness and employability (outcome: wider social value and customer resilience; VFM: community impact aligned to strategic objectives).

Stonewater retains a Gold Sustainable Homes Index for Tomorrow (SHIFT) accreditation, evidencing performance across key environmental metrics and climate risk management. We remain committed to continuous improvement (risk: maintaining regulatory and stakeholder confidence; outcome: externally validated performance against recognised standards).

Environmental, Social and Governance (ESG) Reporting

We continue to measure and monitor our environmental performance through our annual ESG report, which we have aligned to the Sustainability Reporting Standard (SRS) for the past six years. Our reporting provides a transparent and comparable assessment of our sustainability performance, helping us to identify, manage and mitigate any sustainability risks. ESG reporting also provides us with access to funding opportunities from investors and ensures our goals between ESG, VFM and social value initiatives are aligned. Stonewater's sustainability and updated sustainable finance framework illustrates our affordable housing and environmental responsibilities go hand in hand. Stonewater issued £250million sustainability bond in September 2021.

The key performance indicators for 2025/26 are shown here:

Key Performance Indicator (KPI)	2025/26	2024/25	2023/24
Percentage of existing homes that are EPC C or above %	**81.1**	79.7	77.1
Annual SHIFT score %	**71.6**	71.3	65.3
Increase in the percentage of land and build homes that are SAP 86 or above %	**33.9**	53.7	27.6

Stonewater has successfully achieved our land and build homes KPI as we continue to build new affordable homes that surpass the minimum planning regulations in relation to energy efficiency measures, with a high percentage reaching SAP 86 and above.

Procurement and outsourcing

The Procurement Team is currently implementing their new five-year strategy, with a strong focus on proactive engagement, long-term planning and forecasting through programme management and embedding themselves as a strategic partner within the business. Progress continues to be made on improving contract delivery and management, as well as supporting colleagues to consider alternative approaches to service delivery, with a view to better demonstrating value to customers.

The Team has now fully implemented all process changes within the business to accommodate the Procurement Act 2023. All requirements are set within Stonewater's governance framework and align fully to required regulatory standards.

The Procurement Team continues to monitor risks through Dun & Bradstreet, receiving real-time updates daily regarding the financial stability of all recognised and live suppliers.

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Customer and communities

Customer satisfaction

We have used Rant & Rave's fast feedback platform to measure customer experience and understand how we are performing against our Customer Promise. The feedback received is used by our operational teams to remove any areas of frustration and dissatisfaction from our services, ultimately improving customer experience. During the financial year, 78.4% of our customers told us that they were satisfied with the service they had received from Stonewater. The key drivers of satisfaction for our customers were the quick and easy resolution of requests, and efficient and professional service, along with helpful and polite colleagues.

Customer engagement

In 2025/26, we strengthened customer engagement, embedding customer voice within decision-making, service improvement and governance. This supports transparency, accountability and regulatory assurance, while improving outcomes for customers and communities.

The Customer Scrutiny Panel remains integral to our governance framework, providing independent, evidence-led challenge. During the year, 20 recommendations were made across priority areas including grounds maintenance, right-first-time performance and retirement living engagement.

The Customer Complaints Learning Panel continues to embed a culture of learning and accountability, with a focus on antisocial behaviour and communication, ensuring complaint insight drives service improvement and risk mitigation.

Our insight framework supports a deeper understanding of customer needs, enabling targeted interventions, improved service design and early identification of emerging risks, particularly for vulnerable or under-represented groups.

TSMs remain central, informing performance monitoring, resource prioritisation and compliance with regulatory standards. Transactional surveys provide real-time feedback, enabling timely intervention, reducing escalation risk and strengthening service responsiveness.

We have also expanded proactive engagement with 'silent customers,' completing 558 calls or visits to identify unmet need and support early intervention, contributing to tenancy sustainment and safeguarding.

Our approach for inclusive and accessible engagements prioritises accessibility and inclusion, with a range of engagement opportunities tailored to customer preferences. We continue to close the feedback loop by clearly demonstrating how customer insight informs decision-making, strengthening trust and accountability.

Our Community Champions network expanded to 41 members, completing 124 estate walkabouts and providing real-time local insight to inform service delivery and investment priorities.

Mystery shopping activity reviewed 348 customer journeys, supporting performance management, identifying service risks and driving evidence-based improvement. Our operating model further strengthens local engagement capacity and place-based insight.

Community engagement and governance

During the year, we strengthened place-based engagement within high-demand schemes through co-produced action plans aligned to customer priorities. This targeted approach included community days, site visits and enhanced communications, engaging over 135 customers, resolving 104 enquiries, and working with 11 partner organisations. Five customers also expressed interest in volunteering, demonstrating increased local participation.

We delivered 443 area improvement projects, enhancing communal spaces such as bin stores, car parks, signage and bike storage. These targeted investments improved environmental quality, safety and accessibility, supporting greater customer satisfaction and pride in place.

Through our Community Investment Grant programme, we awarded over 200 grants from more than 400 applications, investing over £100k in customer-led initiatives. This funding strengthened local capacity and delivered social value tailored to community needs. To address digital exclusion, we provided SIM cards offering free calls, texts and data, improving access to essential services and opportunities.

Our Neighbourhood Partners maintained a strong on-site presence, completing 7,266 inspections and 8,778 visits. This proactive approach enhanced compliance, reduced risk and increased customer confidence, supported by targeted training in health and safety, safeguarding and compliance.

Financial inclusion and income maximisation

A disciplined yet supportive approach to rent collection has strengthened cash flow, reduced financial risk and supported tenancy sustainment. The introduction of Caseload Manager (CLM) has enhanced prioritisation and enabled earlier engagement with more customers, reducing arrears escalation.

Early intervention at tenancy commencement, alongside tailored communications and flexible payment options, has improved affordability and payment performance.

Partnership working with organisations such as Cleanslate and StepChange ensures coordinated support across debt, budgeting and benefits, supporting income maximisation. During the year, over £131k of Discretionary Housing Payments was secured, alongside continued support from the Longleigh Foundation.

Annual customer engagement informs service delivery and has strengthened the 2026/27 Rent Review, ensuring support remains targeted and effective.

Strategic partnerships and customer resilience

We partner with the Longleigh Foundation to support tenancy sustainment and customer well-being. We donated £0.9m to Longleigh Foundation in the year. During the year, £0.6m was distributed in targeted financial support, helping mitigate affordability pressures and reduce tenancy risk.

Our wider partnership approach enables efficient signposting to external support, reducing duplication and enhancing value for money. The Tenancy Sustainment Team supported over 404 households to access external funding and helped more than 307 households reduce energy costs through specialist advice, including via our partnership with LEAP.

We have commenced delivery of a new place-based operating model to strengthen accountability, integration and local responsiveness. The model comprises five regional localities and 45 sub-patches, each led by a Locality Manager responsible for service delivery, partnership engagement and performance.

Local Housing Officers provide consistent, proactive customer engagement, improving early intervention and resolution. This model enhances service effectiveness, mitigates operational risk and will be fully implemented from May 2026.

Strong local authority partnerships remain central to service delivery and risk management. Established arrangements with Bristol City Council and Herefordshire Council provide stable operating frameworks, support compliance and enhance outcomes for residents through shared accountability.

The Directly Supported Team continues to demonstrate delivery strength and stakeholder confidence, securing three contract extensions during the year.

A new partnership with a Swindon food bank has expanded community support and strengthened our role as a local anchor organisation, delivering social value alongside core services.

Our Domestic Abuse service delivers a co-ordinated, multi-agency response, addressing sustained high demand and reducing risk to customers.

Improved joint working has strengthened move-on pathways, enabling timely access to safe and settled accommodation. Early intervention has been enhanced through integrated working across housing and support teams.

We continue to strengthen partnerships with training providers and employers to support customers into sustainable employment. Targeted support, including skills development, digital training and volunteering, improves economic resilience and reduces dependency. Delivery through accredited partners ensures quality, consistency and value for money.



A garden party for residents of Saxonwood Court, Battle, East Sussex.

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Value For Money (VFM) performance

Stonewater's approach

Creating value for customers is at the heart of Stonewater's services and projects. The Board's approach to Value for Money reflects our Vision 'To be the most trusted, inspiring and sustainable provider of affordable homes' and our Customer Promise: 'We are proud to make things personal. If it matters to our customers, it matters to us.' This means we go beyond monetary savings to deliver social value through the investment of our resources. In doing so, we seek to maximise gains for customers through all strands of our activities and operations.

In the current inflationary market with increasing demand on our customers' financial resources, there are limited opportunities to increase income to the organisation. Instead, we seek to safeguard current income streams while extracting maximum value from costs incurred. Our approach to achieving this is documented in our strategies, including those on:

- Growth - delivering homes to meet a range of needs in targeted geographical areas.
- Portfolio options (acquisitions and disposals) – deriving optimal benefit from fixed assets.
- Treasury management – minimising the cost of funds, minimising credit risk and ensuring sufficient liquidity is available.

Measuring value for money

Our Strategic Plan 2022-30 objectives flow from the Vision and support our Mission of making a difference to our customers and communities through quality homes and great services which reflect our social ethos. As part of the annual review of the plan, the Board sets measurable outcome targets for each objective, against which we assess value for money gains.

We continue to base our assessment of value for money on the three Es of Economy, Efficiency and Effectiveness. These are about making the best use of our resources to achieve the intended strategic outcomes:

- Economy - minimising the cost of resources used while having regard to quality – spending less.
- Efficiency - the relationship between the output from goods or services and the resources to produce them – spending well.
- Effectiveness - the extent to which objectives are achieved and the relationship between intended and actual impacts – spending wisely.

These can be summarised as cost effectiveness – making the best use of our resources to achieve the intended outcomes to maximise value for our customers.

In addition to the Strategic Plan outcome targets, the Board sets value for money targets, which cover the seven metrics included in the Value for Money Standard published by the Regulator of Social Housing on 1 April 2018.

Where possible, we benchmark our performance for our outcome targets against a Housemark peer group of registered providers, which is based on our size and geographical spread. We also benchmark against our own past performance, through regular KPI reporting to the Board, committees and panels and the Chief Officer Group. We review these KPIs annually and the Board sets targets for each which drive further value for money gains across the business.

Assessing performance

The Board monitors progress towards achieving our strategic objective outcome targets during the year. The Board gains assurance on the delivery of economic gains through the work of the Finance Challenge and Assurance Panel.

Our performance against our target for 2025/26 is set out in the table below.

Directorate	Result 2025/26 £m	Target 2025/26 £m
Finance, Governance and Assurance	**0.2**	0.1
Homes	**7.0**	2.2
Development	**1.8**	1.2
Customer Experience	**0.3**	0.2
Innovation and People	**0.4**	0.3
Total	**9.7**	4.0

Summarised below are some of the Value for Money achievements and initiatives delivered in the year:

- £4.6m savings from SHDF.
- £2.4m on negotiation of contracts in relation to Homes Revenue, Capital including Retrofit Publicly Available Standard (PAS) 2035 services.
- £1.4m savings on negotiated land acquisitions, build contracts and associated costs.
- £0.4m savings on technology, data and people efficiency across the organization.
- £0.4m savings on the average sales time against appraisal parameters for shared ownership sales.

Regulatory Value for Money (VFM) metrics

The following table outlines our VFM performance against the regulatory metrics, compared to the previous year and the sector median for our peers in a similar geography of a comparable size.

VFM Metric	Target 2025/26	Actual 2025/26	Actual 2024/25	VFM median score 2024/25	Stonewater median score 2024/25
Reinvestment %	7.3	6.8	7.4	7.6	MQ
New supply delivered % (social housing)	2.8	2.0	2.8	1.3	UQ
New supply delivered % (non-social housing)	-	-	-	-	-
Gearing %	52.6	50.3	51.9	45.5	MQ
EBITDA MRI Interest cover %	76.9	96.7	69.0	113	LQ
Headline social housing cost per unit £	5,283	5,111	5,425	5,576	LQ
Operating margin (social housing lettings only)	20.5	19.3	20.1	20.5	MQ
Operating margin (overall) %	19.5	18.0	18.9	17.6	UQ
Return on capital employed (ROCE) %	2.4	2.4	2.3	3.1	UQ

Reinvestment

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. Our reinvestment rate decreased during the year to 6.8%. While the rate has reduced we remain strongly committed to both investing in the supply of new homes as well as continuing to invest into our existing homes. This was just below the median quartile score of the peer group.

New supply delivered % (social and non-social)

These metrics set out the number of new units (social or non-social) that have been acquired or developed in the year as a proportion of the total units owned at period end. Delivery remained strong, with 741 social units completed (2025: 1,029). While lower year-on-year, this reflects programme phasing rather than reduced pipeline strength, which remains healthy. New supply delivered for social housing units remained in the upper quartile score of the peer group.

Gearing

The group's gearing ratio measures the level of debt compared to the value of our housing properties, which has remained stable at 50.3% (2025: 51.9%), supporting our financial viability and sector leading credit ratings. The Group remains comfortably within lender covenants and its Board-approved risk appetite. This was in the median quartile score of the peer group.

Earnings before interest, tax, depreciation and amortisation, major repairs included (EBITDA MRI) interest cover

This measures the level of operating surplus (including expenditure on capitalised major repairs and excluding depreciation and amortisation) compared to total interest payable. It also includes profits on first tranche and outright sales, which can be more volatile. We achieved 96.7%, which was better than our target of 76.9%. This was just below the median quartile score of the peer group.

Headline social housing cost per unit

This metric is calculated by adding together our total spend on management costs, maintenance, major repairs, service costs and other social housing costs and then dividing by the total number of properties. The headline social housing operating cost per home remained broadly stable at £5,111 (2025: £5,425). This remained in the lower quartile score of the peer group.

Operating margin (social housing lettings only)

Social housing operating margin remained stable compared to the prior year and remained in the median quartile score of the peer group.

Operating margin (overall)

The operating margin demonstrates the profitability of operating assets. Despite the increased demand for repairs, the overall operating margin remained stable and was in the upper quartile score of the peer group.

Return on capital employed (ROCE)

Return on capital employed measures how efficiently we have invested in our business with our surpluses. ROCE increased slightly from 2.3% to 2.4% and remained in the upper quartile score of the peer group.

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Financial review

Group financial performance	2026	*2025*
	£'000	*£'000*
Turnover	**305,452**	*306,113*
Cost of sales	(21,883)	*(32,155)*
Operating costs	(228,745)	*(216,065)*
Surplus on disposal of fixed assets	20,217	*12,165*
Operating surplus	**75,041**	*70,058*
Operating margin (excluding surplus on disposal of fixed assets)	*17.9%*	*18.9%*
Acquisition of business	-	*3,607*
Share of gain made by joint ventures	455	*190*
Net interest	(60,401)	*(62,994)*
Movements in fair value of non-hedging instruments	331	*1,106*
Surplus for the year	**15,426**	*11,967*
Actuarial gains on defined benefit pension schemes	883	*2,322*
Amounts recycled (to)/from Cashflow hedge reserve	291	*(618)*
Year-end revaluation of hedging financial instruments	2,814	*3,196*
Total comprehensive income for the year	**19,414**	*16,867*

Group turnover remained broadly stable at £305.5m (2025: £306.1m). Growth in rental income was largely offset by lower income from shared ownership sales and other revenue streams.

Rental income increased by 6.1% (2025: 17.5%), supported by the delivery of 741 new homes, the 2.7% rent uplift, and the full-year impact of the integration of Bristowe (Fair Rent) Housing Association, acquired in September 2024. This reflects the continued strategic focus on growing and strengthening the core social housing portfolio.

Partially offsetting this growth, income from shared ownership sales decreased by £12.7m, reflecting lower sales volumes in the year, while service charge income (£2.2m), amortised grant income (£0.4m) and other income (£0.4m) also reduced.

Operating costs increased to £228.7m (2025: £216.1m), primarily reflecting higher levels of repairs and maintenance activity. This increase has been driven by a combination of increased responsive and planned maintenance, continued investment in the existing housing stock, and ongoing inflationary and supply chain pressures.

Surpluses from the disposal of fixed assets rose to £20.2m (2025: £12.1m), comprising £15.0m from existing unit sales and £5.0m from staircasing transactions.

The operating margin, excluding surplus on asset disposals, remained broadly stable at 17.9% (2025: 18.9%). This measure provides a clearer view of underlying operational performance, removing the impact of inherently volatile disposal-related income.

The Group reported a surplus for the year of £15.4m (2025: £12.0m). This surplus will be reinvested to support the Group's development programme, ongoing digital transformation, and the delivery of high-quality services to customers.

The Group's liquidity remains strong. At 31 March 2026, Stonewater had £359m of available but undrawn bank facilities (2025: £334.2m). We continue to deliver our significant ongoing development programme while maintaining a resilient balance sheet. Cash and cash equivalents have decreased by £23.7m versus prior year. We retain sufficient access to various forms of funding to ensure we can meet our obligations as they fall due.

Net assets increased to £647.7m (2025: £628.3m). Our housing property portfolio grew by £145.6m to £3,215.6m (2025: £3,070.0m), with £177.3m (2025: £157.5m) invested in new development and £30.9m (2025: £46.1m) in existing stock. These investments were supported by £75.5m in grant income (2025: £77.8m).

Stonewater participates in three pension schemes: The Dorset County Pension Fund (DCPF) defined benefit; the Social Housing Pension Scheme (SHPS) - both defined benefit and defined contribution sections.

As of 31 March 2026, Stonewater's deficit in SHPS decreased to £8.5m (2025: £12.5m). The fair value of scheme assets was £77.2m (2025: £73.9m), and liabilities totaled £85.7m (2025: £86.5m).

Treasury management

Treasury management policy

Stonewater has a formal treasury management policy agreed by the Board and reviewed at least every 3 years. The purpose of the policy is to establish the framework within which Stonewater seeks to control risk arising from its borrowings and cash holdings.

In order to achieve this, the policy provides a strategy for:

- Group borrowings and subsequent debt management.
- Investment of surplus funds.
- Relationship with bankers, lenders and advisors.

Derivatives are used to manage the interest rate exposure arising from variable rate debt.

The Group's interest rate policy for borrowings is to be between 60% and 100% fixed. If refinancing of floating rate bank debt with fixed rate debt resulted in an enduring over fixed position, the position would be corrected.

As at 31 March 2026, 87.3% (2025: 77.8%) of borrowings were at fixed interest rates or hedged by floating to fixed interest rate swaps.

Sustainable finance

As part of our aspiration for a more sustainable future, Stonewater has established a Sustainable Finance Framework (SFF). The SFF seeks to align finance and operations with sustainability objectives, ensuring accountability, transparency and measurable impact on environmental and social goals. Stonewater publishes an Environmental, Social and Governance (ESG) report annually. The framework enables Stonewater to attract new and efficient funding and to broaden its investor base. Stonewater issued its debut sustainability bond in September 2021. Proceeds from the issue were allocated in accordance with the SFF which aligns with internationally recognised principles. We recognise the importance of supporting the vision put forward by the United Nations' Sustainable Development Goals (SDGs) and the SFF enables us to improve our transparency to stakeholders and, where we believe it to be possible, align debt instruments to specific SDGs relevant to our business.

Stonewater has five bank facilities which are Sustainability-Linked. These facilities include a provision to reduce the margin on interest payable if agreed ESG Key Performance Indicators (KPIs) are met. Our performance on these KPIs can be found on page 17.

We have continued to build more energy-efficient homes and improve the efficiency of our existing homes, while actively supporting our customers. We have committed to meet the UK Government's proposed 2030 Minimum Energy Efficiency Standards for all of our homes and fully support, and align with, the UK Government's objective to transition to a net-zero carbon economy by 2050.

Stonewater has also pledged to deliver new affordable homes that surpass minimum planning regulations in relation to energy efficiency measures, with a high percentage reaching Standard Assessment Procedure (SAP) 86 and above.

Currently rated as 'Gold' in the Sustainable Homes Index for Tomorrow (SHIFT) sustainability framework, an amalgamation of 21 separate ESG KPIs into one overarching score, we hope to enhance our SHIFT score year-on-year.

Debt structure

The Group's policy is to raise debt finance through loans and capital markets issuances. All of Stonewater Funding PLC's debt has similar security and limited cross guarantee arrangements to the Group.

During the year, the Association increased borrowing with three existing bank counterparties.

Total loan facilities and bond debt, excluding adjustments of £7.1m for fair value on acquisition, at 31 March 2026 amounted to £2,043.0m (2025: £2,016.1m) of which £359.0m was undrawn (2025: £334.2m).

Cash flows

Net cash from operating activities for the year was £154.9m (2025: £117.2m), an increase of £37.7m compared with the previous year.

Stonewater continued to invest in existing and new homes with net cash outflow from investing activities of £112.3m (2025: £97.0m).

Liquidity

The Group maintains a list of investment limits for authorised counterparties with which it will place deposits based on credit ratings, exposure per counterparty and term.

As at 31 March 2026, cash balances were £48.3m (2025: £72.0m) and the balance of restricted cash was £5.5m (2025: £5.9m).

Operational cash balances are kept at low levels to reduce cost of carry. Cash and committed facilities, excluding restricted cash, exceeded the Group's contracted obligations for the next 18 months less grant by £282m (2025: £205m).

The excess of committed facilities over capital commitments is to ensure that committed developments for the next 18 months are fully funded.

As at 31 March 2026, the exposure position with counterparties on standalone derivatives was £3.9m (2025: £3.9m) and after the use of unsecured thresholds £0.0m (2025: £0.0m).

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Loan covenants

The Association's actual performance for the year against its loan covenants is as follows:

	Covenant	Performance
Interest cover*	Must be > 120%	177%
Gearing	Must be < 70% of assets	46%

Stonewater Funding PLC monitors the following covenants, measured at Group level, in relation to the issued Private Placements Notes. Actual performance for the year is as follows:

	Covenant	Performance
Interest cover*	Must be >=100%	166%
Gearing	Must be <70% of assets	46%
Net book value of properties that are owned by non-guarantors or non-borrowers	Must be <25%	7%

* Interest cover for the Association and Stonewater Funding PLC is tested against the annual results and also against the rolling average of the results of the last three years. The ratio shown for the Association and Stonewater Funding PLC is the annual result, which is the test with the lowest headroom.



Striving to be an exceptional place to work.

Principal risks and uncertainties

Key strategic risks

The following are the key strategic risks that the Board considers, and the actions that have been taken to mitigate these and strengthen controls. The Board is continuing to monitor the dynamic operating environment and implement further actions to ensure that the risks arising are managed appropriately, and activities remain within the agreed risk appetite.

Area of risk	Examples of controls in place	Actions during the year to strengthen controls
Financial capacity limits the delivery of growth and business transformation	• Treasury management strategy monitoring. • Regular stress testing. • Monitoring the metrics that are used in the credit rating process.	• Stress testing demonstrates ability to withstand various economic stresses. • Mid-year review of business plan. • Budget reviews to balance competing demands on resources.
The governance structures and processes are not aligned to the evolving regulatory environment	• Board succession plan. • Annual Board, panel and committee review process. • Regular Board review and stress testing of operating environment. • Policy and strategy review framework.	• In-year review of the operating environment as part of monitoring and reporting progress on delivery of the strategic plan. • Implementation of Board succession plan. • Participation in national interest group and at national political and sector conferences.
Customer insight is not embedded in business design and service review processes	• Voice of the Customer strategy. • Customer engagement toolbox. • Dedicated customer insights team. • Independent methodology for customer satisfaction. • Dedicated team managing complaints process.	• Learning from complaints and Ombudsman cases. • Customer communications plan implemented. Action Plan. • Actions to comply with new consumer regulatory standards.
Stonewater does not meet its health & safety obligations as a landlord, employer, developer and provider of care and support services	• Specialist team in place with subject experts embedded across the business. • KPIs monitored by the Board and Homes & Development Panel. • Compliance issues monitored by the Risk and Assurance Committee. • Oversight of activity by strategic health and safety board and operational group. • Management plans in place for key risk areas, e.g., fire and asbestos.	• Actions to comply with new legislation on building safety and fire safety. • Learning from regulatory consumer (C') ratings and HSE determinations.
Stonewater's damp and mould strategy is not implemented effectively	• Compliance with regulatory and government guidance. • Regular review of operating environment supported by specialist agencies on public affairs and public relations. • Stress testing. • Future funding in place for forthcoming expenditure. • Bespoke risk appetite measures for risks arising from operating environment.	• Full and timely engagement with the Regulator of Social Housing with regards to DMC. • DMC reporting • Specialist DMC resources to ensure dedicated focus. • Learning from regulatory inspection reports and Ombudsman determinations.
Investment decisions do not give appropriate weight to competing strategic agendas e.g. environment, safety, growth, digitalisation	• Strategic plan monitoring. • Growth strategy monitoring. • Regular stress testing. • Environmental strategy. • Environmental Sustainable Homes Index for Tomorrow (SHIFT) gold' status. • Value for money strategy.	• Delivery of strategic plan objectives. • Implementation of requirements of Social Housing Act.
Failure to embrace new technology and to invest in appropriate technological solutions	• IT strategy in place. • Specialist consultants engaged to advise on strategic implementation. • IT investment supporting delivery of future operating model. • Business Design and Technology Group provide oversight of strategy, availability, security and risks.	• Review of digitalisation programme. • Implementation of data management strategy. • Work on implementing a repairs booking system.
Failure to meet environmental objectives or mitigate the impact of climate change upon Stonewater and our customers	• Environmental accreditation for SHIFT – 'gold' status. • Environmental social governance framework. • Environmental strategy and action plan. • Fuel engagement strategy and action plan.	• Work towards establishing a long-term carbon reduction and net zero target. • Retrofit project. • Work towards achieving minimum EPC band C rating on all homes.

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Area of risk	Examples of controls in place	Actions during the year to strengthen controls
Resilience of Stonewater's IT systems to cyber attacks	• Operational and governance oversight of IT Strategy. • Cyber essentials plus accreditation. • Modern security appliances and systems to protect against cyber-attack. • Cyber security strategy – aligned to National Institute of Standards and Technology Cyber Security Framework.	• Review process of digital classification of data. • Cyber insurance market tested. • Enhancement of all third-party access controls Security policy formulated.
Partnerships and supply chain relationships do not deliver objectives	• Procurement procedures and contract management system. • Contracts managed by nominated managers, with regular partnership management meetings. • Regular Dun and Bradstreet checks undertaken on main contractors to ensure early visibility of any financial challenges. • Value maximisation strategy.	• Regular monitoring of supply chain and implementation of actions as needed to address issues arising with quarterly reports to the Board • Review of procurement policies and procedures in compliance with new legislation. • Work on scope for direct procurement of materials and supplies. • Regular monitoring of financial status of key partners and suppliers with quarterly reports to the Board. • Work with contractor partners to secure supply chains.
Stonewater's leaders do not have the capacity to set and deliver the strategic plan and/or the supporting staff team does not have capacity to undertake the full range of responsibilities delegated to them	• Board succession plan. • Digitalised recruitment processes. • Specialist recruitment team and employer branding supported by recruitment advertising specialist. • Learning and development programme. • Comprehensive benefits package for employees. • Board role description including key competencies. • Specialist recruitment agency retained for non-executive and executive vacancies. • Bespoke leadership development programme undertaken by all people managers. • Non-executive learning & development plan supported by budget.	• Implementation of Board succession plan. • Work on Chief Officer succession. • Development of succession planning tool. • Strategic Resource Planning to identify capacity issues and opportunities for next 12 months. • Resource capacity monitored by the Board monthly against bespoke risk appetite parameters. • Focus on reducing turnover.

Future prospects

The key assumptions included in the business plan are:

Year 1 of the plan, 2026/27, is based on the approved budget.

Rents

Rents on social and affordable rent properties increases under the rent settlement of CPI + 1.0% throughout the plan.

Inflation – Consumer Price Index (CPI)

3.8% for 2026/27, 2.4% in 2027/28, 2.2% in 2028/29 and 2.25% thereafter.

SONIA (Sterling Overnight Index Average)

3.75% in 2026/27, 3.6% in 2027/28, 3.75% in 2028/29 and 3.9% in 2029/30. From 2030/31 the long-term rate of 3.75% is used.

Earnings

CPI only throughout the plan.

Maintenance and development costs

CPI + 1.0% until 2035/36, CPI only thereafter.

Other costs

CPI + 0.5% throughout

Voids and bad debts

Voids are 1.0% throughout the plan. Bad debts are 0.6% in 2026/27 and 0.9% for the remainder of the plan.

Pension contributions

SHPS annual recovery payments per latest review schedule.

The 2026 forecasts cover the challenging economic climate of continuing high interest rates and the uncertainty of how global factors will impact the UK economy.

Development over the next five years is planned to deliver 3,000 social rent, affordable rent, shared ownership and rent to buy units. This period covers the end of the second Strategic Partnership Programme (SPP) with Homes England approved in September 2021, in which Stonewater was successful in securing further grant funding. The second SPP programme will deliver 2,680 high-quality affordable homes by 2029 with grant funding of £229m. Stonewater is currently bidding for further grant funding under the Social and Affordable Homes Programme.

The plan has been stress tested for a 'perfect storm' of events the Board considers might affect the plan. Further stress testing confirms resistance to the factors modelled, including adverse movements in inflation, interest, sales values and high value one-off financial events. It is apparent that the impact of inflation on costs over the next few years, maybe challenging to Stonewater. The stress testing of the plan considers more extreme economic scenarios than that usually expected.

Where remedies are required to ensure compliance with bank covenants, priorities have been set within parameters set by the Board.

Forecast income and expenditure	2026/27	2027/28	2028/29	2029/30	2030/31
	£m	£m	£m	£m	£m
Turnover	320.4	347.0	367.0	365.9	371.7
Cost of sales	(12.0)	(20.1)	(21.7)	(9.0)	(3.6)
Operating costs	(245.5)	(255.7)	(267.9)	(277.8)	(285.8)
Surplus on disposal of fixed assets	19.8	19.7	15.9	17.0	18.1
Operating surplus	**82.7**	**90.9**	**93.3**	**96.1**	**100.4**
Net interest	(66.0)	(71.7)	(81.4)	(85.0)	(87.9)
Movement in fair value of non-hedging financial instruments	0.2	0.2	0.2	0.2	0.2
Surplus for the year	**16.9**	**19.4**	**12.1**	**11.3**	**12.7**
Capitalised components	51.4	53.9	54.6	57.1	54.9

Before disposals, the base plan shows a flat operating margin for the first few years. Margin growth is slow with assumed rent increases being offset by the increase in maintenance costs and overheads. The base plan does not include the impact of the Social and Affordable Homes Programme. The increase in debt (mainly at fixed rates) leads to a higher interest charge over the later part of the five years.

Report of the Board of Management and Strategic Report

Effects of material estimates and judgements upon performance

The following are the material judgements and estimates affecting performance.

Impairment

Management assesses housing properties for indicators of impairment at each balance sheet date. Where indicators exist, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. Judgements in assessing the level of cash generating units and the recoverable amounts could lead to increases or decreases in the impairment provision.

Consideration of property development costs

Management determines the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, we then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the members' best estimate of sales value based on economic conditions within the area of development.

Bad debt provision

We make a provision for the likelihood of debtors failing to pay. Our assumptions bandings are based on the type of debt (including customer analysis) and length of time the debt remains unpaid.

Useful lives of depreciable assets

We set out the expected useful lives of our assets in the accounting policies in note 2. Management reviews its estimate of the useful lives of depreciable assets periodically, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and information and communication technology (ICT) equipment, changes to decent homes standards which may require more frequent replacement of key components and changes to the ability to let the property which may reduce the economic life of the property. Accumulated depreciation at 31 March 2026 was £493.2m (2025: £457.4m), with the total charge in year of £43.2m (2025: £39.6m).

Defined benefit pension scheme obligations

At 31 March 2026, we had two defined benefit pension schemes, both closed to new members, the Social Housing Pension Scheme (SHPS) and the Dorset County Pension Fund defined benefit pension scheme (DCPF). Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Management estimates these factors, using qualified actuaries, in determining the net pension obligation in the balance sheet (see note 33). Variations in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses as analysed in note 33. The net liability of both schemes at 31 March 2026 was £8.7m (2025: £13.1m).

Valuation of swaps

All swaps are valued at fair value by discounting expected cash flows at the risk free forward rate curve. This valuation is adopted across the registered provider sector.

Going concern

After reviewing Stonewater's budget for 2026/27, cashflow forecasts through to August 2027 and the long-term financial plan 2026/27, the Board has a reasonable expectation the Group and Association have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing the financial statements.

The stress testing of our financial plan shows the business to be robust even in extreme downside scenarios. Board is confident our viability can be maintained and having assessed our plans, liquidity levels and mitigating actions available, should they be needed, there is reasonable expectation that the Group and association have adequate resources to continue in operational existence for at least 12 months. For these reasons, the Board continues to adopt a going concern basis for the preparation of the financial statements.

Organisational structure

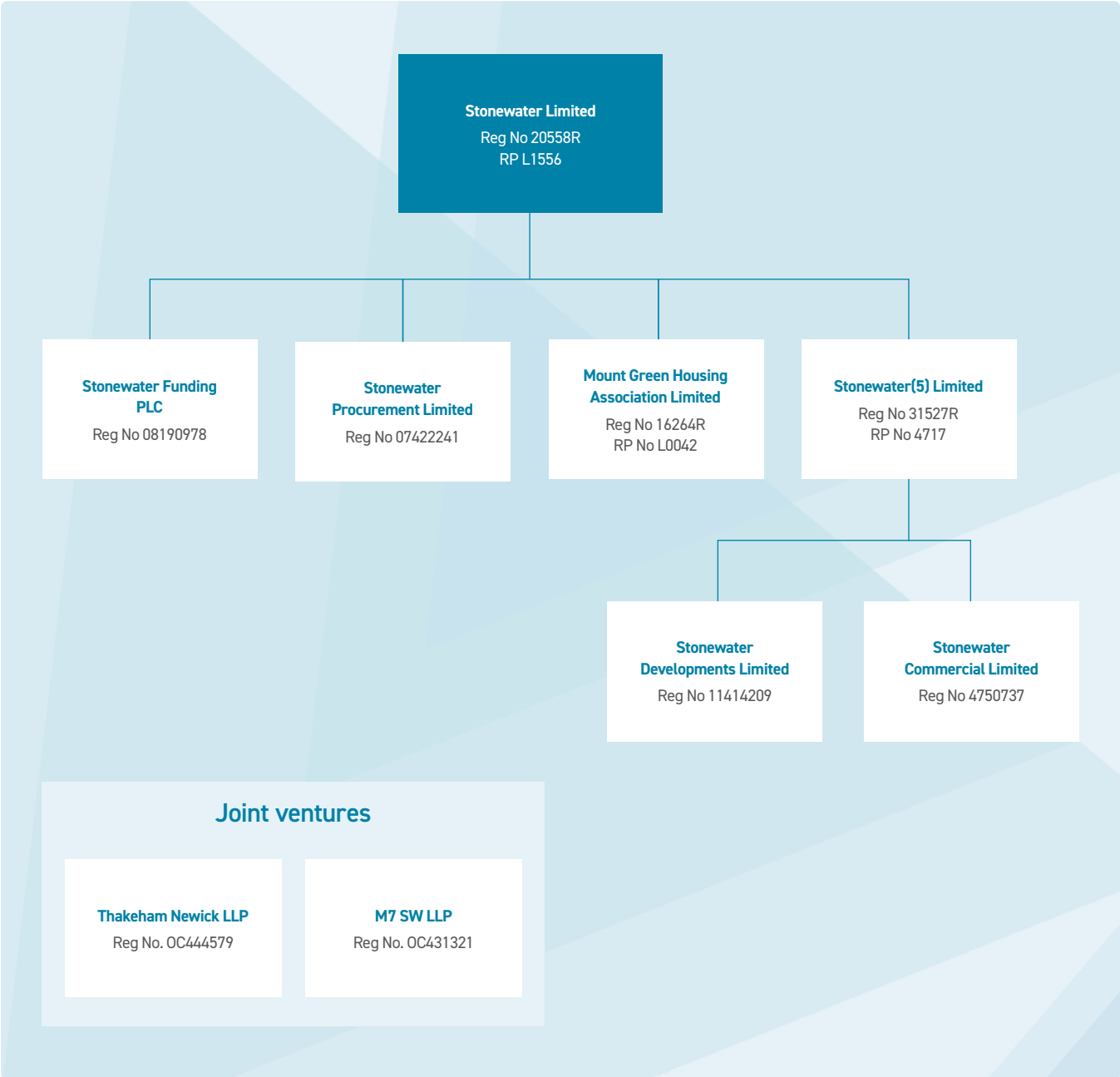
The Group structure is illustrated below; Stonewater Limited is the parent of the Group.

On 31 March 2026, Stonewater Limited has two registered provider subsidiaries:

- Stonewater (5) Limited
- Mount Green Housing Association Limited

Stonewater also has four wholly owned commercial subsidiaries and two joint ventures:

- Stonewater Funding PLC – a company which provides external funding for the Group via the capital markets and private placements.
- Stonewater Developments Limited – a company which supports the Stonewater registered provider entities with their development activity by widening the scope of potential developments by selling fully or partially developed dwellings on the open market to Group entities. The company also provides design and build services to other Group companies.
- Stonewater Commercial Limited - currently dormant
- Stonewater Procurement Limited - currently non-trading.
- Thakeham Newick LLP – a joint venture company.
- M7 SW LLP – a joint venture company



Report of the Board of Management and Strategic Report

Governance framework

Board

The parent Board has responsibility for setting Stonewater's strategic direction and ensuring that the organisation meets its strategic aims and objectives. The delegation and control framework established by the Board includes accountability to customers and other stakeholders, such as funding providers and partnerships with local authorities. The Board comprised ten members on 31 March 2026, including the Chief Executive Officer, as set out on page 3.

There is a common board membership for Stonewater Limited and Stonewater (5) Limited. Mount Green Housing Association has a separate board, which oversees the Mount Green operations.

Current obligations of board members to the Board and the company

All Board members are collectively responsible for ensuring Stonewater's success and for compliance with all legal and regulatory obligations. Individual Board members are expected to uphold Stonewater's purpose, values, objectives and policies, share responsibility for decisions taken and represent the Group to stakeholders.

Governance arrangements

The parent Board and the subsidiary and commercial boards are supported by two Group committees and five Group challenge and assurance panels, each of which includes one or more members whose skills and experience supplement those of the board members. The governance structure provides agility and efficiency in decision-making with panels and committees being convened as and when needed and board meetings scheduled monthly. All transactional business is undertaken remotely, which provides rapid implementation of new strategies and policies and, from a practical perspective, enables us to secure maximum benefit from members by giving flexibility around meeting times.

Nominations and Remuneration Committee

Oversees the recruitment and remuneration of non-executives, the Chief Executive and the Chief Officers. Advises the Board on annual pay reviews for Stonewater employees.

Risk and Assurance Committee

Oversees the risk management and internal control framework, including the insurance provision and the audit function; considers the annual financial statements and external and internal auditors' reports.

Customer Experience Challenge and Assurance Panel

Oversees front-facing delivery of services, ensuring that Stonewater has knowledge and understanding of the impact of the service provision on customers and its wider activities on local communities. Finance Challenge and Assurance Panel.

Finance Challenge and Assurance Panel

Oversees Stonewater's finances and exercises borrowing and treasury powers.

Governance and People Challenge and Assurance Panel

Oversees Stonewater's governance arrangements and employee terms and conditions of service, other than those which are reserved for the Board.

Homes and Development Challenge and Assurance Panel

Oversees Stonewater's growth and home investment programmes, including sustainability initiatives and compliance performance.

Technology and Data Challenge and Assurance Panel

Oversees the implementation of Stonewater's digitalisation programme.

Chief Officer Group

Stonewater has an experienced Chief Officer Group which manages the day-to-day running of the business. The Chief Officer Group consists of the Chief Executive and four Chief Officers.

Skills, qualities and experience required by the parent Board

To discharge its responsibilities for setting the strategic direction and overseeing performance, Stonewater's parent Board needs a broad range of skills, competencies, experience and knowledge. All members are expected to demonstrate customer focus, strong communication and interpersonal skills, strategic thinking and leadership. The succession plan and annual review of terms of office ensure that the governance structure maintains the appropriate breadth of expertise to take Stonewater forward and achieve its strategic objectives. A succession plan is in place to ensure that there is a balance between refreshment of skills and continuity on the parent and subsidiary boards.

In addition, the parent Board seeks to have a membership that reflects the diversity of Stonewater's customers and the communities in which Stonewater works. The Board has set targets for improving diversity across the governance structure. On 31 March 2026, the Board comprised 67% (2025: 42%) female members, 33% (2025: 17%) Male from a Black, Asian or minority (BAME) ethnic background and two members (2025: two) who identify as disabled. The Board consists of members whose ages span four decades.

The parent Board undertakes an annual collective review of its performance, culminating in the identification of priorities for

the year ahead. Progress against these targets is monitored through quarterly reporting against sub-targets and the final position is assessed through the annual collective Board review at the end of the year. For the year 2025/26 the Board agreed that their focus should be on delivery of the three strategic objectives: Customer-centred Services, Quality Homes and Neighbourhoods and Value Maximisation, performance against which is reported above.

Risk management and internal controls

New, emerging and high scoring risks are monitored through the strategic and critical operations risk register. This includes an assessment of the current risk status, which is summarised in a heat map of the post control risk position. Changes to this between quarters are identified on the heat map. The Chief Officer Group and the Risk and Assurance Committee keep the register under review to ensure that it fully reflects the risks to the delivery of Stonewater's operations and Strategic Plan. The Operational Directors Group members and specialist leads are responsible for the identified risk areas and the Company Secretary oversees progress against actions to mitigate risks.

The Board has adopted a risk appetite statement which sets out the nature and levels of risk it is prepared to take to achieve the strategic objectives. Performance against this is kept under review facilitated using metrics to enable the committees and panels to assess, and provide assurance to the Board on, whether performance remains within the risk appetite parameters for the areas under their remit. The Chief Officer Group and each of the subsidiary boards, committees and panels identifies any emerging risks that could take operations outside of the risk appetite and escalates to the Board through regular reporting. The Risk and Assurance Committee provides overall assurance to the Board that risks are being managed appropriately.

The Chief Executive reports to the Risk and Assurance Committee on the effectiveness of the internal control environment.

Business planning, risk and internal controls assurance

Purpose

The statement of internal controls provides information to both internal and external stakeholders on how Stonewater governs its business, manages risks and delivers the business plan.

Responsibility

The Board has overall responsibility for establishing and maintaining the system of business planning, risk and internal control and for reviewing its effectiveness across Stonewater. The Risk and Assurance Committee is responsible to the Board for monitoring this system and ensuring its effectiveness.

Stonewater has adopted the three lines of defense assurance framework, whereby we employ qualified colleagues and put good policies and procedures in place; monitor these through management activity and governance reporting and seek external assurance through audits, accreditations and reviews.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which Stonewater is exposed to.

- **Identification and evaluation of key risks**
  Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. The Chief Officer Group regularly considers significant risks facing Stonewater from both existing and proposed new business, and these are identified and evaluated.

- **Monitoring and corrective action**
  A process of self-assessment and regular management reporting on regulatory and control issues, including any raised by the external auditors, provides hierarchical assurance to successive levels of management and to the Board.

- **Control environment and control procedures**
  The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance areas, including treasury strategy and new investment projects. The Board has adopted the NHF Code of Conduct 2022 reflecting Stonewater's stance on the quality, integrity and ethics of its non-executives and employees. A framework of policies and procedures is in place covering issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data protection and fraud.

- **Information and financial reporting systems**
  Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes; and also progress in achieving and retaining recognition for quality management systems.
  Stonewater's operations have continued to evolve during 2025/26 in response to the changing operating environment. The Board has received regular reports on key risk areas, including global conflicts and the financial markets and their impact on our customers and business costs. Bespoke risk indicators enable the Board to ensure that operations remain within the risk appetite.

A suite of performance indicators, scenario models and risk appetite measures are in place to inform Board decisions and performance monitoring. The Board's priority is to safeguard health and safety, along with other legal, regulatory and financial compliance. Revised and new policies and procedures have been put in place to reflect the operating environment and strengthen internal controls.

The internal control framework and the risk management process are subject to regular review by the internal auditors, who are responsible for providing independent assurance to the Board via the Risk and Assurance Committee.

The Board has received from the Chief Executive an annual report, has conducted its annual review of the effectiveness of the system of internal control, has reviewed the fraud register and has taken account of any changes needed to maintain the effectiveness of risk management and the control process.

Report of the Board of Management and Strategic Report

Compliance and regulation

The regulatory judgement issued by the Regulator of Social Housing in August 2025 confirms that Stonewater meets the requirements set out in the Governance and Financial Viability standard of the 2015 Regulatory Framework with the ratings of G1 (the provider meets the requirements on governance set out in the Governance and Financial Viability standard), V2 (the provider meets the requirements on viability set out in the Governance and Financial Viability Standard and has the capacity to mitigate its exposures effectively) and C2 (there are weaknesses in the landlord delivering the outcomes of the consumer standards and improvement is needed).

Since then, the Board has undertaken a self-assessment of compliance with the Governance and Viability standard, taking account of the Code of Practice, and confirms that Stonewater remains compliant with the standard.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by Stonewater. This process has been in place throughout the year under review, up to the date of the annual report, and is reviewed by the Board.

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.

People, culture and Equality, Diversity and Inclusion (EDI)

Our People Strategy 2023-2028 set out our ambition to become an Exceptional Place to Work. We have three key themes which are to engage, develop and equip our colleagues to deliver great services. We also identified ten cultural accelerators to enable us to go further, quicker, towards delivering our organisational goals.

We recognise that to achieve our ambitions we must invest in our colleagues to advance our organisational capabilities and capacity. We are committed to our Vision and innovating service delivery through our new localised operating structure, harnessing data and technology to the greatest effect.

For this, we will work with colleagues to engage them on internal changes, develop skills and build upon the collaborative, learning culture of knowledge sharing and continuous improvement. We will achieve this by being supporting of service changes in the new locality approach. We will ensure colleagues take pride and actively contribute towards enacting our Vision, delivering strategic objectives and bringing our values to life as we grow, improve and innovate.

We deliver to the highest standards of workplace trust, wellbeing, H&S and psychological safety. Internal communication channels ensure colleagues' voices are heard, and we are all kept up to-date and involved. We keep in touch via a host of events throughout the year such as our annual Company Day, monthly Team Talks online for the whole organisation, and our regular manager briefings. We operate lively online communities to give people the opportunity to connect, stay informed and get involved.

Leadership and management development remain a key priority, with our 'Learning Leader' approach for managers at all levels delivering key skills, alongside our 'Step Up to Manager' programme. EDI is the essence of our leadership style. We will meet the needs of our customers and colleagues, responding to vulnerabilities, eradicating stigma and adopting a person-centred approach to the design and delivery of products and services.

We are working towards the Social Housing Equality Framework (SHEF) Excellence standard by 2027. Our EDI Strategy sets out our commitment to creating and sustaining an environment free from discrimination, harassment, and victimisation. We are focused on identifying key measures to monitor our progress to ensure customers and colleagues are treated with respect and reasonable adjustments are made.

We work hard to ensure that all decisions relating to employment practices are objective, free from bias, and based on work criteria and individual merit. For example, we have applied the principles of the Rooney Rule into our 'Opportunity Pledge.' This includes avoiding recruitment panels that are single gender and ideally diverse across a range of protected characteristics.

We will improve diversity through our recruitment processes, specifically our commitment to the Opportunity Pledge and Two Ticks Disability Confident which relate to women, Black, Asian and minority ethnic candidates, and disabled candidates.

Alongside our many other Colleague Volunteer roles, our Employee Networking Groups for gender, ethnicity, disability and LGBTQ+ make a significant contribution to our EDI agenda and colleague experience. We also have several listening groups for topics that really matter to colleagues such as Menopause, Men's Health, Carers and Neurodiversity. These colleague-led groups ensure that colleagues have an opportunity to use their voice to effect change. We were proud to feature in the Top Employer category once again at the Ethnicity Matrix Awards, and to be members of the All-Party Parliamentary Group (APPG) for Governance and Inclusive Leaders.

Our in-house recruitment team works closely with line managers to ensure that we recruit people who share our values. We continue to make the most of digitalisation by developing our HR & L&D systems to enable colleagues to self-serve more and automate products and services to improve the colleague experience. This year we partnered with Team Tailor

to implement a new Applicant Tracking System.

We have undergone a significant restructure in our Customer Experience directorate. The strength of our ongoing partnership with the Information & Participation Association (IPA), and our colleague representative group, helped us to ensure that colleagues were fully involved and consulted throughout the process. We continue to develop the skills and contribution of our colleague representatives and this year we strengthened the links between this group and our EDI networking groups. Our regular 'Colleague Voice' meetings are chaired by our Chief Executive and other senior leaders, to ensure the colleague voice is heard and people are involved in decisions that affect them.

As we embark upon a shift towards local based working, this approach combined with our home working arrangements is set to be a welcome balance for colleagues. We are proud of the range of benefits we provide to support truly flexible working arrangements to support people with diverse needs whilst still delivering our customer promise. We provide a mix of specialist and bespoke training, delivered online and in person. We cover a range of topics for colleagues and customers, ranging from reasonable adjustments (to remove or reduce any disadvantage related to someone's disability), to safeguarding, domestic abuse and resilience. Our regular manager briefings enable us to keep managers and colleagues up to date.

We have reviewed our Reward Strategy this year and are rolling out changes to our offer this year. We continue to offer a unique suite of benefits such as the employee assistance programme, retail discounts, our myOwnHome supported housing scheme, Homework Space, Environmental Loans and our Wellbeing Toolkit, all hosted on a new look version of our 'myReward' portal.

Our People Strategy is designed to:

- Deliver our Strategic Plan objectives and long-term Vision by being an exceptional place to work.
- Offer a best-in-class employee offer, designed to attract and retain a talented, diverse and motivated workforce.
- Engage colleagues in our Purpose, Vision, Mission and Values.
- Develop a high performing, values-driven culture and capabilities to deliver for customers and stakeholders.
- Equip the organisation to adapt to our operating environment, opportunities for growth and continuous change.
- Demonstrate a continued and real commitment to EDI and colleague wellbeing.

We monitor the success of our People Strategy through regular reporting via our governance process, key performance indicators, and continuous feedback loops such as ad-hoc surveys and focus groups (Job House sessions) with colleagues from cross-functional groups.

Equality, Diversity and Inclusion

Stonewater is committed to equality of opportunity for colleagues and customers, embedding EDI across all operations. A diverse and inclusive organisation remains central to our purpose and to reflecting the communities we serve.

EDI is a core strategic priority, supported by governance through the EDI Delivery Group and Operational Group, and underpinned by recognised frameworks including Social Housing Equality Framework (SHEF), the Investing in Ethnicity Maturity Matrix and Disability Confident.

Delivery is driven through cross-organisational collaboration, focusing on culture, awareness, regulatory compliance, data, and inclusive practices. Progress is managed via the EDI Strategy and Action Plan, which remains responsive to evolving regulatory requirements. Most objectives are currently rated green, with progress reviewed quarterly and aligned to Risk and Assurance actions. Preparation for the SHEF Excellence self-assessment in 2026/27 is underway.

During the year, we achieved "Advanced Employer" status under the Investing in Ethnicity Maturity Matrix and were ranked 12th in the Ethnicity Awards Top 30. Our Head of EDI continues to contribute to external leadership forums, including a House of Commons All-Party Parliamentary Group.

The reverse mentoring programme continues to support inclusive leadership, while the Data Enrichment Programme is progressing implementation to strengthen insight into customer and colleague demographics.

Our current EDI focus is on measuring impact, including a review of progress since the launch of our EDI Strategy and Employee Network Groups in 2019.

Gender and Ethnicity Pay Gap

Stonewater continues to be committed to equality of all its employees including the treatment and pay of men and women. We have initiated many actions to work towards gender parity and the elimination of our gender pay gap ensuring the compliance of our legal obligation to publish a number of details relating to the gender pay gap.

In April 2025, we published our latest gender pay gap data. The report shows our latest median gender pay gap has marginally decreased to 20.49% from 21.42% last year. Our split of males to females is 32% - 68% respectively and until each quartile reflects this, we can expect our Gender Pay Gap to be on the higher side.

Report of the Board of Management and Strategic Report

Stakeholder relationships

Funders

We maintain strong relationships with our bank and capital market funders by ensuring they are updated on Stonewater's operational and financial performance. Relevant operational information is published on Stonewater's investor relations area on our website, and both half year and annual performance information is published there too. Update meetings are held regularly.

Homes England

Stonewater has been a development partner with Homes England for over 15 years delivering affordable homes across England. During that period, Stonewater has secured grant funding from Homes England to deliver a variety of tenures, including social rent, affordable rent, Rent to Buy, and shared ownership. The relationship with Homes England has always been open, transparent, and strong and committed, which has enabled Stonewater to deliver much-needed affordable homes across the country.

Stonewater has a Strategic Partnership with Homes England to deliver 2,680 homes by March 2029 with grant funding of £229m.

Suppliers

At Stonewater, we place great value on the significant contribution made by our supply partners, irrespective of their size or the volume of work they complete for us each year. Therefore, maintaining strong and positive relationships is crucial to ensure effective delivery of a variety of services to our business.

We do this through two simple but effective principles: clear and regular communication with all suppliers, through agreed mediums; and ensuring that all payments are made early or on time, in line with agreed schedules in each contractual agreement. By following these two principles, we provide clarity to businesses and ensure that we contribute positively to their financial security and wellbeing during difficult and uncertain times.



Public art at our Sturt Farm development, Haslemere, Surrey.

Statement of the Board's responsibilities in respect of the Board of Management and Strategic Report and the financial statements

The Board members are responsible for preparing the Board of Management and Strategic Report 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.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and 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, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Group and 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.

Menzies LLP were appointed as external auditors for 2025/26 on the 28 May 2025 in accordance with section 489 of the Companies Act 2006.

The report of the Board was approved on 22 July 2026 and signed on its behalf by:



Sheila Collins
Chairman of Board

Independent auditor's report to the members of Stonewater Limited

Opinion

We have audited the financial statements of Stonewater Limited (the 'Association') and its subsidiaries ("the Group") 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. 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 Group and 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 Cooperative 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 members' 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 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 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 Cooperative 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 Responsibilities of the Board set out on page 35, 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 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:

- 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 Association's activities and the regulated nature of the Association'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 Cooperative 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.

Menzies LLP Chartered Accountants and Statutory Auditor

20 Colmore Circus Queensway
Birmingham
B4 6AT

Date: 17 September 2026

Consolidated statement of comprehensive income for the year ended 31 March 2026

	Note	**2026 £'000**	*2025 £'000*
Turnover	4	**305,452**	*306,113*
Cost of sales	4	**(21,883)**	*(32,155)*
Operating costs	4	**(228,745)**	*(216,065)*
Surplus on disposal of fixed assets	4,11	**20,217**	*12,165*
Operating surplus	4,7	**75,041**	*70,058*
Gain on acquisition of business	37	**-**	*3,607*
Share of gain made by joint ventures	18	**455**	*190*
Interest receivable and similar income	12	**1,738**	*3,221*
Interest payable and financing costs	13	**(62,139)**	*(66,215)*
Movement in fair value of non-hedged financial instruments	13	**331**	*1,106*
Surplus for the year before Tax		**15,426**	*11,967*
Taxation	14	**-**	*-*
Surplus for the year		**15,426**	*11,967*
Actuarial gains on defined pension schemes	33	**883**	*2,322*
Amounts recycled from Cashflow hedge reserve	28	**291**	*(618)*
Movement in fair value of hedged financial instruments	28	**2,814**	*3,196*
Total comprehensive income for the year		**19,414**	*16,867*

All amounts relate to continuing activities.

The notes on pages 46 to 86 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 22 July 2026.



Sheila Collins
Chair of the Board



Nicola Webber
Chair of the Risk and Assurance Committee



Syka Sheikh
Secretary

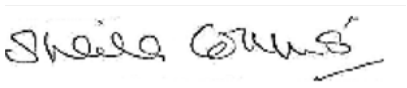
Association statement of comprehensive income for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Turnover	4	**283,787**	*283,866*
Cost of sales	4	**(21,883)**	*(32,531)*
Operating costs	4	**(208,216)**	*(191,941)*
Surplus on disposal of fixed assets	4,11	**17,966**	*8,625*
Operating surplus	4,7	**71,654**	*68,019*
Interest receivable and similar income	12	**1,935**	*4,549*
Interest payable and financing costs	13	**(55,566)**	*(60,654)*
Movement in fair value of non-hedged financial instruments	13	**331**	*1,106*
Surplus for the year before tax		**18,354**	*13,020*
Taxation	14	**-**	-
Surplus for the year		**18,354**	*13,020*
Actuarial gains on defined pension schemes	33	**856**	*2,243*
Amounts recycled from Cashflow hedge reserve	28	**291**	*(618)*
Movement in fair value of hedged financial instruments	28	**2,814**	*3,196*
Total comprehensive income for the year		**22,315**	*17,841*

All amounts relate to continuing activities.

The notes on pages 46 to 86 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 22 July 2026.



Sheila Collins
Chair of the Board



Nicola Webber
Chair of the Risk and Assurance Committee



Syka Sheikh
Secretary

Consolidated statement of financial position as at 31 March 2026

	Note	2026 £'000	2026 £'000	2025 £'000	2025 £'000
Fixed assets					
Intangible fixed assets	15		**6,263**		*6,823*
Tangible fixed assets housing properties	16		**3,215,541**		*3,069,784*
Other fixed assets	17		**17,433**		*13,053*
Investments	18		**-**		*-*
Share of assets in joint venture	18		**21**		*10*
			3,239,258		*3,089,670*
Current **assets**					
Properties held for sale	19	**22,676**		*37,584*	
Debtors	20	**24,019**		*45,981*	
Restricted cash	21	**5,514**		*5,897*	
Cash and cash equivalents		**48,305**		*71,978*	
		100,514		*161,440*	
Creditors: amounts due within one year	22	**(147,269)**		*(166,657)*	
Net current liabilities			**(46,755)**		*(5,217)*
Total assets less current liabilities			**3,192,503**		*3,084,453*
Creditors: amounts falling due after more than one year	23	**(2,536,091)**		*(2,442,183)*	
Provisions for liabilities					
Provisions	29	**-**		*(886)*	
Pension liability	33	**(8,732)**		*(13,118)*	
			(8,732)		*(14,004)*
Net assets			**647,680**		*628,266*
Capital and reserves					
Cashflow hedge reserve			**(6,108)**		*(9,213)*
Income and expenditure reserve			**653,788**		*637,479*
			647,680		*628,266*

The notes on pages 46 to 86 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 22 July 2026.



Sheila Collins
Chair of the Board



Nicola Webber
Chair of the Risk and Assurance Committee



Syka Sheikh
Secretary

Association statement of financial position as at 31 March 2026

	Note	2026 £'000	2026 £'000	2025 £'000	2025 £'000
Fixed assets					
Intangible other fixed assets	15		**5,865**		*6,372*
Tangible fixed assets housing properties	16		**2,960,284**		*2,814,484*
Other fixed assets	17		**14,503**		*10,496*
Investments	18		**50**		*50*
			2,980,702		*2,831,402*
Current assets					
Properties held for sale	19	**22,618**		*37,584*	
Debtors due after more than one year	20	**11,750**		*9,680*	
Debtors due within a year	20	**25,486**		*48,379*	
Restricted cash	21	**5,272**		*5,622*	
Cash and cash equivalents		**32,029**		*53,699*	
		97,155		*154,964*	
Creditors: amounts due within one year	22	**(143,821)**		*(164,698)*	
Net current liabilities			**(46,666)**		*(9,734)*
Total assets less current liabilities			**2,934,036**		*2,821,668*
Creditors: amounts falling due after more than one year	23		**(2,380,199)**		*(2,285,728)*
Provisions for liabilities					
Provisions	29	**-**		*(186)*	
Pension Liability	33	**(8,437)**		*(12,669)*	
			(8,437)		*(12,855)*
Net assets			**545,400**		*523,085*
Capital and reserves					
Cashflow hedge reserve			**(6,108)**		*(9,213)*
Income and Expenditure Reserve			**551,508**		*532,298*
			545,400		*523,085*

The notes on pages 46 to 86 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 22 July 2026.



Sheila Collins
Chair of the Board



Nicola Webber
Chair of the Risk and Assurance Committee



Syka Sheikh
Secretary

Consolidated statement of changes in reserves for the year ended 31 March 2026

	Note	Cashflow hedge reserve £'000	Income and expenditure reserve £'000	Total reserves £'000
At 1 April 2025		(9,213)	637,479	**628,266**
Surplus for the year		-	15,426	**15,426**
Actuarial gains on defined benefit pension scheme (DCC)	33	-	290	**290**
Actuarial gains on defined benefit pension scheme SHPS)	33	-	593	**593**
Amounts recycled from cash flow hedge reserve	28	291		**291**
Year-end revaluation of hedging financial instruments	28	2,814	-	**2,814**
At 31 March 2026		**(6,108)**	**653,788**	**647,680**

	Note	*Cashflow hedge reserve £'000*	*Income and expenditure reserve £'000*	*Total reserves £'000*
At 1 April 2024		*(11,791)*	*623,190*	*611,399*
Surplus for the year		-	*11,967*	*11,967*
Actuarial gains on defined benefit pension scheme (DCC)	32	-	*785*	*785*
Actuarial gains on defined benefit pension scheme SHPS)	32	-	*1,537*	*1,537*
Amounts recycled from cash flow hedge reserve	27	*(618)*		*(618)*
Year-end revaluation of hedging financial instruments	27	*3,196*	-	*3,196*
At 31 March 2025		*(9,213)*	*637,479*	*628,266*

The notes on pages 46 to 86 form part of these financial statements.

Association statement of changes in reserves for the year ended 31 March 2026

	Note	Cashflow hedge reserve £'000	Income and expenditure reserve £'000	Total reserves £'000
At 1 April 2025		(9,213)	532,298	**523,085**
Surplus for the year		-	18,354	**18,354**
Actuarial gains on defined benefit pension scheme (DCC)	33	-	290	**290**
Actuarial gains on defined benefit pension scheme (SHPS)	33	-	566	**566**
Amounts recycled from cash flow hedge reserve	28	291		**291**
Year-end revaluation of hedging financial instruments	28	2,814	-	**2,814**
At 31 March 2026		**(6,108)**	**551,508**	**545,400**

	Note	*Cashflow hedge reserve £'000*	*Income and expenditure reserve £'000*	*Total reserves £'000*
At 1 April 2024		*(11,791)*	*517,035*	*505,244*
Surplus for the year		-	*13,020*	*13,020*
Actuarial gains on defined benefit pension scheme (DCC)	33	-	*785*	*785*
Actuarial losses on defined benefit pension scheme (SHPS)	33	-	*1,458*	*1,458*
Amounts recycled from cash flow hedge reserve	28	*(618)*	-	*(618)*
Year-end revaluation of hedging financial instruments	28	*3,196*	-	*3,196*
At 31 March 2025		*(9,213)*	*532,298*	*523,085*

The notes on pages 46 to 86 form part of these financial statements.

Consolidated statement of cash flows

	Group 2026 £'000	*Group 2025 £'000*
Surplus for the financial year	**15,426**	*11,967*
Adjustments for:		
Carrying value of fixed assets disposed	**15,615**	*9,045*
Accelerated depreciation and depreciation of fixed assets - housing properties	**47,401**	*42,398*
Impairment of fixed assets - housing properties	**167**	*(1,904)*
Depreciation and impairment of other fixed assets	**3,260**	*3,162*
Amortised grant	**(8,634)**	*(8,289)*
Net fair value losses recognised in income and expenditure account	**(331)**	*(1,106)*
Interest payable and finance costs	**62,139**	*66,215*
Difference between pension cost and employer contributions	**(3,503)**	*(3,543)*
Fair value gain on acquisition of subsidiary	**-**	*(3,607)*
Share of operating surplus/deficit in joint venture	**(12)**	*(190)*
Interest received	**(1,738)**	*(3,221)*
Decrease in trade and other debtors	**1,132**	*989*
Decrease in properties held for sale	**14,908**	*18,620*
(Decrease)/Increase in provisions	**(886)**	*581*
Increase/(Decrease) in trade and other creditors	**10,015**	*(13,897)*
Net cash generated from operating activities	**154,959**	*117,220*
Cash flows from investing activities		
Purchase of fixed assets - housing properties	**(198,738)**	*(204,851)*
Purchase of other fixed assets	**(7,245)**	*(7,303)*
Receipt of grant	**89,657**	*105,210*
Repayment/(Loan) in joint venture	**2,275**	*6,387*
Cash arising from business combination	**-**	*322*
Interest received	**1,738**	*3,221*
Net cash outflow from investing activities	**(112,313)**	*(97,014)*
Cash flows from financing activities		
Interest paid	**(70,714)**	*(72,892)*
Increase in short term investment	**383**	*796*
New bank loans	**237,000**	*144,000*
Repayment of bank loans	**(233,532)**	*(70,554)*
Other loans	**544**	*681*
Net cash used in financing activities	**(66,319)**	*2,031*
Net (decrease)/increase in cash and cash equivalents	**(23,673)**	*22,237*
Cash and cash equivalents at the beginning of the year	**71,978**	*49,741*
Cash and cash equivalents at the end of the year	**48,305**	*71,978*



Starting work new on our affordable housing in Ludgershall, Wiltshire, which is set to provide energy efficient homes for local people.

Notes to the financial statements

1. Legal status

Stonewater Limited is a registered provider of social housing incorporated in England and Wales and is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider. The principal activities are disclosed on page 4 and the registered address is disclosed on page 9.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Stonewater includes the Co-operative and Community Benefit Societies Act 2014, Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland," the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers" and the Accounting Direction for Private Registered Providers of Social Housing 2022. The group is a public benefit organisation and applies the relevant paragraphs prefixed PBE in FRS 102

The financial statements are prepared under the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

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

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical.
- No cash flow statement has been presented for the parent company.
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Association as their remuneration is included in the totals for the Group as a whole.

Basis of consolidation

The consolidated financial statements present the results of Stonewater Limited and its subsidiaries ('the Group') as if they formed a single entity.

Uniform accounting policies have been adopted across the Group, and intercompany transactions and balances between have therefore been eliminated in full.

Going concern

After making enquiries and reviewing the 30-year financial plan, updated for current economic and business assumptions including stress testing and analysis of potential impact on covenants, the Board has a reasonable expectation that the Group and Association has adequate resources to continue in operational existence for at least 12 months from the date on which the financial statements were approved for release. The financial statements have therefore been prepared on a going concern basis.

In May 2026, the Board reviewed an updated long-term financial plan, focusing on the next five years. This plan incorporated stress testing against adverse macroeconomic scenarios and assessed potential mitigations. The results confirmed that the Group and Association could continue to operate within all banking covenants and maintain sufficient cash and debt facilities under these conditions.

The current economic environment has been, and continues to be, challenging for both customers and the organisation. Stress testing covered the impact on our business of key economic factors, increases in capital and revenue works to achieve EPC C and B, increase in rent arrears and bad debts, loss of rental income due to delayed handovers, temporary inability to sell new shared ownership properties and adverse movements in inflation and interest rates. Although the plans do not exceed covenant safeguards, the more severe stresses may approach or exceed the covenants. The principal remedy in these more stressed scenarios is to reduce development expenditure followed by reduction in capital repairs and achieving operating costs savings. We have modelled various scenarios and identified the limits that the business can withstand.

We have a policy of maintaining cash and committed bank facilities equal to contractual commitments (less grant associated with them) for the following 18 months. At 31 March 2026, Stonewater had £25.4m of cash, £22.9m of short term investments and £359m of undrawn facilities, which exceeded contracted obligations less grant by £282m.

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.

- Rent and service charge income receivable (net of void

Notes to the financial statements

losses), is recognised on an accruals basis as they fall due.

- The amortisation of social housing grant is applied by the accrual model in accordance with FRS 102, and the income is released over the life of the associated structure component.
- Fixed service charge income is recognised in the year to which it relates. Variable service charge income is recognised in the year the related cost is recognised.
- Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.
- Intra-Group income and expenditure is included in turnover and operating costs in the financial statements of the Association but is eliminated within the Group consolidated financial statements.

Operating segments

As there are publicly traded securities within the Group, a requirement arises to disclose information about Group operating segments under IFRS 8, even though the Group does not report under IFRS. Segmental information is disclosed in note 4(a) and 5(a) and as part of the analysis of housing properties in note 16. Information about income, expenditure and assets attributable to material operating segments are based on the nature and function of assets held rather than geography. This is appropriate based on the similarity of the services, nature of risks, type of customer and nature of regulatory environment across all geographical locations in which the Group operates.

Operating segments are analysed along the lines of information presented to the Chief Operating Decision Maker who for the purpose of these accounts is determined to be the Board.

Joint ventures

A joint venture is a contractual arrangement whereby the Group undertakes an economic activity that is subject to joint control with third parties and the parties have rights to the net assets of the arrangement. The Group's interest in joint ventures is accounted for using the equity method of accounting. Under this method, the consolidated statement of comprehensive income includes the Group's share of the operating results, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the Group's share of the identifiable net assets attributable to its joint ventures are shown separately. Within individual entities, these joint ventures are recognised as investments and accounted for at cost. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Joint operations

Joint controlled operations are those that establish joint control of an arrangement without a separable entity. Parties to the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement. All attributable assets, liabilities, income and expenditure are included, on a proportionate basis, in the Group's Statement of Comprehensive Income and Statement of Financial Position.

Business combinations

Where there is a business combination that is in substance a gift, any excess of the fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain in the statement of comprehensive income. The gain represents the gift of the value of one entity to another and shall be recognised as income. Where the fair value of the liabilities exceeds the fair value of the assets, the loss represents the net obligation assumed and shall be recognised as an expense in the statement of comprehensive income, below operating surplus.

Costs directly attributable to the execution of business combinations that are in substance a gift are recognised within the overall gain or loss on the gift of net assets.

Properties for sale

Properties developed for shared ownership sale are divided into first tranche element and staircasing element. First tranche sales are included within turnover and cost of sales.

Disposal of subsequent tranches (staircasing) are shown separately within the surplus on sale of housing properties before operating surplus in the statement of comprehensive income. All other sales of fixed asset properties are shown in surplus on sale of housing properties in the statement of comprehensive income.

Service charges

The Group adopts a mixture of fixed and variable methods 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. Where income is estimated an adjustment is made in subsequent years once the actual income has been determined.

Schemes managed by agents

Income is shown as rent receivable and management fees payable to agents are included in operating costs.

Cost of sales

Cost of sales represents development/construction costs including capitalised interest, direct overheads incurred during the course of development of those properties and marketing and other incidental costs incurred during the course of sales the sale of those properties. Land costs originally incurred during construction are attributed to each sales transaction.

Also included within costs of sales are expenses relating to fees expended in promotion developments through the planning system which are written off to the statement

Notes to the financial statements

of comprehensive income until the viability of such a development is reasonably secure, after which such costs are capitalised in accordance with the accounting policy in respect of land and properties held for sale. At the date a sale is recognised a relevant proportion of costs inclusive of in-house development staff, shared ownership sales staff, and a proportion of other staff in other departments which work on development activity attributable to that sale are taken to cost of sales.

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.

Value added tax

A large proportion of the Group'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 consolidated statement of comprehensive income.

Government and other grants

Social Housing Grant (SHG) is receivable from Homes England and is accounted for using the accrual method of accounting for government grants and any new grant received is included as part of creditors. The grant is recognised within income when amortised over the useful economic life of the asset. Grant is amortised even if there are no related depreciation charges.

In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected (see table of useful economic lives on page 58).

SHG received against new schemes, which are under construction, is included as a long term liability. Amortisation becomes active once the unit is in active management.

Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once performance-related conditions have been met.

SHG can be recycled by the Association under certain circumstances such as if a property is sold, or if another relevant event takes place. In these cases, the SHG can be recycled for use on projects approved by Homes England and is held on the Statement of Financial Position as a liability in the recycled capital grant fund (RCGF). However, SHG may need to be repaid in certain circumstances.

The SHDF is funding for local authorities and social housing providers to help improve the energy performance of social homes. It is also guided by the government grants section in FRS 102 and the above rules apply. The grant is treated as a capital grant as the works associated relate to enhancements to housing properties that are classified as assets. The grants are accounted as deferred income in the Statement of Financial Position and released to the income statement on a systematic basis over the useful economic lives of the asset for which it was received.

Housing properties

Housing properties constructed or acquired (including land), excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are held at cost, less any impairment.

Cost comprises acquiring of land and buildings, development costs, and interest charges incurred during development. In addition are the staff costs attributable to bringing housing property into working condition for their intended use.

Housing properties in the course of construction are stated at cost and not depreciated and are transferred to completed properties when they are ready for letting.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the statement of comprehensive income.

Expenditure on replaced components is capitalised if the component is classified as being wholly replaced. Any remaining netbook value of the replaced component is disposed of and recognised as accelerated depreciation.

Expenditure on schemes which are subsequently aborted, is written off in the period in which it is recognised the scheme will not be developed to completion.

Gains and losses on disposals of housing properties are determined by comparing the proceeds with the carrying amount and incidental costs of sales and amortised grant written back are recognised within surplus on disposal of fixed assets in the statement of comprehensive income.

Notes to the financial statements

Fixed assets and depreciation

Freehold land is not depreciated.

The useful economic lives of all tangible fixed assets are reviewed annually. Housing components are depreciated from the month following replacement.

The estimated useful lives range as follows:

Description	Estimated economic useful life (years)
Boilers	15
Kitchens	20
Lifts	20
Sewers	25
Heating systems	30
Bathrooms and wet rooms	30
Windows and doors	35
Electrics	40
Roof cover	70
Solar panels	20
Consumer units	40
Insulation	40
Retrofit DMEV installation	15
Heat pump	15
Structure	80-100
Retrofit/sustainability works	Up to 100 years

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease, when the lease and building elements are depreciated separately over their expected useful economic lives.

Social Housing Grant (SHG) is amortised to income over the same period as the structure of the property for social housing lettings.

Social Housing Decarbonisation Grant (SHDF) is amortised to income over 30 years for social housing lettings.

Where a purchase of completed properties is made including transfer of properties between Group entities, the useful lives of the components are adjusted to reflect the actual remaining lives of the properties, using the information obtained from the other social landlord during due diligence. Where accurate cost information on the components is not available, the cost for each unit is apportioned based on the pre-determined assumptions that the Group uses for new build properties.

Impairment

An annual review is undertaken of existing social housing properties and housing properties under construction to determine if there have been indicators of impairment in the current financial year for assets which may have suffered an impairment loss. The review is done on a scheme level, which is deemed to be a cash-generating unit.

Impairment reviews are carried out in accordance with the Housing SORP, with consideration including the following impairment indicators:

- Development issues.
- Change in legislation.
- Average void time/change in demand.
- Material reduction on market value
- Schemes being redeveloped/demolished.

If there is an indicator of an impairment, the recoverable amount of any affected asset is estimated and compared to the carrying amount. If the estimated recoverable amount is lower than the carrying amount, then the carrying amount is adjusted down to the recoverable value and an impairment loss is recognised as operating expenditure.

Other fixed assets

Other tangible fixed assets are stated at historical cost less accumulated depreciation and 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 other fixed assets

Freehold land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Estimated economic life (years)
Freehold office	100
Furniture and office equipment	5 to 25
Computer equipment	3 to 5
Site Assets	5 to 25
Intangible fixed assets	3 to 10

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Residual values for other tangible fixed assets are assumed to be nil.

Gains and losses on disposals of other fixed assets are determined by comparing the proceeds with the carrying amount and incidental costs of sales and are recognised within Surplus on disposal of fixed assets in the statement of comprehensive income.

Intangible fixed assets are amortised over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Notes to the financial statements

Allocation of costs for mixed tenure and shared ownership developments
Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area basis.

Donated land and other assets
Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body, an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary grant and recognised in the Statement of Financial Position as a liability. Where the donation is from a non-public source, the value of the donation is included as income.

Acquisition of housing properties from other social landlords
Housing properties acquired from other housing associations are measured at fair value, measured at the purchase price. Grant associated with the transfers is assumed to be fully amortised and therefore not recognised in the Statement of Financial Position. On disposal of the properties the grant must be recorded on the Statement of Financial Position where the obligation to repay or recycle exists.

Shared ownership properties and staircasing
Shared ownership sales are treated as follows:

Shared ownership properties are split proportionately between current and fixed assets based on the first tranche proportion. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset, and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Properties held for sale
Properties held for sale represent work in progress and completed properties, including housing properties developed for transfer to registered providers and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating costs.

Impairment of rental and other trade receivables
The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Rent and service charge agreements
The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, investments and short term deposits
All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially accounted for at the transaction price less any transaction costs (historical cost).

FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the Statement of Financial Position at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Bonds and bond on lending are accounted for using the effective interest rate method.

Under FRS 102 a substantial modification of the terms of an existing financial liability or a part of is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The Group assesses whether Debt has been substantially modified by comparing a number of subjective factors pre- and post-refinancing, including changes to the contractually loan cash flows.

If determined that the loan has not been substantially modified the amortisation period for issue costs is adjusted to the new loan maturity and no gain or loss on modification is recognised. If the modification is substantial the remaining unamortised issue costs associated with the loan are written off and the costs associated with the new loan are amortised over the life of the new loan.

Cash and cash equivalents
Cash and cash equivalents in the Group's consolidated financial position consist of cash at bank, deposits and investments in low volatility net asset value (LVNAV) money market funds. In all cases capital preservation is key.

At 31 March 2026, Group leaseholder cash of £5,546.3k and Association leaseholder cash of £4,939.8k has been included in cash and cash equivalents.

The Group has also identified some investments, which meet the definition of cash and cash equivalents but are restricted in their use and therefore not highly liquid. These investments have been classified as restricted cash equivalents and disclosed as current investments in the Statement of Financial Position.

Derivative instruments and hedge accounting
The Group holds floating rate loans which expose the Group to interest rate risk. To mitigate against this risk the Group uses

Notes to the financial statements

interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive, and as liabilities when the fair value is negative.

Derivatives are accounted for in accordance with Section 12 of FRS 102. Derivatives are financial instruments held at fair value through profit or loss.

With the exception of swaps with cancellation options and inflation linked swaps the Group has designated each against either existing drawn floating rate debt or against highly probable floating rate debt. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and result in a change in the cash flow hedge reserve. Any movements in fair value relating to ineffectiveness (other than our own or counterparty credit risk) are recognised in income and expenditure.

On the early termination, sale or exercise of swaps the difference between the cash paid on termination, sale or expiry of the swap and the balance sheet value of the swap if a profit is classified as interest receivable and if a loss interest payable.

If the item that the swap is hedging is still in existence at the time of the early termination, sale or exercise the accumulated balance in the cash flow hedge reserve relating to the swap is released to interest payable over the remaining life of the hedging item. Otherwise, the balance relating to the swap in cash flow hedge reserve is written off.

Where a loan is modified and it has been assessed as a non- substantial modification and the hedge documentation allows for the replacement of the hedged item by another similar loan the hedging relationship with the stand alone derivative continues.

Leased assets: lessee
All leases are considered to be operating leases. Their annual rentals are charged to statement of comprehensive income on a straight-line basis over the term of the lease. Reverse premiums and similar incentives received to enter into operating lease agreements are released to the statement of comprehensive income over the term of the lease.

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.

Provisions for liabilities
Provisions are included where there is a probable but not certain economic obligation. Any provision included is expected to cover the future liability and are recognised in the Statement of Financial Position.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date.

Holiday pay accrual
A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

Contingent liabilities
A contingent liability is disclosed for a possible obligation of a past event, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

Finance costs
For Stonewater bonds and notes, finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount including any premium recognised. Issue costs are initially recognised as a reduction in the proceeds of the instrument. For all other borrowings, finance costs are charged on a historic cost basis.

Pension costs
The Group participates in a number of defined contribution and defined benefit pension schemes.

Contributions to the Group's defined contribution pension schemes are charged to the comprehensive income statement in the year in which they come payable.

Under defined benefit accounting the scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re- measurements are reported in the statement of comprehensive income.

Income and expenditure reserve
Income and expenditure reserve represents surpluses generated from operating activities each year.

Notes to the financial statements

Cash flow hedge reserve

Cash flow hedge reserve is created from the movement in the fair value of hedging derivatives that are deemed as effective.

The cash flow hedge reserve will be released over the life of the instruments to which it relates.

The movement in fair value of the financial instrument is made of two parts the interest paid (which is recycled from other comprehensive income to the income and expenditure statement) and the year-end revaluation of the financial instrument.

Valuation of swaps

All swaps are valued at fair value by discounting expected cash flows at the risk free forward rate. This is formally calculated and reported monthly as the value is heavily dependant on prevailing market rates. Discount rates and implied forward rates used for these calculations are based on the Overnight Indexed Swap curve, with the market data and valuation tools provided by Bloomberg.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the Group's tangible assets. Management assesses the housing properties for indicators of impairment at each balance sheet date. Where indicators exist, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. Judgements in assessing the level of cash generating units and the recoverable amounts could lead to increases or decreases in the impairment provision. What constitutes a cash-generating unit when indicators of impairment require there to be an impairment review. Judgements in assessing the level of cash generating units and the recoverable amounts could lead to increases or decreases in the impairment provision.

Other key sources of estimation uncertainty:

- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. Assumptions used are based on actuarial advice.
- Determining the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, we then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the members' best estimate of sales value based on economic conditions within the area of development.

Tangible fixed assets (note 16 and 17)

Tangible fixed assets are depreciated over their useful economic lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

The group capitalises software and attributable project costs in intangible assets when it has been identified that these costs can be reliably measured and will provide future economic benefit to the group. These assets are regularly reviewed for impairment with any reduction in value charged to the statement of comprehensive income. Further details are provided in note 16.

Pensions

The critical selection of financial and actuarial assumptions in relation to defined benefit scheme obligation based on best estimates derived from the Group's policies and practices and their applications to all the pension schemes operated by the Group where appropriate and confirmed with actuaries where these are beyond management expertise, e.g. mortality tables, have been chosen based on published research by the Continuous Mortality Investigation Bureau of the Institute of Actuaries and Faculty of Actuaries.

Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses. Mortality rates for scheme members are set out in note 33.

The Association has relied upon the information provided by the actuary for Social Housing Pension Scheme (SHPS) and Dorset County Council (DCC) pension schemes. Using information provided from one of our actuaries for the DCC pension scheme, the table below illustrates the sensitivities of the discount rate, long term salary increases, pension increases and deferred revaluation and life expectancy on the total obligation. The discount rate used is given in note 33, along with the inflation rates, CPI and RPI, that were used in the calculations.

Notes to the financial statements

Sensitivity analysis	£'000	£'000	£'000	£'000	£'000
Adjustment to discount rate	**+0.5%**	**+0.1%**	**0.0%**	**-0.1%**	**-0.5%**
Present value of total obligation	6,483	6,757	6,829	6,902	7,208
Projected service cost	13	15	15	16	18
Adjustment to long term salary increase	**+0.5%**	**+0.1%**	**0.0%**	**-0.1%**	**-0.5%**
Present value of total obligation	6,829	6,829	6,829	6,829	6,829
Projected service cost	15	15	15	15	15
Adjustment to pension increase and deferred revaluations	**+0.5%**	**+0.1%**	**0.0%**	**-0.1%**	**-0.5%**
Present value of total obligation	7,213	6,906	6,829	6,761	6,485
Projected service cost	18	16	15	15	13

Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	7,113	6,829	6,557
Projected service cost	16	15	15

Notes to the financial statements

4. (a) Particulars of turnover, costs of sales, operating costs and operating surplus/(deficit)

Group	Note	Turnover	Cost of Sales	Operating costs	Surplus on disposal of fixed assets	Operating surplus/ (deficit)
		2026	2026	2026	2026	2026
		£'000	£'000	£'000	£'000	£'000
Social housing lettings	5	**281,425**	**-**	**(227,345)**	**-**	**54,080**
Other social housing activities						
First tranche shared ownership sales		**24,027**	**(20,966)**	**-**	**-**	**3,061**
Development costs		**-**	**(917)**	**-**	**-**	**(917)**
Charitable donations		**-**	**-**	**(1,004)**	**-**	**(1,004)**
Surplus on disposal of fixed assets	11	**-**	**-**	**-**	**20,217**	**20,217**
Other social housing activities		**-**	**-**	**(396)**	**-**	**(396)**
		305,452	**(21,883)**	**(228,745)**	**20,217**	**75,041**
Total		**305,452**	**(21,883)**	**(228,745)**	**20,217**	**75,041**

Charitable donation is money donated to Longleigh Foundation to support its charitable causes.

4. (a) Particulars of turnover, costs of sales, operating costs and operating surplus/(deficit)

Group	Note	Turnover	Cost of Sales	Operating costs	Surplus on disposal of fixed assets	Operating surplus/ (deficit)
		2025	2025	2025	2025	2025
		£'000	£'000	£'000	£'000	£'000
Social housing lettings	5	269,395	-	(214,280)	-	55,115
Other social housing activities						
First tranche shared ownership sales		36,718	(31,850)	-		4,868
Development staff costs		-	(305)	-	-	(305)
Charitable donations		-	-	(923)	-	(923)
Surplus on disposal of fixed assets	11	-	-	-	12,165	12,165
Other social housing activities		-	-	(862)	-	(862)
		306,113	(32,155)	(216,065)	12,165	70,058
Total		306,113	(32,155)	(216,065)	12,165	70,058

Notes to the financial statements

4. (b) Particulars of turnover, costs of sales, operating costs and operating surplus/(deficit)

Association	Note	Turnover	Cost of Sales	Operating costs	Surplus on disposal of fixed assets	Operating surplus/ (deficit)
		2026	2026	2026	2026	2026
		£'000	£'000	£'000	£'000	£'000
Social housing lettings	5	259,760	-	(207,212)	-	**52,548**
Other social housing activities						
First tranche shared ownership sales		24,027	(20,966)	-	-	**3,061**
Development staff costs		-	(917)	-	-	**(917)**
Charitable donations		-	-	(1,004)		**(1,004)**
Surplus on disposal of fixed assets	11	-	-	-	17,966	**17,966**
		283,787	**(21,883)**	**(208,216)**	**17,966**	**71,654**
Total		**283,787**	**(21,883)**	**(208,216)**	**17,966**	**71,654**

Charitable donation is money donated to Longleigh Foundation to support its charitable causes.

4. (b) Particulars of turnover, costs of sales, operating costs and operating surplus/(deficit)

Association	Note	Turnover	Cost of Sales	Operating costs	Surplus on disposal of fixed assets	Operating surplus/ (deficit)
		2025	2025	2025	2025	2025
		£'000	£'000	£'000	£'000	£'000
Social housing lettings	5	247,563	-	(191,018)	-	56,545
Other social housing activities						
First tranche shared ownership sales		36,303	(31,602)	-	-	4,701
Development staff costs		-	(929)	-	-	(929)
Charitable donations		-	-	(923)		(923)
Surplus on disposal of fixed assets	11	-	-	-	8,625	8,625
		283,866	(32,531)	(191,941)	8,625	68,019
Total		283,866	(32,531)	(191,941)	8,625	68,019

Notes to the financial statements

5. (a) Particulars of income and operating expenditure from social housing lettings

Group	General Needs	Supported / Housing for older people	Shared ownership	Affordable Rent	Total	*Total*
	2026	**2026**	**2026**	**2026**	**2026**	*2025*
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	*£'000*
Rent receivable net of identifiable service charges	155,398	21,237	17,804	52,530	**246,969**	*232,644*
Service charge income	10,547	10,923	3,051	77	**24,598**	*26,814*
Net rent receivable	**165,945**	**32,160**	**20,855**	**52,607**	**271,567**	*259,458*
Amortised government grants (note 24 and 26)	6,114	879	476	1,165	**8,634**	*8,289*
Other income	700	162	360	2	**1,224**	*1,648*
Income from social housing lettings	**172,759**	**33,201**	**21,691**	**53,774**	**281,425**	*269,395*

5. (a) Particulars of income and operating expenditure from social housing lettings

Group	General Needs	Supported / Housing for older people	Shared ownership	Affordable Rent	Total	Total
	2026	**2026**	**2026**	**2026**	**2026**	2025
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	£'000
Management	(56,596)	(1,557)	(588)	(1,032)	**(59,773)**	*(60,342)*
Service charge costs	(17,430)	(12,253)	(1,756)	(2,487)	**(33,926)**	*(31,851)*
Routine maintenance	(49,253)	(3,729)	(344)	(3,514)	**(56,840)**	*(59,836)*
Planned maintenance	(11,944)	(338)	(57)	(661)	**(13,000)**	(9,331)
Major repairs (note 16c)	(11,039)	(2,522)	(265)	(1,114)	**(14,940)**	*(11,006)*
Bad debts	(875)	(210)	(20)	(194)	**(1,299)**	*(1,420)*
Depreciation on housing properties – annual charge (note 7 and 16a)	(27,200)	(4,268)	(3,140)	(8,677)	**(43,285)**	*(39,626)*
Depreciation on housing properties – accelerated on disposal of components (note 7)	(3,301)	(447)	(2)	(362)	**(4,112)**	*(2,772)*
Impairment on housing properties (note 7 and 16a)	(357)	(103)	(141)	(137)	**(738)**	*(1,007)*
Reversal of impairment (note 7 and 16a)	-	-	-	568	**568**	*2,911*
Expenditure on social housing lettings	**(177,995)**	**(25,427)**	**(6,313)**	**(17,610)**	**(227,345)**	*(214,280)*
Operating surplus on social housing lettings	**(5,236)**	**7,774**	**15,378**	**36,164**	**54,080**	*55,115*
Void losses	(1,621)	(797)	(35)	(379)	**(2,832)**	*(2,956)*

Notes to the financial statements

5. (b) Particulars of income and operating expenditure from social housing lettings

Association	General Needs	Supported / Housing for older people	Shared ownership	Affordable Rent	Total	*Total*
	2026	2026	2026	2026	2026	*2025*
	£'000	£'000	£'000	£'000	£'000	*£'000*
Rent receivable net of identifiable service charges	140,594	15,214	16,364	52,159	**224,331**	*210,643*
Service charge income	9,093	9,633	2,692	77	**21,495**	*23,819*
Net rent receivable	**149,687**	**24,847**	**19,056**	**52,236**	**245,826**	*234,462*
Amortised government grants (note 24 and 26)	6,044	748	455	1,157	**8,404**	*8,081*
Other income	3,718	448	796	568	**5,530**	*5,020*
Income from social housing lettings	**159,449**	**26,043**	**20,307**	**53,961**	**259,760**	*247,563*

5. (b) Particulars of income and operating expenditure from social housing lettings

Association	General Needs	Supported / Housing for older people	Shared ownership	Affordable Rent	Total	*Total*
	2026	2026	2026	2026	2026	*2025*
	£'000	£'000	£'000	£'000	£'000	*£'000*
Management	(53,945)	(952)	(484)	(957)	**(56,338)**	*(51,241)*
Service charge costs	(15,040)	(10,824)	(1,558)	(2,466)	**(29,888)**	*(28,073)*
Routine maintenance	(43,989)	(3,230)	(367)	(3,522)	**(51,108)**	*(54,523)*
Planned maintenance	(10,696)	(290)	(52)	(659)	**(11,697)**	*(8,432)*
Major repairs (note 16c)	(9,832)	(2,453)	(246)	(1,109)	**(13,640)**	*(9,687)*
Bad debts	(745)	(186)	(19)	(192)	**(1,142)**	*(1,355)*
Depreciation on housing properties - annual charge (note 7 and 16b)	(25,590)	(3,348)	(2,959)	(8,602)	**(40,499)**	*(36,964)*
Depreciation on housing properties – accelerated on disposal of components (note 7)	(2,279)	(394)	(2)	(316)	**(2,991)**	*(2,589)*
Impairment on housing properties (note 7 and 16b)	(314)	-	(141)	(22)	**(477)**	*(941)*
Reversal of impairment (note 7 and 16b)	-	-	-	568	**568**	*2,787*
Expenditure on social housing lettings	**(162,430)**	**(21,677)**	**(5,828)**	**(17,277)**	**(207,212)**	*(191,018)*
Operating surplus on social housing lettings	**(2,981)**	**4,366**	**14,478**	**36,683**	**52,548**	*56,545*
Void losses	**(1,435)**	**(689)**	**(36)**	**(366)**	**(2,526)**	*(2,636)*

Notes to the financial statements

6. Units of housing stock

Group	At the start of the year	Additions	Disposals	Reclassifications	At the end of the year
	No.	No.	No.	No.	No.
General needs	23,054	227	(64)	(136)	23,081
Affordable	6,126	353	(16)	68	6,531
Shared ownership	4,009	166	(43)	(11)	4,121
Supported housing	521	-	(3)	15	533
Housing for older people	2,419	-	-	1	2,420
Other	41	-	-	-	41
Total owned	**36,170**	**746**	**(126)**	**(63)**	**36,727**
Accommodation managed for others	3,603	23	(20)	105	3,711
Total managed accommodation	**39,773**	**769**	**(146)**	**42**	**40,438**
Units managed by other associations	758	9	(5)	(42)	720
Total owned and managed accommodation	**40,531**	**778**	**(151)**	**-**	**41,158**
Units under construction	*2,780*	*689*	*(741)*		*2,728*

Association	At the start of the year	Additions	Disposals	Reclassifications	At the end of the year
	No.	No.	No.	No.	No.
General needs	20,533	227	(62)	261	20,959
Affordable	5,682	353	(16)	203	6,222
Shared ownership	3,759	166	(38)	(5)	3,882
Supported housing	468	-	(2)	(2)	464
Housing for older people	1,863	-	-	25	1,888
Other	34	-	-	-	34
Total owned	32,339	746	(118)	482	33,449
Accommodation for others	3,398	23	(16)	110	3,515
Total managed accommodation	35,737	769	(134)	592	36,964
Units managed by other associations	1,308	9	(5)	(592)	720
Total owned and managed accommodation	37,045	778	(139)	-	37,684
Units under construction	*2,780*	*689*	*(741)*		*2,728*

Notes to the financial statements

7. Operating surplus

This is arrived at after charging/(crediting)

This is arrived at after charging/crediting	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Depreciation of housing properties				
annual charge (note 5 and 16)	43,285	39,626	40,499	36,964
accelerated depreciation (note 5)	4,112	2,772	2,991	2,589
Depreciation of other fixed assets				
annual charge (note 17)	1,460	2,394	1,298	2,243
Amortisation intangible fixed assets (note 16)	1,796	291	1,686	284
Impairment of housing properties (note 5 and 16)	738	1,007	477	941
Reversal of impairment of housing properties (note 5 and 16)	(568)	(2,911)	(568)	(2,787)
Impairment of other fixed assets (note 17)	4	477	-	-
Operating lease charges - land and building	242	242	242	242
Operating lease charges - other	139	128	139	128

Audit remuneration of £278,000 (excluding VAT) (2025: £360,000) represents the audit fee for all Group entities. The Association fee is £178,850 (excluding VAT) (2025: £195,000). Total fees for other services were paid by the Group and Association of £49,935 (excluding VAT) (2025: £38,575) relating to: EMTN programme reporting £39,375 (2025: £26,000) and services for grant fund reporting to Homes England £10,560 (2025: £12,575).

Group - During the year assets were reclassified from computer equipment to intangible assets as the expenditure related to internally generated assets. £14,875k of cost and £10,919k of accumulated amortisation were reclassified relating to prior years from computer equipment in other fixed assets.

Association - During the year assets were reclassified from computer equipment to intangible assets as the expenditure related to internally generated assets. £14,565k of cost and £10,878k of accumulated amortisation were reclassified relating to prior years from computer equipment in other fixed assets.

Notes to the financial statements

8. Employees

Staff costs were as follows:

The average number of employees expressed as full-time equivalents (FTE) during the year was as follows:

	2026 Number	2025 Number
FTE	849	850

Total expenditure was as follows:

	2026 £'000	2025 £'000
Staff costs consist of:		
Wages and salaries	36,763	38,309
Social security costs	4,875	3,831
Other pension costs	1,799	1,799
Redundancy	1,658	163
Total	45,095	44,102

Wages and salaries above are shown net of salary sacrifice pension scheme that all staff are automatically enrolled in upon joining.

Included within redundancy above, there is £303k for compensation for loss of office payments made to Directors.

9. Directors' and senior executives' remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Chief Officer Group (COG) disclosed on pages 5 to 6. The notes are for the whole group.

	Group 2026 £'000	Group 2025 £'000
Executive directors' remuneration	1,708	1,479
Amounts paid to non-executive directors (note 10)	177	193
Pension contributions	61	62
Benefits in kind	8	9
Total	1,954	1,743

The highest total paid is to the exiting Chief Executive in respect of remuneration and termination benefits, and the value was £333,000 (2025: £308,000), in addition pension contributions of £12,236 (2025: £12,055) were made to SHPS on his behalf.

The exiting Chief Executive is a member of Stonewater's defined contribution scheme which is managed by TPT Retirement Solutions. There are no enhanced or special terms that apply to the exiting Chief Executive's pension scheme arrangements.

The £1,708k in directors' remuneration above includes £148k relating to third parties acting as two Directors (2025:£0k)

The remuneration paid to staff (including Executive Management Team) earning over £60,000 (including performance-related pay, benefits in kind and pension contributions paid by the employer) is:

Band	2026 Number	2025 Number
£60,000 - £69,999	56	53
£70,000 - £79,999	24	26
£80,000 - £89,999	28	25
£90,000 - £99,999	12	9
£100,000 - £109,999	7	12
£110,000 - £119,999	9	4
£120,000 - £129,999	3	1
£130,000 - £139,999	3	7
£140,000 - £149,999	1	2
£150,000 - £159,999	2	1
£160,000 - £169,999	1	-
£170,000 - £179,999	1	-
£200,000 - £209,999	1	1
£220,000 - £229,999	-	-
£230,000 - £239,999	-	1
£240,000 - £249,999	2	1
£260,000 - £269,999	1	2
£310,000 - £319,999	1	1
£330,000 - £339,999	1	-
	153	146

10. Board members' remuneration

	Parent 2026 £	Parent 2025 £
H Bowman	15,000	13,000
S Collins	29,000	29,000
H Shah	17,000	17,000
B Hoffman	13,000	13,000
J Crowe	19,000	19,000
C Kearney	-	8,500
A Lawrence	8,500	17,000
J Bennet	17,000	17,000
C Edis	12,750	17,000
A Michie	17,000	17,000
J Scott	17,000	8,500
N Webber	6,500	-
I Mubeen	5,500	-
	177,250	176,000

Notes to the financial statements

11. Surplus on disposal of fixed assets

Group	Shared ownership properties	Other housing properties	Other fixed assets	Total	Total
	2026	2026	2026	2026	2025
	£'000	£'000	£'000	£'000	£'000
Disposal proceeds	14,539	24,906	223	**39,668**	*22,500*
Net book value of disposals (note 16a and 17)	(8,722)	(6,725)	(165)	**(15,612)**	*(9,044)*
Other costs	(347)	(3,386)	(106)	**(3,839)**	*(1,291)*
Surplus on disposal of fixed assets	**5,470**	**14,795**	**(48)**	**20,217**	*12,165*

Association	Shared ownership properties	Other housing properties	Other fixed assets	Total	Total
	2026	2026	2026	2026	2025
	£'000	£'000	£'000	£'000	£'000
Disposal proceeds	13,239	22,839	-	**36,078**	*20,853*
Net book value of disposals (note 16b and 17)	(7,959)	(7,659)	(6)	**(15,624)**	*(11,227)*
Other costs	(432)	(1,968)	(88)	**(2,488)**	*(1,001)*
Surplus on disposal of fixed assets	**4,848**	**13,212**	**(94)**	**17,966**	*8,625*

12. Interest receivable and other income

	Group	Group	Association	Association
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Interest receivable from group undertakings	-	-	**1,353**	*1,933*
Interest receivable and similar income	**1,738**	*3,221*	**582**	*2,616*
Total	**1,738**	*3,221*	**1,935**	*4,549*

13. Interest payable and financing costs

	Group	Group	Association	Association
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Interest on loans and overdrafts	**68,187**	*72,071*	**43,844**	*47,675*
Amortisation of issue costs	**1,187**	*1,356*	**1,137**	*1,294*
Interest payable to Group undertakings	-	-	**17,872**	*18,957*
Interest capitalised on construction on housing properties (note 16c)	**(8,242)**	*(8,525)*	**(8,242)**	*(8,454)*
Recycled capital grant fund (note 25)	**364**	*491*	**334**	*388*
Net interest on net defined benefit liability (note 33)	**643**	*822*	**621**	*794*
Total	**62,139**	*66,215*	**55,566**	*60,654*

Fair value gains on hedging financial instruments recognised in income or expenditure.

	Group	Group	Association	Association
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Ineffective portion of hedging financial instruments	**358**	*(1,544)*	**358**	*(1,544)*
Change in fair value of non-hedging financial instruments	**(689)**	*438*	**(689)**	*438*
Total	**(331)**	*(1,106)*	**(331)**	*(1,106)*

Notes to the financial statements

14. Taxation

The non-registered providers within the Group structure would be subject to corporation tax, however their taxable profits are transferred to Stonewater (5) Limited by qualifying charitable donation within nine months of the year end so no tax liability crystalises. No taxation is payable on the charitable surpluses of the Association, Stonewater Limited.

	Group 2026 £'000	*Group 2025 £'000*	**Association 2026 £'000**	*Association 2025 £'000*
Current tax				
UK corporation tax on surplus for the year	**-**	-	**-**	-
Total current tax	**-**	-	**-**	-
Deferred tax				
Net origination and reversal of timing differences	**-**	-	**-**	-
Total tax on results on ordinary activities	**-**	-	**-**	-

Total tax reconciliation				
Surplus on ordinary activities before tax	**15,426**	*11,967*	**18,354**	*13,020*
Corporation tax charged at 25% (2025: 25%)	**3,857**	*2,992*	**4,589**	*3,255*
Effects of:				
Income not taxable			**-**	-
Charitable tax exemption	**(3,857)**	*(2,992)*	**(4,589)**	*(3,255)*
Non-deductible expenditure	**-**	-	**-**	-
Adjustments to tax in respect of prior periods	**-**	-	**-**	-
Total tax charge	**-**	-	**-**	-

Notes to the financial statements

15. Intangible fixed assets – Group and Association

Group	Computer software and IT projects £'000	Total £'000
Cost or valuation		
At 1 April 2025 restated	**18,186**	**18,186**
Additions	**1,236**	**1,236**
At 31 March 2026	**19,422**	**19,422**
Amortisation		
At 1 April 2025 restated	**11,363**	**11,363**
Charge for the year	**1,796**	**1,796**
At 31 March 2026	**13,159**	**13,159**
Net book value		
At 31 March 2026	**6,263**	**6,263**
At 31 March 2025 restated	*6,823*	**6,823**

During the year other fixed assets relating to software were reclassified to intangible assets.

Association	Computer software and IT projects £'000	Total £'000
Cost or valuation		
At 1 April 2025 restated	**17,687**	**17,687**
Additions	**1,179**	**1,179**
At 31 March 2026	**18,866**	**18,866**
Amortisation		
At 1 April 2025 restated	**11,315**	**11,315**
Charge for the year	**1,686**	**1,686**
At 31 March 2026	**13,001**	**13,001**
Net book value		
At 31 March 2026	**5,865**	**5,865**
At 31 March 2025 restated	**6,372**	**6,372**

Group - During the year assets were reclassified from computer equipment to intangible assets as the expenditure related to internally generated assets. £14,875k of cost and £10,919k of accumulated amortisation were reclassified relating to prior years from computer equipment in other fixed assets.

Association - During the year assets were reclassified from computer equipment to intangible assets as the expenditure related to internally generated assets. £14,565k of cost and £10,878k of accumulated amortisation were reclassified relating to prior years from computer equipment in other fixed assets.

Notes to the financial statements

16. (a) Tangible fixed assets housing properties: Group

Group	Social housing properties held for lettings	Housing properties for letting under construction	Completed shared ownership properties held for lettings	Shared ownership properties under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost:/Valuation					
At 1 April 2025	**2,920,999**	**111,625**	**390,405**	**112,517**	**3,535,546**
Additions:					
Construction costs	-	155,773	-	21,530	**177,303**
Component replacements and improvements	30,996	-	(53)	-	**30,943**
Completed properties	2,515	-	-	-	**2,515**
Transfer to completed properties	146,462	(146,462)	43,621	(43,621)	**-**
Transfer to properties held for sale	(2,495)	-	(128)	-	**(2,623)**
MyOwnHome scheme	-	-	634	-	**634**
Other movements	-	3	-	-	**3**
Disposals:					
Staircasing (note 11)	-	-	(9,314)	-	**(9,314)**
Replaced components	(8,902)	-	(4)	-	**(8,906)**
Other sales (note 11)	(8,793)	-	-	-	**(8,793)**
At 31 March 2026	**3,080,782**	**120,939**	**425,161**	**90,426**	**3,717,308**
Depreciation:					
At 1 April 2025	**440,389**	**-**	**16,977**	**-**	**457,366**
Charge for the year (note 5 and 7)	40,190	-	3,040	-	**43,230**
My Own Home scheme	-	-	55	-	**55**
Disposals during the year:					
Staircasing (note 11)	-	-	(592)	-	**(592)**
Replaced components	(4,790)	-	-	-	**(4,790)**
Other sales (note 11)	(2,068)	-	3	-	**(2,065)**
At 31 March 2026	**473,721**	**-**	**19,483**	**-**	**493,204**
Provision for impairment:					
At 1 April 2025	**2,007**	**733**	**5,656**	**-**	**8,396**
Charge for the year (note 5 & 7)	594	-	141	-	**735**
Release in the year (note 5 & 7)	(208)	(360)	-	-	**(568)**
Reclassification					
At 31 March 2026	**2,393**	**373**	**5,797**	**-**	**8,563**
Net book value:					
At 31 March 2026	**2,604,668**	**120,566**	**399,881**	**90,426**	**3,215,541**
At 31 March 2025	**2,478,603**	**110,892**	**367,772**	**112,517**	**3,069,784**

Notes to the financial statements

16. (b) Tangible fixed assets housing properties: Association

Association	Social housing properties held for lettings £'000	Housing properties for letting under construction £'000	Completed shared ownership properties held for lettings £'000	Shared ownership properties under construction £'000	Total £'000
Cost or Valuation					
At 1 April 2025	**2,670,861**	**120,676**	**367,614**	**104,291**	**3,263,442**
Additions:					
Construction costs	-	170,466	-	8,770	**179,236**
Component replacements and improvements	25,051	-	(51)	-	**25,000**
Completed properties	2,515	-	-	-	**2,515**
Transfer to completed properties	146,462	(146,462)	43,621	(43,621)	**-**
MyOwnHome scheme	-	-	634	-	**634**
Transfer to properties held for sale	(2,436)	-	(128)	-	**(2,564)**
Disposals:					
Staircasing (note 11)	-	-	(8,483)	-	**(8,483)**
Replaced components	(7,533)	-	(4)	-	**(7,537)**
Other sales (note 11)	(9,454)	-	-	-	**(9,454)**
At 31 March 2026	**2,825,466**	**144,680**	**403,203**	**69,440**	**3,442,789**
Depreciation:					
At 1 April 2025	425,327	-	16,687	-	**442,014**
Charge for the year (note 5 and 7)	37,591	-	2,853	-	**40,444**
MyOwnHome scheme	-	-	55	-	**55**
Disposals during the year:	-	-	-	-	**-**
Staircasing (note 11)	-	-	(524)	-	**(524)**
Replaced components	(4,542)	-	-	-	**(4,542)**
Other sales (note 11)	(1,795)	-	-	-	**(1,795)**
At 31 March 2026	**456,581**	**-**	**19,071**	**-**	**475,652**
Provision for impairment:					
At 1 April 2025	555	733	5,656	-	**6,944**
Charge for the year (note 5 & 7)	336	-	141	-	**477**
Release in the year (note 5 & 7)	(208)	(360)	-	-	**(568)**
At 31 March 2026	**683**	**373**	**5,797**	**-**	**6,853**
Net book value:					
At 31 March 2026	**2,368,202**	**144,307**	**378,335**	**69,440**	**2,960,284**
At 31 March 2025	**2,244,979**	**119,943**	**345,271**	**104,291**	**2,814,484**

Notes to the financial statements

16. (c) Tangible fixed assets housing properties

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
The net book value of housing and other properties comprises:				
Freehold	**3,113,068**	*2,969,442*	**2,871,475**	2,724,555
Long leasehold	**102,473**	*100,342*	**88,809**	89,929
	3,215,541	*3,069,784*	**2,960,284**	2,814,484
Interest capitalisation:				
Interest capitalised in the year (note 13)	**8,242**	*8,525*	**8,242**	*8,454*
Cumulative interest capitalised	**85,397**	*77,155*	**81,687**	*73,445*
Rate used for capitalisation %	**4.1%**	*4.2%*	**4.1%**	*4.2%*
Works to properties:				
Improvements to existing properties capitalised (note 16)	**30,943**	*46,360*	**25,000**	*35,481*
Major repairs expenditure to income and expenditure account (note 5)	**14,940**	*11,006*	**13,640**	*9,687*
Total social housing grant received or receivable to date as follows				
Capital grant held in deferred income (note 24)	**903,987**	*836,408*	**890,345**	*822,507*
Recycled capital grant fund (note 25)	**6,498**	*9,725*	**5,892**	*9,134*
Social Housing Decarbonisation fund (note 26)	**13,878**	*9,670*	**13,878**	*9,670*
Amortised to Statement of Comprehensive Income in year (note 5)	**8,634**	*8,289*	**8,404**	*8,081*
Write back amortisation on disposals (note 24)	**(1,227)**	*(582)*	**(1,037)**	*(471)*
The cumulative amortisation to reserves	**97,117**	*98,344*	**63,183**	*64,220*

Notes to the financial statements

16. (d) Tangible fixed assets housing properties

The Group considers individual schemes to represent separate cash-generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS 102 and SORP 2018. The Group's review takes into account efficiencies from having groups of properties held together and the fact that properties are usually acquired as schemes rather than individual properties and are assessed as such for development purposes.

The Group's policy for impairment is to record a loss when the recoverable amount of a cash generating unit is less than its carrying value. A cash generating unit for the purposes of the Group is a scheme.

According to the SORP, there are a number of indicators of impairment to consider:

- A contamination or other similar issue that was not identified as part of the planning of a development which results in a material increase in development costs. For example, identification of asbestos which requires material additional expenditure for removal of the asbestos in order to complete the development.
- A change in government policy, regulation or legislation which has a material detrimental impact on the development programme or scheme. For example, a change in health and safety legislation resulting in a material increase in expenditure incurred to ensure compliance with the new regulations or a change to the rent regime which has a material impact on the net income that is expected to be collected (i.e., the rental income less relevant expenditure) for a social housing property.
- A change in demand for a property that is considered irreversible. For example, a material increase in the level of voids exceeding those originally forecast and which is not anticipated to reverse in future periods without material additional expenditure being incurred.
- A material reduction in the market value of properties in those circumstances where assets are intended or expected to be sold or where the occupant has the right to purchase under shared ownership arrangements.
- Obsolescence of a property, or part of a property, for example, where it is probable that a plan to regenerate existing properties by demolishing them or replacing components of existing properties will go ahead.

The Stonewater Group assessed its portfolio for indicators of impairment at the balance sheet date 31 March 2026. At 31 March 2026, Stonewater reviewed on the basis of the above indicators as well as taking into account global factors such as inflation that would impact cost, market value as well as demand for a property. As Stonewater reviews its properties based on EUV-SH there is no reason to conclude that properties will not remain occupied. More than ever social housing will be in demand so this does not suggest that our portfolio is impaired as a result of the crisis.

Stonewater looked at the indicators above and assessed their impact, including the value in use service potential and those having an impact are set out below.

Notes to the financial statements

16. (d) Tangible fixed assets housing properties (continued)

The schemes impaired in the Group are as follows:

Scheme	Charge / (Reversal)	No. of units affected	Carrying value prior to Impairment
	£'000		£'000
Active Development Scheme 1	(360)	29	10,304
Affordable Rent Scheme 1	(5)	1	401
Affordable Rent Scheme 2	(203)	24	2,376
Affordable Rent Scheme 3	22	1	342
General Needs Scheme 1	133	33	2,338
General Needs Scheme 2	39	32	5,097
General Needs Scheme 3	181	11	453
Supported Living Scheme 1	103	7	103
Mixed Tenure Scheme 1	116	14	1,768
High Rise block 1	141	32	4,300
	167	**184**	**27,482**

The schemes impaired in the Association are as follows:

Scheme	Charge / (Reversal)	No. of units affected	Carrying value prior to Impairment
	£'000		£'000
Active Development Scheme 1	(360)	29	10,304
Affordable Rent Scheme 1	(5)	1	401
Affordable Rent Scheme 2	(203)	24	2,376
Affordable Rent Scheme 3	22	1	342
General Needs Scheme 1	133	33	2,338
General Needs Scheme 3	181	11	453
High Rise block 1	141	32	4,300
	(91)	**131**	**20,514**

The breakdown of the brought forward impairment balances is as follows:

Group

Scheme	Brought forward	Reason for Impairment
	£'000	
Active Development Scheme 1	734	Cost to Value exceeds 100%
Affordable Rent Scheme 1	11	NBV exceeded recoverable amount
Affordable Rent Scheme 2	203	Cost of remedial works
General Needs Scheme 1	340	NBV exceeded recoverable amount
General Needs Scheme 2	1,102	Cost of remedial works
Mixed Tenure Scheme 1	350	NBV exceeded recoverable amount
High Rise block 1	5,656	Cost of remedial works
	8,396	

Association

Scheme	Brought forward	Reason for Impairment
	£'000	
Active Development Scheme 1	734	Cost to Value exceeds 100%
Affordable Rent Scheme 1	11	NBV exceeded recoverable amount
Affordable Rent Scheme 2	203	Cost of remedial works
General Needs Scheme 1	340	NBV exceeded recoverable amount
High Rise block 1	5,656	Cost of remedial works
	6,944	

Properties held for security

The Group had 27,931 properties pledged as security at 31 March 2026 with a net book value of £1,667.3m (2025: 27,139 properties, £1,585.5m). The Group had 10,759 completed assets that have not been charged, with a net book value of £1,184.0m (2025: 11,021 properties, £1,075.2m). There are some properties that are not suitable for security charging.

The Association had 25,863 properties pledged as security at 31 March 2026 with a net book value of £1,561.7m (2025: 25,141 properties, £1,486.7m). The Association had 9,163 completed assets that have not been charged, with a net book value of £1,089.2m (2025: 9,310 completed assets, NBV £983.5m). There are some properties that are not suitable for security charging.

Notes to the financial statements

17. Other fixed assets

Group	Freehold office	Furniture and office equipment	Site Assets	Computer equipment restated	Total tangible assets
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2025 restated	2,562	18,660	-	5,424	**26,646**
Reclassification	-	(17,215)	17,215	-	**-**
Additions	0	59	4,918	1,032	**6,009**
Disposals	(289)	(966)	(5)	(297)	**(1,557)**
At 31 March 2026	**2,273**	**538**	**22,128**	**6,159**	**31,098**
Depreciation					
At 1 April 2025 restated	588	7,864	-	4,444	**12,896**
Reclassification	-	(6,454)	6,454	-	**-**
Charge for the year	24	51	846	539	**1,460**
Disposals	(115)	(1,001)	(5)	(271)	**(1,392)**
At 31 March 2026	**497**	**460**	**7,295**	**4,712**	**12,964**
Impairment					
At 1 April 2025	697	-	-	-	**697**
Charged in year*	4	-	-	-	**4**
At March 2026	**701**	**-**	**-**	**-**	**701**
Net book value					
At 31 March 2026	**1,075**	**78**	**14,833**	**1,447**	**17,433**
At 31 March 2025 restated	1,277	10,796	-	980	13,053

*This is an impairment charge for the Leatherhead office in Mount Green that is currently for sale. The latest valuation (less associated costs) is lower than the Net Book Value by £0.7m and hence after taking into account prior year provisions, a further £4k of impairment was charged in the year.

Site assets have been reclassified in the year from Furniture and Office equipment.

Group - During the year assets were reclassified from computer equipment to intangible assets as the expenditure related to internally generated assets. £14,875k of cost and £10,919k of accumulated amortisation were reclassified relating to prior years from computer equipment in other fixed assets.

Notes to the financial statements

17. Other fixed assets (continued)

Association	Freehold offices	Furniture and office equipment	Site Assets	Computer equipment	Total tangible assets
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2025 restated	139	16,343	-	4,896	21,378
Reclassification	-	(15,351)	15,351	-	-
Additions	-	59	4,220	1,032	5,311
Disposals	-	(754)	(5)	(127)	(886)
At 31 March 2026	**139**	**297**	**19,566**	**5,801**	**25,803**
Depreciation					
At 1 April 2025 restated	12	6,935	-	3,935	10,882
Reclassification	-	(5,938)	5,938	-	-
Charge for the year	1	20	751	526	1,298
Disposals	-	(774)	(5)	(101)	(880)
At 31 March 2026	**13**	**243**	**6,684**	**4,360**	**11,300**
Net book value					
At 31 March 2026	**126**	**54**	**12,882**	**1,441**	**14,503**
At 31 March 2025 restated	127	9,408	-	961	10,496

Site assets have been reclassified in the year from Furniture and Office equipment.

Some assets in computer equipment have been reclassified to Intangible assets Note 15 in the year as these relate to internally generated software.

Association - During the year assets were reclassified from computer equipment to intangible assets as the expenditure related to internally generated assets. £14,565k of cost and £10,878k of accumulated amortisation were reclassified relating to prior years from computer equipment in other fixed assets.

Notes to the financial statements

18. Fixed asset investments

The table below shows subsidiary and joint venture undertakings.

Name	Country of incorporation	Proportion of voting rights/ ordinary share capital	Nature of business	Nature of entity
Stonewater (5) Limited	England	100%	Registered provider of social housing	Registered social landlord
Mount Green Housing Association Limited	England	100%	Registered provider of social housing	Registered social landlord
Stonewater Procurement Limited	England	100%	Non-Trading	Incorporated company
Stonewater Funding PLC	England	100%	Funding/Finance company	Incorporated company
Stonewater Commercial Limited*	England	100%	Dormant company	Incorporated company
Stonewater Developments Limited*	England	100%	Development /Build company	Incorporated company
Thakeham Newick LLP*	England	50%	Development /Build company	Limited liability partnership
M7 SW LLP*	England	50%	Development /Build company	Limited liability partnership

*The Association has indirect ownership of these companies.

Investments held of £50,000 represent the Association's 50,000 £1 shares in Stonewater Funding PLC, £12,500 of which is paid and £37,500 is unpaid.

Stonewater has entered into a joint venture with M7 Planning Limited, for a land promotion agreement. At 31 March 2026 Stonewater Developments Limited owns 50% of M7 SW LLP. Stonewater Limited has recorded the share of the surplus for the year of £397k. There are no assets or liabilities in the joint venture.

In February 2023 Stonewater entered into a joint venture with Thakeham. At 31 March 2026, Stonewater Developments Limited owns 50% of Thakeham Newick LLP. Thakeham Newick LLP has repaid the loans to Stonewater during the year (2025: £2.3m), which were provided by a senior loan (2025: £1.6m) from Stonewater Limited and a junior loan (2025: £0.7m) from Stonewater Developments Limited. The partnership was formed to develop a site at Newick, East Sussex, delivering 39 homes in total. All units are now sold.

18. Fixed asset investments	Thakeham LLP	M7 SW LLP	**Total**	*Thakeham LLP*
	2026	2026	**2026**	*2025*
	£'000	£'000	**£'000**	*£'000*
Opening balance	190	-	**190**	-
2023/24 share of loss	(180)	-	**(180)**	
Share of profits for the year	58	397	**455**	*10*
Profit distributed	(47)	(397)	**(444)**	-
Closing balance	21	0	**21**	*10*

Notes to the financial statements

19. Properties held for sale

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Housing properties for sale:				
Shared ownership work in progress	**19,334**	*28,389*	**19,334**	28,389
Shared ownership completed properties	**543**	*7,919*	**543**	7,919
Other property sales	**2,799**	*1,276*	**2,741**	1,276
	22,676	*37,584*	**22,618**	37,584

20. Trade and other debtors

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Debtors: amounts due after more than one year				
Amounts owed by Group undertakings	**-**	*-*	**11,750**	*9,680*
Debtors: amounts due within one year				
Rent and service charge arrears	**11,223**	*12,004*	**9,906**	*10,645*
Less: Provision for doubtful debts	**(3,173)**	*(3,399)*	**(2,621)**	*(2,875)*
	8,050	*8,605*	**7,285**	*7,770*
Service costs to be charged in future periods	**2,022**	*1,241*	**1,832**	*1,155*
Amounts owed by Group undertakings	**-**	*-*	**2,891**	*4,534*
Other debtors	**8,694**	*9,968*	**8,486**	*9,619*
Prepayments and accrued income	**3,772**	*3,856*	**3,511**	*3,703*
Social housing grants receivable	**9**	*20,036*	**9**	*20,036*
Amounts due from Joint ventures	**-**	*2,275*	**-**	*1,562*
Derivative financial instruments (note 28)	**1,472**	*-*	**1,472**	-
	24,019	*45,981*	**25,486**	48,379

Amounts owed by Group undertakings represent intercompany balances which are unsecured, interest free and are settled throughout the year.

The total loan facility from Stonewater Limited to Mount Green Housing Association 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%. At 31 March 2026, £11.8m of this tranche was drawn (2025: £9.7m). The facility expires in January 2031.

Stonewater provided a loan to Thakeham Newick LLP which was repaid in 2026. The total loan was £0.0m (2025: £2.3m) in total, which has been provided by a senior loan of £0.0m (2025: £1.6m) from Stonewater Limited and a junior loan of £0.0m (2025: £0.7m) from Stonewater Developments Limited.

Notes to the financial statements

21. Restricted cash

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Brought forward	5,897	6,693	5,622	5,142
Additions	282	494	269	480
Transferred out	(665)	(1,290)	(619)	-
Carried forward	5,514	5,897	5,272	5,622

Restricted cash primarily represents cash which is held in escrow as part of the Group and Association's financing arrangements.

22. Creditors: amounts falling due within one year

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Housing loans external (note 27)	46,313	69,958	45,727	69,401
Issue costs external (note 27)	(1,007)	(1,289)	(770)	(1,029)
Housing loans internal (note 27)	-	-	(116)	(116)
Issue costs internal (note 27)	-	-	(164)	(181)
Trade creditors	6,646	3,592	5,729	3,240
Prepaid rent	11,292	10,287	9,962	9,156
Amounts owed to group undertakings	-	-	22,501	29,044
Taxation and social security	1,628	2,549	1,562	2,491
Other creditors	4,661	12,138	3,693	898
Accruals and deferred income	29,360	21,718	24,561	19,222
Retentions	10,336	8,541	235	241
Accrued interest	9,232	9,565	4,661	4,999
Deferred capital grant (note 24)	10,302	7,746	9,660	7,360
Recycled capital grant fund (note 25)	572	3,059	-	2,487
Social Housing Decarbonisation fund (note 26)	297	322	297	322
Derivatives financial instruments (note 28)	-	1,550	-	1,550
Leaseholder sinking fund	17,637	16,921	16,283	15,613
	147,269	166,657	143,821	164,698

Amounts owed to Group undertakings represent intercompany balances which are unsecured, interest free and are settled throughout the year.

Notes to the financial statements

23. Creditors: amounts falling due after more than one year

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Housing loans external (note 27)	**1,630,495**	*1,604,254*	**848,702**	*822,429*
Issue costs external (note 27)	**(9,547)**	*(9,113)*	**(5,794)**	*(5,115)*
Bond on lending (note 27)	**-**	*-*	**637,492**	*637,377*
Issue costs internal (note 27)	**-**	*-*	**(2,310)**	*(2,471)*
Deferred capital grant (note 24)	**893,685**	*828,662*	**880,685**	*815,147*
Recycled capital grant fund (note 25)	**5,926**	*6,666*	**5,892**	*6,647*
Derivatives financial instruments (note 28)	**1,951**	*2,366*	**1,951**	*2,366*
Social Housing Decarbonisation fund (note 26)	**13,581**	*9,348*	**13,581**	*9,348*
	2,536,091	*2,442,183*	**2,380,199**	*2,285,728*

24. Deferred capital grants

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
At 1 April	**836,408**	*765,711*	**822,507**	*751,231*
Reclassification to SHDF note	**-**	*(3,931)*	**-**	*-*
Adjusted to income	**-**	*2,009*	**-**	*-*
Grants received during the year	**71,048**	*78,888*	**71,048**	*78,088*
Transfer to RCGF (note 25)	**(3,905)**	*(1,669)*	**(3,686)**	*(1,657)*
Transfer from RCGF (note 25)	**7,496**	*2,247*	**7,493**	*2,247*
Released to income in the year (note 5)	**(8,312)**	*(8,080)*	**(8,082)**	*(7,872)*
Write back amortisation on disposals (note 16c)	**1,227**	*582*	**1,037**	*471*
Released to Disposal	**-**	*(41)*	**-**	*225*
Other movements-Sector Sale	**25**	*(226)*	**(11)**	*(226)*
Other movements	**-**	*918*	**39**	*-*
At 31 March	**903,987**	*836,408*	**890,345**	*822,507*
Amounts due for repayments:				
within one year (note 22)	**10,302**	*7,746*	**9,660**	*7,360*
greater than one year (note 23)	**893,685**	*828,662*	**880,685**	*815,147*
	903,987	*836,408*	**890,345**	*822,507*

The total accumulated amount of gross grant, before amortization, at 31 March 2026 is £1,148.1m (2025: £1,071.0m).

Notes to the financial statements

25. Recycled capital grant fund (RCGF)

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
At 1 April	**9,725**	*8,307*	**9,134**	*7,565*
Released to income	**-**	*1,464*	**-**	*-*
Grants recycled from deferred capital grants (note 24)	**3,905**	*1,669*	**3,686**	*1,657*
Interest accrued (note 13)	**364**	*491*	**334**	*388*
From disposal	**-**	*41*	**-**	*-*
Transfers between group members	**-**	*-*	**231**	*1,771*
New build- transfer to DCG (note 24)	**(7,496)**	*(2,247)*	**(7,493)**	*(2,247)*
At 31 March	**6,498**	*9,725*	**5,892**	*9,134*
Amounts due for repayments:				
within one year (note 22)	**572**	*3,059*	**-**	*2,487*
greater than one year (note 23)	**5,926**	*6,666*	**5,892**	*6,647*
	6,498	*9,725*	**5,892**	*9,134*

26. Social Housing Decarbonisation fund

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
At 1 April	**9,670**	*-*	**9,670**	*-*
Reclassification from Deferred capital grant	**-**	*3,931*	**-**	*3,931*
Grants received during the year	**4,530**	*5,948*	**4,530**	*5,948*
Amortisation to Statement of Comprehensive Income	**(322)**	*(209)*	**(322)**	*(209)*
At 31 March	**13,878**	*9,670*	**13,878**	*9,670*
Within one year (note 22)	**297**	*322*	**297**	*322*
More than one year (note 23)	**13,581**	*9,348*	**13,581**	*9,348*
	13,878	*9,670*	**13,878**	*9,670*

Notes to the financial statements

27. Loans and borrowings

Group Maturity of Debt	Bank loans 2026 £'000	Bond finance 2026 £'000	Other loans 2026 £'000	Total 2026 £'000
In one year or less, or on demand	44,793	908	612	**46,313**
Issue costs <1year	(719)	(288)	-	**(1,007)**
Within one year (note 22)	**44,074**	**620**	**612**	**45,306**
In more than one year but no more than two years	24,235	1,545	680	**26,460**
In more than two years but no more than five years	359,886	6,761	2,532	**369,179**
After five years	272,672	953,700	8,484	**1,234,856**
Issue costs	(3,564)	(5,983)	-	**(9,547)**
Greater than one year (note 23)	**653,229**	**956,023**	**11,696**	**1,620,948**
Total	**697,303**	**956,643**	**12,308**	**1,666,254**

All of the bank loans mature by 2036. Of the £963m bond finance, £619m has a final repayment date between 2040 and 2050.

The Group has entered into floating to fixed interest rate swaps. These are accounted for as a cash flow hedge (note 28).

Loans are secured by specific charges on the housing properties of the Group. Total loan facilities, excluding £7.7m adjustments for fair value on acquisition, at 31 March 2026 were £2,043m (2025: £2,016m) of which £359m were undrawn (2025: £334m). The amount of drawn debt secured on property assets is £1,677m (2025: £1,674m).

Before hedging is applied, the Group has 69% fixed interest rates, with an average rate of 3.5%. The 31% variable interest rates are at SONIA plus margin.

Group Maturity of Debt	*Bank loans* *2025* *£'000*	*Bond finance* *2025* *£'000*	*Other loans* *2025* *£'000*	*Total* *2025* *£'000*
In one year or less, or on demand	*68,532*	*876*	*550*	*69,958*
Issue costs <1year	*(975)*	*(314)*	-	*(1,289)*
Within one year (note 22)	*67,557*	*562*	*550*	*68,669*
In more than one year but no more than two years	*44,793*	*908*	*612*	*46,313*
In more than two years but no more than five years	*470,541*	*6,008*	*2,277*	*478,826*
After five years	*114,237*	*955,460*	*9,418*	*1,079,115*
Issue costs	*(3,004)*	*(6,109)*	-	*(9,113)*
Greater than one year (note 23)	*626,567*	*956,267*	*12,307*	*1,595,141*
Total	*694,124*	*956,829*	*12,857*	*1,663,810*

Notes to the financial statements

27. Loans and borrowings (continued)

Association	Bank loans	Bond finance	Bond on lending	Other loans	Total
	2026	2026	2026	2026	2026
Maturity of Debt	£'000	£'000	£'000	£'000	£'000
In one year or less, or on demand	44,793	406	(116)	528	**45,611**
Issue costs <1year	(719)	(51)	(164)	-	**(934)**
Within one year (Note 22)	**44,074**	**355**	**(280)**	**528**	**44,677**
In more than one year but no more than two years	24,235	1,041	(134)	589	**25,731**
In more than two years but no more than five years	359,886	5,059	(360)	2,204	**366,789**
After five years	271,997	175,432	637,986	8,259	**1,093,674**
Issue costs	(3,564)	(2,230)	(2,310)	-	**(8,104)**
Greater than one year (note 23)	**652,554**	**179,302**	**635,182**	**11,052**	**1,478,090**
Total	**696,628**	**179,657**	**634,902**	**11,580**	**1,522,767**

The amount of drawn debt secured on property assets is £1,523m (2025: £1,520m).

Bond on lending is the process by which funds raised by Stonewater Funding PLC are on lent to Group members.

Association	*Bank loans*	*Bond finance*	*Bond on lending*	*Other loans*	*Total*
	2025	*2025*	*2025*	*2025*	*2025*
Maturity of Debt	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
In one year or less, or on demand	*68,532*	*395*	*(116)*	*474*	*69,285*
Issue costs <1year	*(975)*	*(54)*	*(181)*	-	*(1,210)*
Within one year (Note 22)	*67,557*	*341*	*(297)*	*474*	*68,075*
In more than one year but no more than two years	*44,793*	*406*	*(116)*	*528*	*45,611*
In more than two years but no more than five years	*470,541*	*4,401*	*(379)*	*1,976*	*476,539*
After five years	*113,577*	*177,132*	*637,871*	*9,075*	*937,655*
Issue costs	*(3,004)*	*(2,111)*	*(2,471)*	-	*(7,586)*
Greater than one year (note 23)	*625,907*	*179,828*	*634,905*	*11,579*	*1,452,219*
Total	*693,464*	*180,169*	*634,608*	*12,053*	*1,520,294*

Notes to the financial statements

28. Financial instruments

The Group's financial instruments held at fair value through the profit and loss may be analysed as follows:

Group	Note	2026 £'000	2025 £'000
Derivative financial instruments designated as cash flow hedges due within one year	22	**(991)**	*837*
Other derivative financial instruments due within one year	22	**(481)**	*713*
Derivative financial instruments designated as cash flow hedges greater than one year	23	**172**	*1,091*
Other derivative financial instruments greater than one year	23	**1,779**	*1,275*
Total		**479**	*3,916*

To hedge the volatility of floating interest rates that it is charged on bank loans, the Group has entered into standalone derivatives with a notional amount of £303.9m (2025: £185.4m). All the derivatives are interest rate swaps with the majority swapping floating rates of interest to fixed rates of interest. For accounting, where possible, the Group designates a hedging relationship between the derivative and the bank loan (the hedged item). Swaps with a notional amount of £230.6m (2025: £111.1m) have been designated as cash flow hedges.

Savills Financial Consultants conduct the fair value assessments of derivatives for Stonewater. Swap valuations are calculated using a net present value analysis of the future cashflows associated with the two legs (payable and receivable) of the swap. Discount rates and implied forward rates are calculated based on the Overnight Indexed Swap curve, with the market data and valuation tools provided by Bloomberg.

Over the next seven years, swaps with a notional amount of £154.9m (2025: £70.4m) which are designated as cash flow hedges will mature.

There was a £3.1m (2025: £2.6m) reduction in the fair value of hedging value of hedging instruments recognised in other comprehensive income, comprising £0.3m (2025: £(0.6)m) recycled to the cash flow hedge reserve, and £2.8m (2025: £3.2m) being the year end revaluation of hedging financial instruments.

The derivatives which are not designated for accounting purposes as cash flow hedges still reduce the volatility of Stonewater's floating interest rate exposure. The majority of these swaps mature in 2027 and then between 2031-2035.

Overall, the Group pays 3.8% (2025: 3.7%) fixed and receives SONIA (though cash flows are settled on a net basis) on its standalone swap portfolio. After taking into account the derivatives, the Group pays an average interest rate on its borrowings of 3.9% (2025: 4.1% per annum).

The cash flows of the instruments were analysed to identify the payments and receipts due within one year and these are disclosed above and in Note 22.

Notes to the financial statements

29. Provisions for liabilities and charges

Group	Dilapidations £'000	Other provision £'000	Total £'000
At 1 April 2025	**186**	**700**	**886**
Charged to profit or loss	(186)	(700)	(886)
At 31 March 2026	**-**	**-**	**-**

Association	Dilapidations £'000	Total £'000
At 1 April 2025	**186**	**186**
Charged to profit or loss	(186)	(186)
At 31 March 2026	**-**	**-**

During the year 2025/26, we released the provisions held for two offices that we have now vacated. The provision held in the financial statements in 2024/25 for potential Health and Safety legal obligations was released in full in the year as the matter was concluded.

30. Share capital

	2026 £	*2025 £*
At 1 April	**11**	*11*
Shares issued in the year	2	*1*
Shares cancelled in the year	(4)	*(1)*
Authorised, allotted, called up and fully paid	**9**	*11*

The share capital of Stonewater 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 Stonewater. Therefore, all shareholdings relate to non-equity interests.

Notes to the financial statements

31. Operating leases

The Group and Stonewater had minimum lease payments under non-cancellable operating leases as set out below:

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Not later than one year:	381	371	381	371
Later than one year and not later than five years	966	1,125	966	1,125
Later than five years	259	324	259	324
	1,606	1,820	1,606	1,820

32. Capital commitments

	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Commitments contracted but not provided for construction	415,953	578,601	413,627	576,271
Commitments approved by the Board but not contracted for construction	96,885	96,903	96,885	96,903
Total	512,838	675,504	510,512	673,174

Commitments contracted but not provided for construction - payments are due in a 0 - 7 year timeframe with all payments relating to contracted expenditure for the services of constructing housing units. The payments are performance related in respect of build contract, statutory requirements, building warranties, longstop dates with liquidated damages payable if not met and retentions.

Commitments approved by the Board but not contracted for construction - payments will be due in a 0 - 4 year timeframe with all payments relating to contracted expenditure for the services of constructing housing units. The payments will be performance related in respect of build contract, statutory requirements, building warranties, longstop dates with liquidated damages payable if not met and retentions.

The above capital commitments for the Group are projected to be funded from £155.3m SHG (2025: £158.4m) and property sales of £109.9m (2025: £133.5m) with the remainder funded from operating cash flow and external borrowings £248.7m (2025: £488.4m).

Capital commitments for the Association will be funded from £154.8m SHG (2025: £157.9m), with the remainder funded from property sales £107.5m (2025: £131.1m) and external borrowing/surplus £248.7m (2025: £488.4m).

33. Pensions

Three schemes are operated by the Group. 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.

Other Comprehensive Income	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Actuarial gains				
DCC	290	785	290	785
SHPS	593	1,537	566	1,458
Total	883	2,322	856	2,243

Notes to the financial statements

33. Pensions (continued)

Statement of Financial Position	Group 2026 £'000	Group 2025 £'000	Association 2026 £'000	Association 2025 £'000
Pension Liability				
DCC	219	596	219	596
SHPS	8,513	12,522	8,218	12,073
	8,732	13,118	8,437	12,669

The Social Housing Pension Scheme (SHPS) defined benefit scheme

The Group participates in the Social Housing Pension Scheme (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.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This 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.

The scheme is classified as a 'last-man standing' arrangement. Therefore, the Group 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.

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 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March to 28 February 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.

Defined benefit pension scheme Dorset County Council (DCC)

Stonewater participates in the local government scheme run by Dorset County Council as an admitted body, which is a defined benefit scheme.

A full actuarial valuation of the defined benefit scheme was carried out at 31 March 2022 by a qualified independent actuary. Contributions to the scheme are made by the Group based on the advice of the actuary and with the aim of making good the deficit over the remaining working life of the employees.

The latest valuation was carried out as at 31 March 2023 and set contributions for the period from 1 April 2023 to 31 March 2026. The actuarial gain for the year of £290k (2025: gain of £785k) has been recognised as Other Comprehensive Income.

There were no changes to the scheme during the year and no amounts owing to the scheme at the year end.

Notes to the financial statements

33. Pensions (continued)

The Group also participates in the SHPS. It is funded and is contracted out of the state pension scheme. The amount charged to the statement of consolidated income represents the contributions payable to the scheme in respect of the accounting period.

Social Housing (SHPS) Defined contribution scheme	DCC 2026 £'000	SHPS 2026 £'000	*DCC 2025 £'000*	*SHPS 2025 £'000*
Fair value of plan assets	**6,610**	**77,223**	*6,078*	*73,939*
Present value of plan liabilities	**(6,829)**	**(85,736)**	*(6,674)*	*(86,461)*
Net pension scheme liability	**(219)**	**(8,513)**	*(596)*	*(12,522)*
Reconciliation of fair value of plan assets:				
At the beginning of the year/initial recognition	**6,078**	**73,939**	*6,037*	*75,609*
Interest income on plan assets	**346**	**4,299**	*287*	*3,707*
Return on assets less interest	**367**	**(972)**	*(3)*	*(5,576)*
Other actuarial losses	**(40)**	**-**	-	-
Administrative expenses	**(4)**	**-**	*(4)*	-
Contributions by employer	**138**	**4,141**	*134*	*4,340*
Contributions by plan participants	**12**	**3**	*12*	*7*
Benefits paid plus expenses	**(287)**	**(4,187)**	*(385)*	*(4,148)*
At the end of the year	**6,610**	**77,223**	*6,078*	*73,939*
Reconciliation of present value of plan liabilities				
Defined benefit obligation at start of period/initial recognition	**(6,674)**	**(86,461)**	*(7,462)*	*(93,167)*
Current service cost	**(17)**	**(2)**	*(20)*	*1*
Expenses	**-**	**(110)**	-	*(86)*
Interest expense	**(376)**	**(4,912)**	*(353)*	*(4,463)*
Contributions by plan participants	**(12)**	**(3)**	*(12)*	*(7)*
Actuarial gains/(losses) due to scheme experience	**(248)**	**1,431**	*18*	*(3,760)*
Actuarial gains due to changes in demographic assumptions	**(41)**	**(776)**	*20*	-
Actuarial gains due to changes in financial assumptions	**252**	**910**	*750*	*10,873*
Benefits paid and expenses	**287**	**4,187**	*385*	*4,148*
At the end of the year	**(6,829)**	**(85,736)**	*(6,674)*	*(86,461)*

Notes to the financial statements

33. Pensions (continued)

Social Housing (SHPS) Defined contribution scheme	DCC 2026 £'000	SHPS 2026 £'000	DCC 2025 £'000	SHPS 2025 £'000
Amounts recognised in the Statement of Comprehensive Income as follows:				
Included in administrative expenses				
Service costs	**17**	**2**	*20*	*(1)*
Administration expenses	**4**	**110**	*4*	*86*
	21	**112**	*24*	*85*
Amounts included in other finance costs				
Net interest costs (note 13)	**30**	**613**	*66*	*756*
Analysis of actuarial loss recognised in Other Comprehensive Income				
(Loss)/return on fund assets in excess of interest	**367**	**(972)**	*(3)*	*(5,576)*
Other actuarial losses	**(40)**	**-**	*-*	*-*
Gains in financial assumptions	**252**	**910**	*750*	*10,873*
Gains in demographic assumptions - gains	**(41)**	**(776)**	*20*	*-*
Experience (loss)/gain on defined benefit obligation	**(248)**	**1,431**	*18*	*(3,760)*
Total actuarial (losses)/gain	**290**	**593**	*785*	*1,537*
Composition of plan assets				
Equities	**4,270**	**8,557**	*3,811*	*8,283*
Liability driven investment	**-**	**23,545**	*-*	*22,394*
Cash	**139**	**766**	*133*	*1,164*
Other bonds	**411**	**-**	*399*	*-*
Diversified growth fund	**421**	**-**	*405*	*-*
Property	**422**	**3,769**	*426*	*3,725*
Infrastructure	**496**	**3**	*467*	*12*
Multi asset credit	**451**	**-**	*437*	*-*
Debt	**-**	**115**	*-*	*228*
Alternatives	**-**	**40,468**	*-*	*38,133*
Total	**6,610**	**77,223**	*6,078*	*73,939*

Notes to the financial statements

33. Pensions (continued)

	DCC 2026 %	SHPS 2026 %	*DCC 2025 %*	*SHPS 2025 %*
Principal actuarial assumptions used at the Statement of Financial Position date:				
Discount rate	**6.00**	**6.08**	*5.75*	*5.82*
Future salary increases	**3.85**	**4.03**	*3.95*	*3.79*
Future pension increases	**2.85**	**3.03**	*2.95*	*2.79*
Inflation assumptions - RPI	**3.30**	**3.31**	*3.30*	*3.10*
Inflation assumptions - CPI	**2.85**	**3.03**	*2.95*	*2.79*
Maturity rates:				
For a male aged 65 now	**22.3**	**20.9**	*21.8*	*20.5*
For a female aged 65 now	**23.2**	**23.2**	*24.0*	*23.0*
At 65 for a male member aged 45 now	**23.9**	**22.2**	*23.1*	*21.7*
At 65 for a female member aged 45 now	**24.9**	**24.6**	*25.4*	*24.5*

34. Related party disclosures

Subsidiary non-regulated entities

The Association transacts with a number of non-regulated entities: Stonewater Funding PLC, whose principal activity is to act as the capital markets issuance vehicle for the Group, and Stonewater Developments Limited, a company which supports the Stonewater registered provider entities with their development activity by widening the scope of potential developments by selling fully or partially developed dwellings on the open market to Group entities. The company will also provide design and build services to other Group companies.

The Association provides staff services to Stonewater Developments Limited to manage various design and build projects. The Association recharges the staff costs to Stonewater Developments Limited.

The Association provides management services to other Group companies including non-regulated entities. The management fee is calculated under different methods which includes number of units in each company, development spend, and asset spend. For non-regulated entities, the management fee is based on % of corporate overheads. The intercompany agreement between the Association and other Group companies sets out that the management fee is determined by the Group Finance Director on the basis that the cost allocation is both fair and reasonable.

Total income for the year from the non-regulated entities was:

	2026 £'000	*2025 £'000*
Staff costs are charged to Stonewater Developments Limited	**2,856**	*3,370*
Management services provided to Stonewater Developments Limited and Stonewater Funding PLC	**539**	*709*
Management services provided to Mount Green Housing Association	**382**	*287*

Notes to the financial statements

34. Related party disclosures (continued)

Intra-Group costs

The Association receives a full development service from Stonewater Developments Limited, the recharge includes an admin fee based on 2.5% of the contract costs.

The Association receives financial services from Stonewater Funding PLC.

Total costs for the year paid to the non-regulated entities were:

	2026	2025
	£'000	£'000
Charge for the design and build service provided by Stonewater Development Limited	**119,631**	*104,700*
2.5% admin charge from Stonewater Development	**2,991**	*2,617*
Charge for development services provided by Stonewater Developments Limited	**27,293**	*15,647*
2.5% admin charge from Stonewater Developments Limited	**682**	*391*
Management fee charged by Stonewater Funding PLC	**315**	*233*

Intra-group liabilities

Stonewater Limited has loans in place with Stonewater Funding PLC. At 31 March 2026 the outstanding amount was £637.9m (2025: £637.9m).

Stonewater (5) Limited has a loan in place with Stonewater Funding PLC. At 31 March 2026 the outstanding amount was £77.7m (2025: £77.7m).

	2026	2025
	£'000	£'000
Loan balance provided by Stonewater Funding PLC (after issue costs) (note 26)	**744,684**	*744,680*
Interest charged by Stonewater Funding PLC	**21,997**	*22,014*

Under the facilities the loans, which are repayable at various dates through to 2050, are secured by fixed charges over the housing properties of Stonewater Limited, Mount Green Housing Association and Stonewater (5) Limited; cross guarantees cover any shortfall in the security and any unpaid interest and fees in respect of the loans. At 31 March 2026, the potential shortfall covered by the guarantee was nil as the valuation of the security provided by Stonewater Limited, Mount Green Housing Association Limited and Stonewater (5) exceeded the amount required.

35. Net debt reconciliation

	1 April 2025	Cash flows	Other non-cash changes	31 March 2026
	£'000	£'000	£'000	£'000
Cash and cash equivalents	71,978	(23,673)	-	**48,305**
Bank loans	(694,124)	(3,468)	289	**(697,303)**
Bond finance	(956,829)	-	186	**(956,643)**
Other loans	(12,857)	544	5	**(12,308)**
Derivatives	(3,916)	718	(701)	**(3,899)**
Net debt	**(1,595,748)**	**(25,879)**	**(221)**	**(1,621,848)**

The definition of debt in the gearing covenants in Stonewater's loan facilities does not include the mark to market of derivatives.

Notes to the financial statements

36. Contingent liabilities

Government grants of £20.1m associated with housing properties acquired from the business combination with Mount Green Housing Association Limited, £7.7m from Greenoak Housing Association Limited, and £0.03m from Bristowe (Fair Rent) Housing Association were included within the Gain arising from Gift of Net Assets within the Consolidated Statement of Comprehensive Income. As these properties were included at fair value on acquisition, no grant is disclosed within creditors. In the event of the housing properties being disposed of, Stonewater is responsible for the repayment or the recycling of the grant.

37. Business combinations

Combinations that are in substance a gift

The Group did not enter into any business combinations during the financial year.

	2026	*2025*
	£'000	£,000
Gain on acquisition of business	**-**	*3,607*

38. Post balance sheet events

On 27 April 2026, the Group completed the transfer of engagements of 97 homes from Porthove Housing Association Limited and The Rotary Club of Hove Community Housing Society Limited. As this transaction occurred after the reporting date, it has been treated as a nonadjusting post balance sheet event. Accordingly, no adjustments have been made to these financial statements. Porthove Housing Association Limited is a registered society under the Cooperative and Community Benefit Societies Act 2014 (registration number 16913R) and a private registered provider of social housing in England (registration number L0011). The Rotary Club of Hove Community Housing Society Limited is a registered society under the Cooperative and Community Benefit Societies Act 2014 (registration number 15012R).

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.

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