Registered number: IP031527

STONEWATER (5) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

COMPANY INFORMATION

Board members	Sheila Collins (Chair) Jennifer Bennet Heather Bowman Juliana Crowe Chris Edis (resigned 31 December 2025) Barry Hoffman (resigned 17 March 2026) Martin Large (resigned 31 October 2025) Andrew Lawrence (resigned 30 September 2025) Angus Michie Imran Mubeen (appointed on 1 January 2026) Jane Scott Hursh Shah Nicola Webber (appointed on 1 October 2025)
Company secretary	Syka Sheikh (appointed on 1 July 2026)
Community Benefit Society Number	IP031527
Regulator of Social Housing Number	4717
Registered office	Suite C, Lancaster House Grange Business Park Enderby Road Leicester LE8 6EP
Independent auditor	Menzies LLP 20 Colmore Circus Queensway Birmingham B4 6AT
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Principal Solicitors	Devonshires Solicitors LLP London EC2M 7DT
Solicitors (for Governance)	Trowers and Hamlins LLP 55 Princess Street Manchester M2 4EW

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2026

Introduction

The Board presents its report and audited financial statements for Stonewater (5) Limited (the 'Association') for the year ended 31 March 2026.

About us

Stonewater (5) Limited is a Registered Society under the Cooperative and Community Benefit Societies Act 2014, with charitable status, and a Registered Provider with the Regulator of Social Housing (RSH). Its parent is Stonewater Limited ('Stonewater').

The principal activity of the Association is a not-for-profit organisation, which owns, lets and manages rental housing. Our revenue is mainly acquired through rent and is ploughed back into the acquisition, development of new-affordable homes and the maintenance of property.

Our Vision
For everyone to have the opportunity to have a place that they can call home.

Our Mission
To offer quality homes and services for people whose needs are not met by the open market.

Our Values
Our Values are the principles that guide us and set the tone for the way we behave.

Ethical – We are an ethical housing services provider.

Listening to and understanding the needs of every individual is paramount to delivering homes and services that make a difference to people's lives. We do this by maintaining a professional approach, being honest and open and treating everyone with the equality they deserve. It is our place to help by being friendly, considerate and supportive of everyone that needs us. We will always ensure our actions are inclusive, accountable and fair.

Ambitious – We are a progressive organisation that dares to dream.

Never content to sit back and rest on our laurels, we are the fresh face of the sector, pro-active in our approach to growth. We are not here to make up the numbers. It's our goal to be the leader, to challenge, enhance and be radical, confident in our abilities and clear of our direction. Through strong leadership we are driven to succeed. A competitive streak keeps us focused on being modern and ground-breaking.

Passionate – We will always go the extra mile in everything we do.

We are one team working together, committed to providing a truly personal experience. Our love for what we do comes from the heart and being the best, what we can be energises us and makes us proud of our achievements. We are motivated by our enthusiasm and empowered to give everyone we work with the confidence that they are working with the most enthusiastic and loyal people in the sector.

Agile – We are on a journey, so we make sure we never stand still.

Our business dictates that change is both regular and rapid, so as an organisation we always stay one step ahead. Our approaches are flexible, adapting to evolve to individual people's needs or the latest legislation. We pride ourselves on high performance, so we expect innovation and initiative to be a part of our every day. We are the smart housing services team, dynamic and slick enough to respond whenever and however change dictates it.

Commercial – We understand the importance of commercial viability.

To remain competitive and effective at what we do, we are prepared to make decisions that maintain value for our residents, our partners and ourselves. From the homes we build to the services we provide, we are open to opportunity and strive to maintain a reputation for knowledge, efficiency and an ability to sustain our business. We benchmark our approach to ensure we are relevant, respected and most importantly, successful in all we do.

Stonewater's Strategic Plan 2022-30

Our Strategic Plan 2022-30 reflects the Board’s current priorities and insight from customers. It has been developed with colleagues and Board members, responding to the insight we have drawn from our customers and operating environment, and how we believe we can maximise the value we provide.

Our Strategic Plan 2022-30, in essence, will see Stonewater lead on building quality, affordable homes, offering inclusive, efficient services, while championing sustainable practice and communities. It further documents our long term commitments to align with our current development and investment programme and sets out how we will deliver our Vision and Mission, under three overarching 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 ensuring 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 the 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.

Performance in the year

The turnover of £12.6m is £1.0m higher than last year primarily due to a rent increase of 2.7% for the majority of tenures. The Association made an operating deficit of £0.4m. With the interest receivable and investment income, the Association had total comprehensive loss of £0.3m.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2026

Key Performance indicators:

	2026	2025
Rental income loss through voids	2.5%	1.5%
Average gross arrears	3.84%	5.0%
Income collection	101.1%	101.2%

Governance structure

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 partner local authorities. The Board comprised ten members on 31 March 2026.

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 member. The governance structure provides agility and efficiency in decision-making with panels and committees being convened as and when needed and Board meetings scheduled on a monthly basis. All transactional business is undertaken remotely, which provides for 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 & 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 & Assurance Panel

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

Governance and People Challenge & 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 & Assurance Panel

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

Technology and Data Challenge & 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 Executive team consists of the Chief Executive and five Chief Officers.

The details of the Chief Officer Group are disclosed in the consolidated financial statements.

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 ensures 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%) from a Black, Asian or minority ethnic background, and two members (2025: two members) 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: Customers, Quality Homes and Neighbourhoods and Value Maximisation, performance against which is reported below.

Code of Governance

The Board has adopted the 2020 National Housing Federation (NHF) Code of Governance and was fully compliant with it at 31 March 2026 and post year end.

Shareholding policy

Under the rules for each registered society in the Stonewater Group, the parent Board retains discretion over the issue of shares. The current policy is that Stonewater operates a closed membership, with shares only issued to individuals who are Board members.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2026

Access to information

Stonewater aims to work in a transparent and open manner, making information publicly available unless there are justifiable reasons for not doing so, such as personal data or commercially sensitive information. Information takes a variety of forms including reports, policy statements and publications. Many can be found on our website (www.stonewater.org) and copies are also available on request.

Risks and uncertainties

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 is 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 in order to achieve the strategic objectives. Performance against this is kept under review facilitated through the use of 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 Officers and each of the committee and panel 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.

In addition to the overarching risk appetite, the Board has also received regular reports on the risks arising from the volatile operating environment. During the last year these have covered the impact of the financial markets, global conflicts, and the availability of operatives and the supply chain. This has been informed by bespoke risk parameters on the impact on Stonewater's customers, colleagues, contractors and suppliers and financial status.

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

People strategy

Detail of our people related strategies and objectives can be found in the consolidated financial statements.

Pay gap reporting

Stonewater's pay gap statement can be found on our website: www.stonewater.org.

Corporate communications

Detail of our corporate communications strategies and objectives can be found in the consolidated financial statements.

Value for Money

The Value for Money achievements are summarised and can be found through the Group website and are summarised in the consolidated financial statements.

We recognise that in order to continue to develop new homes, invest in our communities and ensure that our housing properties are maintained in good condition, we need to understand and maximise the value we get from our expenditure and our assets.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2026

Further details on our strategy and results can be found on our website

Relationships

We work in close partnership with our charity partner, the Longleigh Foundation, to help customers thrive in their homes and communities. This partnership enables targeted support through individual and crisis grants, with customers receiving a total of £41k in direct financial assistance during the year. Beyond financial support, the Longleigh Foundation connects customers to a network of specialist organisations focused on financial resilience.

Customer engagement

In 2025/26, we continued to strengthen our approach to customer engagement, ensuring that customer voice is embedded within decision making, service improvement and governance across Stonewater. Effective customer engagement is a core pillar of our customer strategy, supporting transparency, accountability and regulatory assurance, while driving better outcomes for customers and communities.

Connecting digitally

Recognising the growing importance of digital inclusion, we also provided SIM cards to customers with limited or no connectivity, offering free calls, texts and data for six months. This intervention supports access to essential services, employment opportunities and social connection, reducing digital exclusion and inequality.

Customer insight

Our customer insight framework enables a deeper understanding of who our customers are, the diversity of their circumstances and what they expect from our services. This intelligence supports more targeted interventions, improved service design and better identification of emerging risks, particularly for vulnerable or underrepresented groups.

We use Tenant Satisfaction Measures (TSMs) as a core source of customer insight, collecting data through tenant surveys and management information. This data is analysed to identify trends, monitor performance and highlight areas requiring improvement or investment.

Insights derived from TSMs directly inform decision making, including prioritising resources where customers report lower satisfaction, strengthening service quality and ensuring compliance with regulatory expectations. This approach enhances transparency and demonstrably links customer feedback to operational and strategic outcomes.

Equality, diversity and inclusion

Stonewater has adopted the Social Housing Equality Framework (SHEF) to support and drive the organisation’s equality and diversity agenda. The Corporate Equality Group is taking action to achieve the SHEF Achieving Level across the business as a whole. When looking at our Board, Executive and Operational Delivery Group combined, our diversity is as follows:

Gender	33% Male	67% Female
Ethnicity	67% White	33% Black, Asian and Minority Ethnicity
Sexuality	100% identify as heterosexual	0% identify as LGBTQ+
Disability	88% non-disabled	12% disabled
Age Span	4 decades	

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2026

Modern slavery and human trafficking

Stonewater's modern slavery and human trafficking statement, under the Modern Slavery Act 2015, for the financial year ending 31 March 2026, is available via our website

Financial inclusion

We continue to provide information via our website and Customer Hubb to keep customers up to date with benefit changes and other money matters. Our colleagues are trained about welfare benefits and are able to identify customers who require specialist support, who are then signposted to national and local organisations that can provide this.

Treasury policies and objectives

Stonewater has a formal treasury management policy which is regularly reviewed. Further detail of this policy and objectives can be found in the consolidated financial statements.

Going concern

The financial statements have been prepared on a going concern basis. In forming this judgement, the Board assessed the Association's financial viability by reviewing the approved annual budget, the long-term financial plan, and key economic and operational risks, including inflationary pressures, interest rate movements, taxation changes and regulatory requirements.

In May 2026, the Board reviewed an updated five year long-term financial plan, including stress testing against severe but plausible downside scenarios and an assessment of available mitigating actions. This analysis demonstrated that the Association would continue to meet all banking covenants and maintain adequate liquidity headroom and access to undrawn facilities under such scenarios. Accordingly, the Board concluded that neither current nor reasonably foreseeable economic conditions give rise to material uncertainties that may cast significant doubt on the Association's ability to continue as a going concern, and it remains confident in the resilience of the business model and the effectiveness of management actions if required.

Accordingly, the Board has a reasonable expectation that the Association will have sufficient resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements and considers the going concern basis of preparation to be appropriate.

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.

Approach

Stonewater has adopted the three lines of defence 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 etc.

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 through:

- **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 control 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 issues 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 new legislation and regulation and the impact of the financial markets and political decisions 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, procedures and working methodologies 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.

Confirmation from the Board

The board has received from the Chief Executive an annual report and 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.

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.

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.

This report was approved by the Board on 22nd July 2026 and signed on its behalf by:

Shelia Collins
Chair

BOARD MEMBERS' REPORT
FOR THE YEAR ENDED 31 MARCH 2026

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

Statement of the Board's responsibilities

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

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.

BOARD MEMBERS' REPORT
FOR THE YEAR ENDED 31 MARCH 2026

Disclosure of information to auditors

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

Post balance sheet events

On 27 April 2026, Stonewater (5) Limited completed the transfer of engagements of 97 homes from Porthove Housing Association Limited and The Rotary Club of Hove Community Housing Society Limited. Please see further details in note 26.

External auditors

Menzies LLP (formerly Beever and Struthers) were appointed as Stonewater's external auditors for 2025/26 on 30 July 2025 by the Board.

This report was approved by the Board on 22nd July 2026 and signed on its behalf by:

Sheila Collins
Chair

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STONEWATER (5) LIMITED

Opinion

We have audited the financial statements of Stonewater (5) Limited (the ‘association’) for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report and the Board members’ Report other than the financial statements and our auditor’s report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's Responsibilities set out on page 12, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We

enquired of the Board about any incidences of fraud that had taken place during the accounting period.

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

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

Use of our report

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

Signed by:
Menzies LLP
DBC7679AF0DF489...

Menzies LLP
Chartered Accountants
Statutory Auditor

20 Colmore Circus
Queensway
Birmingham
B4 6AT

Date: 17 September 2026

STONEWATER (5) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2026

	Note	2026 £000	*2025 £000*
Turnover	4a,5a	12,599	*11,595*
Operating costs	5b	(13,557)	*(12,001)*
Profit on disposal of fixed assets	9	531	*232*
Operating (loss)/surplus		(427)	*(174)*
Acquisition of Business		-	*3,607*
Interest receivable and similar income	10	3,045	*3,749*
Interest payable and similar expenses	11	(2,874)	*(2,822)*
(Deficit)/Surplus and total comprehensive (loss)/income for the year		(256)	*4,360*

The notes on pages 18 to 41 form part of these financial statements.

The financial statements were approved by the Board on 22nd July 2026 and signed on its behalf by:

Sheila Collins

Sheila Collins
Chair of the Board

Nicola Webber
Chair of the Risk and Assurance Committee

Syka Sheikh
Secretary

STONEWATER (5) LIMITED
REGISTERED NUMBER: IP031527

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

	Note	2026 £000	2026 £000	*2025 £000*	*2025 £000*
Fixed assets					
Tangible fixed assets housing properties	13		92,013		*92,977*
Other tangible fixed assets	14		1,564		*1,432*
			93,577		*94,409*
Current assets					
Stocks and work in progress	25	51		-	
Debtors due after more than 1 year	15a	27,450		*28,750*	
Debtors due within 1 year	15b	759		*540*	
Cash and cash equivalents		13,088		*14,886*	
		41,348		*44,176*	
Creditors: amounts falling due within one year	16	(4,604)		*(7,386)*	
Net current assets			36,744		*36,790*
Total assets less current liabilities			130,321		*131,199*
Creditors: amounts falling due after more than one year	17		(97,228)		*(97,868)*
Net assets			33,093		*33,331*
Capital and reserves					
Income and expenditure reserve			33,093		*33,331*
			33,093		*33,331*

The notes on pages 18 to 41 form part of these financial statements.

The financial statements were approved by the Board on 22nd July 2026 and signed on its behalf by:

Sheila Collins

Sheila Collins
Chair of the Board

Nicola Webber
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Syka Sheikh
Secretary

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

	Income and expenditure reserve	Total reserves
	£000	£000
At 1 April 2024	28,971	28,971
Comprehensive Income for the year		
Surplus for the year	4,360	4,360
At 1 April 2025	33,331	33,331
Comprehensive income for the year		
Loss for the year	(256)	(256)
Prior year Gift Aid receipts	18	18
At 31 March 2026	33,093	33,093

The notes on pages 18 to 41 form part of these financial statements.

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

1. Legal status

Stonewater (5) Limited 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 Association is a public benefit entity. Its registered office is Suite C Lancaster House, Grange Business Park, Enderby Road, Whetstone, LE8 6EP. The principal activities and operating base are set out in the Report of the Board.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the Association have been prepared on a going concern basis, under the historical cost basis of accounting in accordance with Financial Reporting Standard 102 (FRS 102).
This is the applicable standard in the United Kingdom and the Republic of Ireland and the Housing SORP 2018 “Statement of Recommended Practice for registered social housing providers” and comply with the Accounting Direction for private registered providers of social housing 2022.

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

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

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

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

The following principal accounting policies have been applied:

2.2 Going concern

After 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 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.

The Board obtains assurance of financial viability through the annual budgeting, reforecasting, and long-term business planning exercises. As part of this, we assess and stress test the availability of funding, liquidity, and compliance with lenders' covenants alongside other key metrics considered by other key stakeholders such as our regulators and credit rating agencies. Together, this ensures the Board has a continual and rolling process of reviewing and assessing our financial strength and viability.

Liquidity is monitored for the Group as a whole and if Stonewater (5) Limited required funds these will be supplied by Stonewater Limited via intercompany loan. 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 £205.0m.

2. Accounting policies (continued)

2.3 Turnover

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

2.4 Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable.

- Rental income is measured at fair value of the consideration received or receivable and represents the amount receivable for the services rendered net of any voids.
- The amortisation of social housing grant is applied by the accruals model in accordance with FRS102, and the income is released over the life of the associated structure component.
- Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

2.5 Service charges

The Association adopts a mixture of fixed and variable method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated or fixed amounts chargeable with adjustments for under/over recovery made in subsequent periods.

2.6 Operating costs

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

2.7 Value added Tax

The Association charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the statement of comprehensive income.

2. Accounting policies (continued)

2.8 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 22).

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. However, SHG may need to be repaid in certain circumstances.

2.9 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 of acquiring of land and buildings, development costs, and interest charges incurred during development. In addition, staff costs attributable to bring the housing property to bringing housing property into the 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 replaced components is capitalised if the component is classified as being wholly replaced. Any remaining net book value of the replaced component is disposed of and recognised as accelerated depreciation.

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 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.

2.10 Finance costs

Finance costs on bonds and notes 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument. For all other borrowings, finance costs are charged on an amortised cost basis.

2.11 Leasehold sinking funds

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

2.12 Income and expenditure reserve

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

2.13 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:

Furniture and office equipment	- 5 to 25 years
Computer Equipment	- up to 3 years

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.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.15 Fixed Assets and depreciation

Housing components are depreciated from the month following replacement. The estimated economic lives range (years) is as follows:

Boilers	15
Kitchens	20
Lifts	20
Solar Panels	20
Heating systems	30
Bathrooms and wet rooms	30
Windows and doors	35
Electrics	40
Roof cover	70
Structure	100
Retrofit/sustainability works	30

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.

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.

2.16 Impairment

An annual review is undertaken of existing social housing properties to determine if there has been an indicator of impairment in the current financial year for assets which may have suffered an impairment loss. The review is performed at 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 of 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 adjustment down to the recoverable value and an impairment loss is recognised as operating expenditure.

2.17 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.

2.18 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.

2.19 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.
Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.20 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.

2.21 Rent and service charge agreements

The association 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.

2.22 Loans, investments and short-term deposits

All loans, investments and short-term deposits held by the Association are classified as basic financial instruments in accordance with FRS 102.
These instruments are initially recorded 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 Association has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated in the statement of financial position at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

2.23 Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2.24 Cash and cash equivalents

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

2.25 Gift Aid

The Company receives a qualifying donation of all taxable profits from Stonewater Development Ltd and Stonewater Funding. The Gift aid received during the period is reflected in the accounts and for any remaining taxable profit not received by the year-end, will be received within 9 months of the year-end.

3. Judgments 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.

- Whether leases entered into by the group either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty:

- Tangible fixed assets (note 13 and 14)

  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.

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

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

	Note	Turnover 2026 £000	Cost of Sales 2026 £000	Operating costs 2026 £000	Surplus on disposal of fixed assets 2026 £000	Operating surplus / (deficit) 2026 £000
Social housing lettings	5	12,599	-	(13,557)	-	(958)
Other social housing activities						
Surplus on disposal of fixed assets	9	-	-	-	531	531
		-	-	-	-	-
		-	-	-	-	-
Total		12,599	-	(13,557)	531	(427)

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

	Note	Turnover 2025 £000	Cost of Sales 2025 £000	Operating costs 2025 £000	Surplus on disposal of fixed assets 2025 £000	Operating surplus/(deficit) 2025 £000
Social housing lettings	5	11,595	-	(12,001)	-	(406)
Other social housing activities						
Surplus on disposal of fixed assets	9	-	-	-	232	232
Total		11,595	-	(12,001)	232	(174)

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

5. a) Particulars of the income from social housing lettings

	General Needs 2026 £000	Supported / Housing for older people 2026 £000	Shared ownership 2026 £000	Affordable Rent 2026 £000	Total 2026 £000	*Total 2025 £000*
Rent receivable net of identifiable service charges	8,092	1,771	168	371	10,402	*9,943*
Service charge income	826	713	118	1	1,658	*1,323*
Net rent receivable	8,918	2,484	286	372	12,060	*11,266*
Amortised government grants (note 18)	239	53	6	7	305	*282*
Other income	11	221	2	-	234	*47*
Income from social housing lettings	9,168	2,758	294	379	12,599	*11,595*

5. b) Particulars of the expenditure from social housing lettings

	General Needs 2026 £000	Supported / Housing for older people 2026 £000	Shared ownership 2026 £000	Affordable Rent 2026 £000	Total 2026 £000	*Total 2025 £000*
Management	(3,397)	(748)	(98)	(251)	(4,494)	*(3,331)*
Service charge costs	(817)	(840)	(116)	(20)	(1,793)	*(2,395)*
Routine maintenance	(2,672)	(183)	32	(26)	(2,849)	*(2,912)*
Planned maintenance	(643)	2	(2)	(3)	(646)	*(676)*
Major repairs (note 13b)	(660)	108	(15)	(5)	(572)	*(686)*
Bad debts	(73)	(13)	-	(2)	(88)	*(118)*
Depreciation on housing properties – annual charge (note 7 and 13b)	(1,531)	(379)	(23)	(76)	(2,009)	*(1,823)*
Depreciation on housing properties – accelerated on disposal of components (note 7 and 13a)	(891)	(15)	-	(46)	(952)	*(118)*
Impairment on housing properties (note 7 and 13a)	(39)	-	-	(115)	(154)	*(66)*
Reversal of impairment (note 7 and 13a)	-	-	-	-	-	*124*
Expenditure on social housing lettings	(10,723)	(2,068)	(222)	(544)	(13,557)	*(12,001)*
Operating surplus/(deficit) on social housing lettings	(1,555)	690	73	(166)	(958)	*(406)*
Void losses	(162)	(46)	-	(12)	(220)	*(163)*

6. Units of housing stock

	At the start of the year	Additions	Disposals	Reclassific ations	At the end of the year
	Number	Number	Number	Number	Number
General needs	1,355	-	-	(5)	1,350
Affordable	44	-	-	1	45
Shared ownership	57	-	-	-	57
Supported housing	8	-	-	1	9
Housing for older people	245	-	-	-	245
Other	7	-	-	-	7
Total owned	1,716	-	-	(3)	1,713
Accommodation managed for others	630	-	(542)	3	91
Total owned and managed accommodation	2,346	-	(542)	-	1,804

7. Operating (Deficit)/Surplus

	2026 £000	*2025 £000*
This is arrived at after charging/(crediting):		
Depreciation of housing properties		
- annual charge (note 5 and 13)	2,009	*1,823*
- accelerated depreciation (note 5 and 13a)	952	*118*
Depreciation of other tangible fixed assets (note 14)	103	*53*
Impairment of housing properties (note 5 and 13a)	154	*66*
Reversal of impairment of housing properties (note 5b and 13a)	-	*(124)*

8. Employees, Directors' and senior executive remuneration

Stonewater Limited, the parent is the entity in the Group that employs staff. Stonewater Limited recharges a proportion of the staff cost to Stonewater (5) Limited. Employee information, including pension costs and the cost of directors and senior executives remuneration are disclosed in the consolidated financial statements.

9. Surplus on disposal of fixed assets

	Other housing properties	**Other fixed assets**	**Total**	**Total**
	2026	**2026**	**2026**	*2025*
	£'000	£'000	£'000	*£'000*
Disposal proceeds	644	223	867	*430*
Net book value of disposals	(122)	(159)	(281)	*(195)*
Other costs	(36)	(19)	(55)	*(3)*
Surplus on disposal of fixed assets	486	45	531	*232*

10. Interest receivable and similar income

	2026 £000	*2025 £000*
Interest receivable from group undertakings	2,780	*3,370*
Interest receivable and similar income	265	*379*
Total	3,045	*3,749*

11. Interest payable and financing costs

	2026 **£000**	*2025* *£000*
Interest payable to group undertakings	3,002	*2,940*
Amortisation of bond premium	(191)	*(184)*
Amortisation of bond discount	30	*29*
Amortisation of issue costs	7	*8*
Recycled capital grant fund (note 19)	26	*29*
Total	**2,874**	**2,822**

12. Taxation on surplus on ordinary activities

Stonewater (5) Limited is registered with charitable rules under Co-operative and Community Benefit Societies Act and as such received charitable relief from Corporation tax.

	2026 **£'000**	*2025* *£'000*
Current tax		
UK corporation tax charge/(credit) on ordinary activities	-	-
Total tax on surplus on ordinary activities	-	-
Total tax reconciliation		
(Deficit)/Surplus on ordinary activities before tax	(256)	*4,360*
Corporation tax charged at 25% (2025: 25%)	64	*(1,090)*
Effects of:		
Charitable tax exemption	(64)	*1,090*
Total tax charge	**-**	-

STONEWATER (5) LIMITED

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

13. a) Tangible fixed assets housing properties

	Housing properties held for lettings	**Housing properties for letting under construction**	**Shared ownership properties held for lettings**	**Shared ownership under construction**	Total
	£000	**£000**	**£000**	**£000**	£000
Cost:					
At 1 April 2025	105,934	-	2,821	-	108,755
Additions:					
- replace components	2,274	-	(2)	-	2,272
- others		3			3
Disposals:					
- Property	(150)	-	-	-	(150)
- Replaced components (note 9)	(1,234)	-	-	-	(1,234)
At 31 March 2026	106,824	3	2,819	-	109,646
Depreciation:					
1 April 2025	14,156	-	171	-	14,327
Transfer to Properties held for sale	-	-	-	-	-
Charge for the year (note 5 and 7)	1,986	-	23	-	2,009
Disposals during the year:					
- Property	(28)	-	-	-	(28)
- replaced components	(281)	-	-	-	(281)
At 31 March 2026	15,833	-	194	-	16,027
Provision for impairment:					
At 1 April 2025	1,452	-	-	-	1,452
Charge for the year (note 5 and 7)	154	-	-	-	154
Release in the year (note 5 and 7)	-	-	-	-	-
At 31 March 2025	1,606	-	-	-	1,606
Net book value:					
At 31 March 2026	89,385	3	2,625	-	92,013
At 31 March 2025	90,327	-	2,650	-	92,977

The schemes impaired in Stonewater 5 Ltd are as follows:

Scheme	Charge / (Reversal) £'000	No. of units affected	Carrying value prior to Impairment £'000
Mixed tenure Scheme 1	115	14	1,768
General Needs Scheme 2	39	32	5,097
	154	46	6,865

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

Scheme	Brought forward £'000	Reason for Impairment
Mixed tenure Scheme 1	350	NBV exceeded recoverable amount
General Needs Scheme 2	1,102	Cost of remedial works
	1,452	

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

	2026	*2025*
	£000	*£000*
The net book value of housing and other properties comprises:		
Freehold	84,229	*88,402*
Long leasehold	7,784	*4,575*
Total	92,013	*92,977*
Interest capitalisation:		
Rate used for capitalisation		
Works to properties:		
Improvements to existing properties capitalised (note 13a)	2,272	*3,695*
Major repairs expenditure to statement of comprehensive income (note 5b)	572	*686*
	2,844	*4,381*
Total social housing grant received or receivable to date as follows:		
Capital grant held in deferred income (note 18)	20,245	*20,561*
Recycled capital grant fund (RCGF) (note 19)	698	*642*
Amortised to statement of comprehensive income in year (note 5a)	(306)	*(282)*
Write back amortisation on disposals (note 18)	20	*111*
Cumulative amortisation to income and expenditure reserve	2,364	*2,058*

Properties held for security

The Association had 1,231 properties pledged as security at 31 March 2026 with a NBV of £53.2 m (2025: 1,234 properties, £51.1 m). The Association had 592 completed assets that have not been charged, with a net book value (NBV) of £31.4m (2025:592 completed assets, NBV: £30.7m). There are some properties that are not suitable for security charging.

.

14. Other Fixed Assets

	Freehold office £000	Furniture and office equipment £000	Site Equipment £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 April 2025	289	212	1,405	170	2,077
Additions	-	-	396	-	396
Disposals	(289)	(212)		(170)	(671)
At 31 March 2026	-	-	1,801	-	1,801
Depreciation					
At 1 April 2025	115	207	159	164	645
Charge for the year	-	20	77	6	103
Disposals	(115)	(227)		(170)	(511)
At 31 March 2026	-	-	237	-	237
Net book value					
At 31 March 2026	-	-	1,564	-	1,564
At 31 March 2025	174	6	1,246	6	1,432

15. a) Debtors

	2026	*2025*
	£000	*£000*
Due after more than one year		
Amounts owed by Group undertakings	27,450	*28,750*
	27,450	*28,750*

15. b. Debtors

Due within one year

	2026	*2025*
	£000	*£000*
Rent and service charge arrears	532	*583*
Less: Provision for doubtful debts	(191)	*(205)*
	341	*378*
Service costs to be charged in future periods	190	*85*
Amounts owed by group undertakings	103	*12*
Other debtors	60	*33*
Social housing grants receivable	-	*13*
Prepayments and accrued income	65	*19*
	759	*540*

Amounts owed by group undertakings includes a loan of £27.45m provided to Stonewater Developments Limited (2025: £28.750m, included in the Debtors after one year). This loan is made under a five year £70m loan facility expiring in 2029 and interest is charged at the Bank of England Base Rate + 4%.

16. Creditors: Amounts falling due within one year

	2026 £000	*2025 £000*
Housing loans internal (note 20)	168	*163*
Issue costs	(7)	*(8)*
Other creditors (incl directors loans)	635	*2,514*
Trade creditors	184	*113*
Accruals and deferred income	764	*103*
Tax due to HMRC	-	*4*
Amounts owed to group undertakings	1,143	*2,993*
Deferred capital grant (note 18)	430	*184*
Recycled capital grant fund (note 19)	572	*572*
Leaseholder sinking funds	716	*748*
	4,604	*7,386*

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

	2026 £000	*2025 £000*
Housing Loans internal	74,500	*74,500*
Housing loans premium	3,485	*3,665*
Housing loans discount	(568)	*(596)*
Issue Costs	(130)	*(148)*
Deferred Capital grant (note 18)	19,815	*20,377*
Recycled capital grant fund (RCGF) (note 19)	126	*70*
	97,228	*97,868*

18. Deferred capital grant

	2026 **£000**	*2025* *£000*
At 1 April	20,561	*20,744*
Transfer to RCGF (note 19)	(30)	*(12)*
Released to income in the year (note 5a)	(306)	*(282)*
Write back amortisation on disposals (note 13)	20	*111*
At 31 March	20,245	*20,561*
Amounts due for repayments:		
- within one year (note 16)	430	*184*
-greater than one year (note 17)	19,815	*20,377*
	20,245	*20,561*

19. Recycled capital grant

	HCA **2026** **£000**	*HCA* *2025* *£000*
At 1 April	642	*601*
Inputs to fund:		
Grants recycled from deferred capital grants (note 18)	30	*12*
Interest accrued (note 11)	26	*29*
Recycling of grant:		
At 31 March	**698**	*642*
Amounts due for repayments:		
-within one year (note 16)	572	*572*
-within two to three years (note 17)	126	*70*
	698	*642*

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

20. Loans and borrowings

Included within Housing loans internal is a loan of £74.5m (2025: £74.5m) from Stonewater Funding PLC, £4.5m of which is repayable in 2036, £30.0m in 2042 and £40m in 2045. Interest payable on housing loans are at varying commercial rates. Loans are secured by fixed charges on individual properties. In addition, £3.7m (2025: £3.9m) premium is amortised over the life of the loans and £0.6m (2025: £0.6m) discount is amortised over the life of the loans.

Maturity of debt:	**Bond on-lending 2026 £000**	*Bond on-lending 2025 £000*
In one year or less, or on demand (note 16)	168	*163*
Issue costs <1 year (note 16)	(7)	*(8)*
Less than one year	161	*155*
In more than one year but not more than two years	168	*168*
In more than two years but not more than five years	541	*523*
After five years	76,701	*76,887*
Issue costs	(123)	*(148)*
Greater than one year	77,288	*77,430*
Total loans	77,448	*77,585*

21. Share Capital

	2026 £	*2025 £*
At 1 April	12	*12*
Shares issued in the year	2	*1*
Shares cancelled in the year	(4)	*(1)*
At 31 March	10	*12*

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

22. Related party disclosures

The Association has taken advantage of the disclosure exemption available to subsidiary undertaking in FRS102 in respect of related party transactions with intra group companies. The Association transacted with a non-regulated entity (Stonewater Funding PLC) whose principal activity is to act as the capital markets issuance vehicle for the group. The management fee charged by Stonewater Funding PLC was £23k (2025: £23k).

	2026	*2025*
	£000	*£000*
Loan Balance provided by Stonewater Funding Plc (after issue costs) (note 20)	77,448	*77,585*
Interest charged - incl amortisation of bond premium and discount	2,770	*2,778*
Interest charged by Stonewater Limited	69	*7*

Under the facilities, the loans which are repayable at various dates through to 2045, 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.

Stonewater Limited provides a £50m loan facility to the Stonewater (5) Limited at in interest rate of the Bank of England Base Rate plus one per cent. The amount drawn fluctuated throughout the year and ended on a drawn amount of nil. The interest charged to Stonewater (5) Limited in the year was £69k (2025: £7k).

The total loan balance and interest charged to Stonewater Developments Limited in the year was:

	2026	*2025*
	£000	*£000*
Loan Balance to Stonewater Developments (note 16a)	27,450	*28,750*
Interest received (note 10)	(2,780)	*(3,370)*

23. Capital commitments and Operating lease

The Association had no capital commitments or operating leases at 31 March 2026.

24. Contingent Liability

Government grants of £0.03m relating to housing properties acquired through the business combination with Bristowe (Fair Rent) Housing Association have been recognised within the gain arising on gift of net assets. As the associated housing properties were recognised at fair value on acquisition, no corresponding grant liability has been recorded within creditors. Should these properties be disposed of in the future, Stonewater would be required to either repay or recycle the associated grant in accordance with grant funding conditions.

25. Stocks and work in progress

	2026	**2025**
	£'000	**£'000**
Stocks and work in progress	51	-

26. Post balance sheet events

On 27 April 2026, Stonewater (5) Limited 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 non-adjusting post balance sheet event. Accordingly, no adjustments have been made to these financial statements. Porthove Housing Association Limited is a registered society under the Co-operative 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 Co-operative and Community Benefit Societies Act 2014 (registration number 15012R).

27. Business combinations

Combinations that are in substance a gift

Stonewater (5) Limited did not enter into any business combinations during the financial year.

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