Annual Report And Financial Statements

2024/2025

Sanctuary Group

Connie-Mae at Blacon Adventure Playground

Contents

Pictured on the front cover is resident John Dennis with staff member Bernadette Richardson at Blackwood Residential Care Home in Camborne

Icon key
Links to website

Year At A Glance 2024/2025 Highlights

Group revenue

£1,179m

8.7% growth

Homes in management

125,719

Housing regulator rating

G1 Governance

V2 Viability

New **C2 Consumer**

Group credit rating

A2 Moody's

A Standard & Poor's

Southam Road development in Banbury

Housing resident satisfaction

64%

Care resident satisfaction

95%

Employee engagement – Your Say engagement score

80%

Underlying operating surplus margin

19.2%

Operating surplus margin

18.3%

Capacity – Cash, undrawn facilities and available security

£2.2bn

Energy Performance Certificate ratings – Average rating

71.5

Carbon emissions – Tonnes of CO_2e per employee

2.91

Gas safety checks

99.7%

Fire safety checks

99.9%

Asbestos safety

99.3%

New homes built (incl. JVs and consortia)

881

Homes on-site and in development

3,307

Vacant stock

2.5%

Care Quality Commission ratings - Sanctuary Care (Good or Outstanding)

95%

Care Inspectorate ratings - Sanctuary Care (Good or higher)

95%

Care occupancy

90%

Student occupancy

95%

Group Chair And Group Chief Executive's Statement

As one of the largest not-for-profit housing and care providers in the country, we exist to serve our customers.

Over the last 12 months we have continued to grow and invest, underpinned by our focus on strong governance and financial resilience.

This is evidenced in the results of our recent planned inspection from the Regulator of Social Housing, which saw us retain our G1 governance and V2 viability ratings. We were also inspected for the first time under the Regulator's consumer standard, with our rating of C2 demonstrating we are generally meeting the consumer standards expected.

While we welcome the results of these regulatory assessments, we recognise that there is more to do, and we will use all feedback received to ensure we continue to put our customers first and drive improvements across our services.

For the third consecutive year, we have delivered record reinvestment in our homes – spending £122 million in 2024/2025. This ensures our homes are safe, secure and fit for purpose, and places where our customers feel proud to live. We also secured £44.3 million of grant funding through the Government's Warm Homes: Social Housing Fund Wave 3. When combined with our own funding, this will see an investment of £80 million in our homes which will directly benefit our customers by improving the energy efficiency of their homes and reducing fuel bills.

Alongside investing in our customers' homes we've delivered a strong operational performance – notably in compliance performance, reducing void properties, and increasing occupancy in our commercial operations.

We have seen real success and progress in the full integration of Swan Housing and we are realising the benefits of our acquisition of Johnnie Johnson Housing following the Transfer of Engagements in January. Growing our services enables greater investment in our homes and services, and combining the best of both organisations makes us more efficient and more resilient.

While we have achieved a solid operational and financial performance in 2024/2025, the wider economic environment continues to present challenges for our sector. In common with our peers, we will no doubt see sustained cost pressures from National Insurance and National Living Wage increases; inflation; increased compliance, regulatory and environmental requirements; and higher customer expectations.

However, through careful financial stewardship and a measured approach to growth, we retain the strength and stability to invest in our homes and services. In doing so, we ensure that we can deliver on our commitment to putting our customers first.

Group Chief Executive Craig Moule, Group Chair Andrew Manning-Cox and resident Philip Richards

Group Chair And Group Chief Executive's Statement (Cont.)

Sanctuary now manages more than 125,000 homes across England and Scotland, with our recent growth bringing real, tangible benefits as well as demonstrating our continued strength and stability, and standing as a partner of choice for other organisations or those experiencing financial difficulty.

Alongside growth through acquisitions, we continue to develop much-needed new affordable homes, delivering around 900 new homes during 2024/2025. It's important to recognise that registered providers still have limited capacity to develop, but we are committed to exploring opportunities to deliver more new homes within our financial guidelines and without diverting essential investment away from existing homes.

We welcome the Government's announcement of a £39 billion investment in affordable and social housing in the recent Spending Review. This, alongside the 10-year rent settlement, gives us greater certainty and improves our ability to do this.

With continuing challenges in the market and an increasing number of contractors experiencing financial difficulties, we have also made significant further investment in our own in-house construction team – enhancing our resilience and ensuring the delivery of new homes to schedule and to the high quality expected.

We will carry on investing in our infrastructure, and in delivering innovative processes and services that improve the experience of our customers and colleagues.

The last 12 months have seen us complete the rollout of our multi-million-pound OneProperty programme. Internally, we have also invested in an improved HR and payroll system, MySanctuary, alongside a new modern intranet. Both bring significant benefits for our customers and colleagues.

In addition, 2025/2026 will see us launch our new Customer Experience programme. This will give our customers the choice to manage their homes through a new customer portal, as well as helping our colleagues serve our customers better by bringing their information into a new Customer Relationship Management system.

In our Care business, we continue to proudly deliver services designed for people, not profit, through our Enriching Lives framework. This has resulted in 95% of our homes being rated as 'Good' or 'Outstanding' by the Care Quality Commission in England and 95% as 'Good' or higher by the Care Inspectorate in Scotland.

We are also delivering a high level of service across our Supported Living operation, with 95% of our services rated as 'Good' or 'Outstanding' by the Care Quality Commission.

As part of our long-term strategic planning, we continue to explore actively the potential sale of our student accommodation assets.

While our Student business is thriving, the potential sale from a position of strength would unlock and recycle capital for new investment in our existing homes and services in other parts of the business. We will only proceed if doing so aligns with our strategic objectives, and our commitment to our customers and to delivering high-quality services remains unchanged.

Looking ahead, we recognise the pressures and economic factors impacting the sectors in which we operate, and the challenges both we and our customers face as a result.

The need for more affordable homes is greater than ever, while economic uncertainty and sustained cost-of-living pressures continue to have an impact, disproportionately so on those most vulnerable in our society.

However, through our strong governance, financial resilience and the strength and commitment of our people, we stand ready to invest in our existing homes, help build the new homes this country needs, and to deliver on our objectives for the benefit of our customers.

Andrew Manning-Cox
Group Chair

3 July 2025

Craig Moule
Group Chief Executive

Resident Advisory Panel And Resident Scrutiny Panel Chairs' Statement

Resident Scrutiny Panel Chairperson,
Marc Woollard

Resident Advisory Panel Chairperson,
Jean McDonnell

Sanctuary is committed to putting its customers at the heart of everything it does.

This two-way relationship is essential in enabling Sanctuary to continuously improve and deliver the best possible service and outcomes for residents.

Our Resident Advisory Panel and Resident Scrutiny Panel play an essential role in shaping the decisions Sanctuary makes. We do this by working closely with the Group Board, Group Housing Board, Chief Customer Officer and wider Executive team.

The Resident Advisory Panel focuses on sharing residents' views to shape services and ensure customer voice is central to decision-making.

Alongside this, the Resident Scrutiny Panel plays a vital role in reviewing and directly influencing the services Sanctuary provides.

Together, the panels lead a cohesive and wide-reaching framework for resident engagement and ensuring diverse customers are involved and directly influencing across all operational levels.

As well as being the Chairs of the Resident Advisory Panel and Resident Scrutiny Panel, we're both Sanctuary residents. This brings a dual perspective – we see first-hand the breadth and volume of work that Sanctuary and its involved customers are carrying out together, as well as how these efforts improve services and outcomes.

Alongside this, we are two of the four residents who sit on Sanctuary's Group Housing Board. This is another important forum through which customers can provide valuable insight, make decisions and directly influence the things that matter most to them.

This year, Sanctuary has undergone its planned inspection by the Regulator of Social Housing. We were pleased that both panels were fully involved in this process, meeting with the regulator to share customer views and experiences.

Equally pleasing is the outcome of the inspection, with the Regulator of Social Housing confirming that Sanctuary's approach to engagement is delivering the required outcomes, and that the customer voice is evident through strategies, policies and decision-making.

This assessment mirrors what we see ourselves. More Sanctuary residents than ever before are being asked about their experiences and having the opportunity to share their views. Whether that's through intensive engagement in our resident panels or simply answering a quick feedback survey, there are an ever-growing number of ways through which Sanctuary's customers can get involved.

Over the last year we've also seen continued growth in local engagement activities, with more than 2,000 Customer Focus Days and drop-in sessions taking place across the country and around 13,000 customers taking part.

This is something we're delighted to see, and another clear demonstration of customers being at the heart of Sanctuary services.

We've also witnessed the strengthening of top table engagement outside of the Resident Advisory Panel and Resident Scrutiny Panel, with Customer Mentors appointed for around 15 of Sanctuary's senior leaders. This is already delivering a valuable two-way relationship and adds another powerful way for customers to share their experiences directly with decision-makers.

Sanctuary's approach to shaping services is guided by its Customer Outcomes Framework, which was developed directly with the Resident Advisory Panel and with input from more than 5,000 customers. The framework is based on the things customers have expressed are most important to them – feeling proud, feeling safe, and feeling respected.

This framework underpins Sanctuary's real-time approach to feedback – whether it's how customers felt moving into their home, contacting the Customer Hub, requesting a repair or making a complaint, proactively seeking feedback in the moment is a core part of Sanctuary's commitment to constantly improving.

More than 20,000 customers have shared their views this year. While most are satisfied, the mechanisms in place help ensure that any issues raised are followed up and resolved and used to drive continuous improvement and learning.

This year the Resident Advisory Panel and Resident Scrutiny Panel have been directly involved in an internal audit as part of Sanctuary's proactive work around damp and mould. The Resident Advisory Panel also co-created Sanctuary's Vulnerable Customers policy and continued to directly influence the development of the Sanctuary Census – seeking to gather better data and information about customers so Sanctuary can deliver high-quality, tailored services for all.

Resident Advisory Panel And Resident Scrutiny Panel Chairs' Statement (Cont.)

William Hogg and Parag Hazarika on a scheme visit

Noele Court Resident Janet Spiers and
Area Manager - Housing Vanessa Brooks

We've seen the continued expansion of our Communities of Interest, while the Resident Scrutiny Panel has carried out a full review of Sanctuary's first Tenant Satisfaction Measures results from the Regulator of Social Housing. Alongside this, we've launched deep-dive service reviews into the things that impact strongly on customers.

Both we and Sanctuary recognise the importance of listening to the voices of all customers; for our panels to truly deliver, they need to represent the strength of diversity in Sanctuary's local communities.

Over the past year, customers from Johnnie Johnson Housing have been co-opted to our panels. Following the Transfer of Engagements of Johnnie Johnson Housing to Sanctuary, we have also recruited permanent panel members from the Johnnie Johnson customer base.

Overall, on behalf of both of our panels, we reflect on the last year with a great deal of satisfaction – and we look ahead with excitement to the next 12 months.

Alongside the continuation of all the engagement work already in place, customer voice is at the heart of the development of Sanctuary's new Customer Experience programme – a significant investment that will deliver real improvements for residents and give them greater choice and flexibility over how they manage their homes.

It's clear to us that Sanctuary's customers now have a more powerful voice than ever before, and we continue to encourage more and more Sanctuary customers to get involved.

We're proud to be at the heart of that process, and we're proud of the impact it is having to help Sanctuary in its goal of delivering great customer outcomes and safe, good-quality homes.

Strategic Report

Our Corporate Strategy

Housing Officers Ainsleigh Butters and Heather Paterson

Our Corporate Strategy sets out our strategic objectives – putting our customers first, investing in our assets and growing our services.

We review our strategy each year to ensure our objectives remain accurate, achievable and align to our values and behaviours. It's important our strategic plans are designed with the long-term in mind, so we seek feedback from colleagues, customers, Executives and Group Board to help shape these.

During the latest review, we reaffirmed our commitment to our three objectives and made some changes to reflect specific areas we're going to focus on to help us deliver. These include:

- Strengthening engagement with our customers.
- Expansion of technology to improve services through new programmes.
- Improved access for customers to their local housing teams.
- Increased focus on decarbonisation of our homes, linking to retrofitting and fuel poverty goals.
- Strategic asset management of our homes.
- Greater focus on the importance of placemaking and high-quality design in the development of new homes.
- Expanding our in-house construction team.

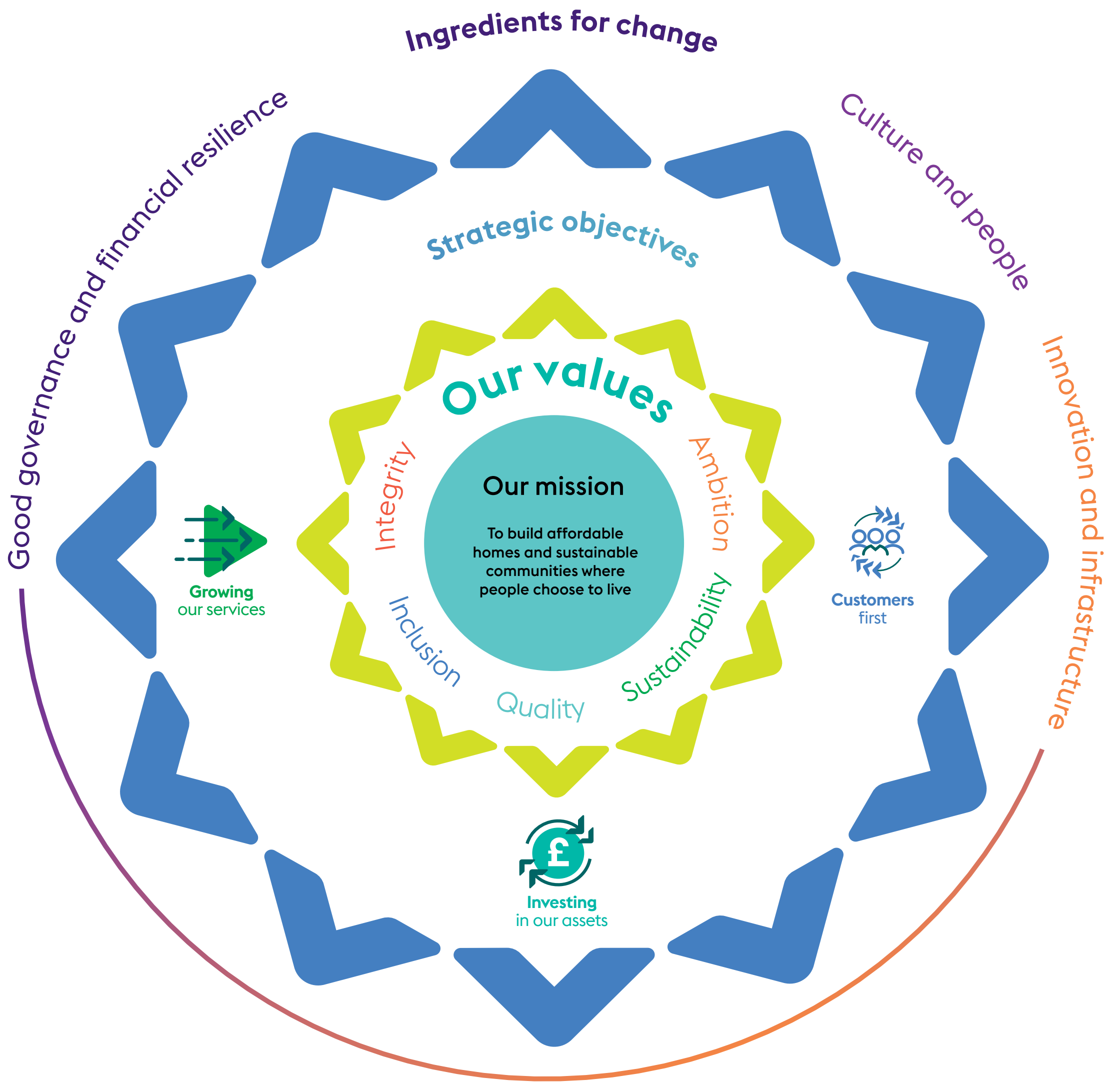
"Our current strategy places us in a strong position to continue to work with our customers to **improve our services** and **deliver our mission**."

Our financial strength and strong governance mean we can ensure the long-term sustainability of our homes and communities, and continue to build on Sanctuary's long and proud history of delivering our charitable social purpose.

Our current strategy places us in a strong position to continue to work with our customers to improve our services and deliver our mission – to build affordable homes and sustainable communities where people choose to live.

Our priorities are supported by our Value for Money Strategy to ensure that we make the best use of our spend. The key performance indicators against which we measure value for money performance are included in the Value For Money section of this report.

Read our Corporate Strategy
Corporate Strategy



Our Customers

Housing resident satisfaction

64%

Care resident satisfaction

95%

"As well as **improving our systems and services**, we continue to increase direct **engagement** with our customers."

Betty Glanville and Doreen Asare at Chyvarhas Residential and Nursing Home in Callington

Our customers are at the heart of everything we do. We embed a customer-first approach from the ground up – listening to what is important to our residents and involving them at every level in the design of our processes and systems.

Over the last year we have continued to increase direct engagement with our customers, gathering and acting upon more of their insight than ever before.

In our Housing business, we heard from 24,000 customers through our expanded Voice of the Customer programme – seeking their opinions on everything from repairs to our handling of complaints, and how we tackle issues like damp and mould and antisocial behaviour.

As part of this work, we have continued to increase our focus on direct local engagement. During 2024/2025 we have delivered more than 2,000 local engagement events, attended by around 13,000 customers.

We have also set up new Community of Interest groups across our regulated housing services, which provide customers with an opportunity to share their views on how we're performing and what we can do better. Each group brings people with similar interests together to focus on one topic. More than 1,000 customers are already engaging with us through these groups.

Through Tenant Satisfaction Measures reporting, we engaged with 3,993 residents in England across our regulated housing services, asking them to share their feedback and rate the services we provide.

Our Tenant Satisfaction Measures showed a marked improvement in compliance, repairs service and complaints related scores; ensuring our customers are safe in their homes and that – when we don't get things right – we have an effective complaints service that supports our customers and helps us to learn. Our customer perception scores remained broadly in line with last year, although our overall satisfaction has reduced slightly to 64%. Our aim is to keep improving and we remain focused on delivering our existing strategic improvement plans.

In Scotland, we were delighted to see the results of our three-year tenant satisfaction survey, which showed an improvement in satisfaction ratings from 71% in 2021 to 84% in 2024.

Our customer-first approach and commitment to listening to our residents and involving them in shaping our services extends right across the business.

In Sanctuary Care we work closely with our residents to create spaces where they feel comfortable and fulfilled. This is reflected in our Care resident satisfaction score, which remained high at 95%.

In Students our participation in the Global Student Living Index (GSLI) survey has provided valuable insights into student experiences, allowing us to refine our approach to service delivery. This year, student satisfaction rose by 5% to 77%.

Having this level of insight allows us to directly address the things that our customers have told us matter most to them. We use this feedback to understand local customer need and plan improvements that drive meaningful change.

This approach complements the significant investment we are making in systems to drive operational efficiency and improve customer experience.

Over the last 12 months we have completed the rollout of our OneProperty programme across England – bringing improvements to how we serve our customers through more effective use of data and easier recording and diagnosis of maintenance issues across our homes. This will help us to further improve our repairs performance.

To complement OneProperty, we will launch our new Customer Experience programme in 2025/2026. This will give our customers the choice to manage their homes through a new customer portal, as well as introducing a new Customer Relationship Management system to help colleagues serve our customers better.

This project represents a significant investment in technology that will make things better for customers, better for colleagues and better for Sanctuary.

Sophie and Lily at Blacon Adventure Playground

Sustainable Communities

We build affordable homes and create sustainable communities where people choose to live. As a not-for-profit social housing provider, we re-invest any surplus income generated. Improving our homes and communities remains our priority.

Our mission goes beyond providing a place to live and includes our Sustainable Communities Programme, which builds resilience and connection by supporting our customers and their communities to create sustainable ways to drive change for themselves.

Our approach is Asset Based Community Development which is place-based, community-led and focuses on growing capacity at a local level, building on the existing skills, assets and passions that exist to build strong communities where people can thrive.

In the past year our programme achieved £3.1 million charitable investment in 333 community initiatives. We work alongside a network of over 200 hyper-local community groups to:

- **Build resilience** – aiming for communities to have the resources, capacity, and confidence to support each other, and to learn and adapt through change to emerge strong.
- **Build connection** – supporting a healthy, thriving community and individual aspirations through building relationships and sharing local knowledge and skills. A connected community has confidence, shared goals, and support to realise these.

Housing and Communities Connector Kieran Renshaw and Community Cafe volunteer Natasha Cox, Toryglen

Last year our community connector model supported 3,179 residents through early intervention, targeting key points of a tenancy to start the process of belonging and reduce the risk of homelessness. Developed by our community team in Scotland and growing in England, our Community Connectors adopt a person-centred and trauma-informed approach, working with residents to identify circumstances that may pressure their tenancy. They discuss and implement plans to address immediate issues and consider longer-term factors such as trauma and poverty and connect them back, or keep them connected, to their communities.

Our National Customer Support Offers helped 1,007 customers to access financial awards totalling £173,218 last year. With many people facing extra challenges due to the cost-of-living crisis, our Hardship Fund gave an additional route of support. The awards helped with food, energy and other essential household costs. Examples included: supporting a customer in a complex domestic situation to access legal advice; and helping a customer to purchase photo identification, making it possible to open a bank account and receive benefit payments.

Alongside our work in local communities, we proudly support veterans and members of the Armed Forces family. We've signed the Armed Forces Covenant and our Silver status under the Defence Employers Scheme reflects the support we offer to veterans and their families, helping them to transition to civilian life.

We do this through providing affordable accommodation or signposting to local authorities. Working with Armed Forces charities, we help customers to access adaptations and aids.

We have also achieved Forces Friendly status in a number of our care homes and will continue to focus on supporting veterans living in our schemes.

As an employer, we also offer accessible career opportunities in a supportive culture that champions positive and open communication around mental health.

Following the acquisition of Johnnie Johnson Housing in 2024, we presented a combined donation of £200,000 to SSAFA, the Armed Forces charity. This is already making a significant difference to veterans and their families.

We also run a successful organisation-wide Charity of the Year initiative, encouraging colleagues to raise awareness and funds for charities relevant to our sector. Since launching the programme, colleague fundraising and our match-funding has raised more than £105,000 for the causes we have supported.

Shiregreen lantern festival

Investing In Our Assets

A record
£121.6m
spent on investment in existing homes

"Investing in our assets remains one of our key strategic objectives. This ensures our customers live in **safe and secure homes** that are fit for the future."

Coppice View, Malvern

Homes In Management

We have a proud history of mergers, acquisitions and development, which has enabled Sanctuary to grow into one of the largest social housing and care providers in the UK. We now own and manage more than 125,000 homes across England and Scotland, providing safe and secure housing for more than 260,000 people.

Through the building of new high-quality affordable homes and the regeneration of communities, we play a key role in tackling the national housing crisis. We work closely with local partners to develop homes for a variety of needs and styles, with the aim of creating sustainable communities where people choose to live.

	Group		Association	
	2025	**2024**	**2025**	**2024**
Social housing accommodation:				
General needs housing	64,072	63,394	47,497	45,573
General needs housing affordable rent	7,228	7,049	3,371	3,192
Supported housing accommodation	4,566	4,734	3,386	3,421
Supported housing affordable rent	140	108	7	5
Housing for older people	12,824	13,062	12,379	10,240
Housing for older people affordable rent	604	604	110	110
Social care homes	200	212	160	172
Keyworker (social lets)	1,415	1,418	509	514
Shared ownership	5,220	5,211	3,101	2,470
Home ownership	9,604	9,534	5,174	5,056
Social housing leased outside Group tenancy	369	366	171	171
	106,242	**105,692**	**75,865**	**70,924**
Non-social housing accommodation:				
Student and keyworker (non-social lets)	10,692	10,693	6,945	10,461
Registered care homes	5,643	5,678	1,910	1,945
Commercial	267	267	153	153
Market rented accommodation	182	174	79	75
Other non-social rental accommodation	425	370	-	6
Non-social leased housing	1,888	1,857	62	62
Non-social housing leased outside Group agreements	380	363	380	363
	19,477	**19,402**	**9,529**	**13,065**
Total homes in management	**125,719**	**125,094**	**85,394**	**83,989**

Reinvestment In Our Homes

	Group	
	2025	2024
	£m	£m
Planned reinvestment	76.3	69.1
Responsive capital	40.9	36.5
Remodelling	11.0	8.4
Fire safety	3.2	7.3
	131.4	121.3
Grant funding	(9.8)	(6.2)
	121.6	115.1

Investing in our assets remains one of our key strategic objectives. This ensures our customers live in safe and secure homes that are fit for the future.

As a not-for-profit organisation we reinvest all surplus income into our homes and services. For the third consecutive year we have made record reinvestment in our homes for the benefit of our customers.

Alongside planned spend, we significantly increased our repairs budget in 2024/2025 as part of our wider repairs improvement plan.

Through this, we are aiming to increase the proportion of repairs completed on time, first time, as well as enhancing customer satisfaction with our repairs service.

Alongside improvements driven by our investment in our OneProperty and Customer Experience programmes, we are committed to using lessons learnt from complaints and service failures to drive sustained improvements for our customers.

We continue to operate a zero-tolerance approach to damp and mould. As well as working with customers to diagnose and resolve any issues at an early stage, we are committed to proactively surveying customers who have experienced issues with damp and mould to ensure their concerns have been resolved.

With more than 125,000 homes in management, one of the biggest impacts we have on the environment is through the energy efficiency of our buildings. As well as upgrading components such as lifts, windows, roofs and doors to ensure our homes are well-maintained, our reinvestment programme also includes work to make our homes more sustainable.

We continue to work through our plans to decarbonise our homes by 2050, a key step of which is achieving Energy Performance Certificate Band C for all social homes in England and Scotland by 2030. We continue to maximise the investment we make in our homes through the effective use of available Government grants, match-funded to ensure we can improve energy efficiency and support the reduction of customers' bills. Most recently, we have been awarded £44.3 million in grant under the Government’s Warm Homes: Social Housing Fund Wave 3, making us the largest single recipient under this round of funding allocations.

Across all our services, our future asset plans are based on a range of data sources, as well as customer insight. This ensures we target our investment where there is the greatest need. We will continue to focus on enhancing the data on our properties to enable us to plan effectively.

Building Safety

We take building safety very seriously and are committed to ensuring the right provisions are in place to protect our customers. This includes carrying out remediation work and prioritising properties based on the specific level of risk, so we are completing the most important jobs as quickly as possible.

Throughout the year we have increased our investment in measures that improve the safety and compliance of our customers’ homes. Work in this area has included enhanced fire safety measures, such as the installation of new fire alarm systems across thousands of homes.

The rescue of Swan Housing Association brought a number of additional high-rise buildings into Sanctuary. We have completed our programme of PAS9980 assessments on these properties and, where remediation works are required, these buildings have been fully integrated into our fire safety programme.

We aim to complete the remediation of all properties where works are required by 2029, working collaboratively with our customers and leaseholders to minimise disruption. We also ensure any necessary interim safety measures are put in place until the remediation work is carried out. While we have set aside funding as part of our long-term financial planning, we have worked extensively to recover costs from either the original developers or the relevant Government funding schemes.

For all of our high-rise buildings, we have expanded our team of designated Building Safety Managers, who are responsible for engaging with customers and ensuring we have a golden thread of information to meet the requirements of the Building Safety Act.

To provide assurance regarding our approach to safety and compliance, we have secured ISO45001 accreditation following a series of external assessments. Meeting this standard evidences the robustness of our safety management systems and the measures in place to protect our colleagues and customers.

We will continue to assess changing regulations as they emerge, to ensure we are well prepared for future changes. This includes the anticipated changes arising from the implementation of Awaab’s Law. In preparation we have been implementing changes to our training, systems and processes to improve the identification and prioritisation of potential hazards.

Building Safety Technical Lead Laura Mills at Hampton View

Growth

Group revenue

£1,179m

Homes in management

125,719

"We will continue to seek opportunities for expansion where they are in line with our core social purpose and where it is in the best interests of customers."

Mayor Lutfur Rahman, Executive Mayor of London Borough of Tower Hamlets visits the Blackwall Reach site

Growing Our Services

Growth remains one of our key strategic objectives and we continue to meet this priority through expansion of our services. We have been operating for more than 50 years and our growth over this time is due to our ability to bring together the best of organisations and move forward in the best interest of our customers.

As a leader in our fields, we understand we also play a wider role in ensuring the resilience of the sectors in which we operate, and the continued provision of essential services to people from all backgrounds. We will continue to seek opportunities for expansion where they are in line with our core social purpose and where it is in the best interests of customers.

In January 2025, 11 months after joining Sanctuary as a subsidiary, we completed the Transfer of Engagements with Johnnie Johnson Housing and stopped using the Johnnie Johnson Housing name and brand. Customers now receive their services and communications under the Sanctuary brand.

In the last 12 months, we have also successfully completed the full operational integration of Swan Housing Association into Sanctuary. The final stage saw the transition of Swan customers to Sanctuary's operating model for housing and property services.

Investment in the construction of new homes and regeneration projects is integral to the growth of our services, while helping to meet the need for new high-quality housing in communities across England and Scotland.

We have made considerable progress on our flagship Victoria development in Glasgow, which is delivering 409 new homes and commercial units at the heart of the city.

We are also nearing completion of our brand-new Blackberry Court retirement community in Streethay, near Lichfield. Offering rental apartments and bungalows, as well as communal facilities, it has been designed to offer comfort, independence and peace of mind for people aged 55 and over.

Our major town centre regeneration scheme in Laindon, Essex, has gathered pace with the start of highways work to provide access to the development site and work will commence on Beechwood North regeneration site which will deliver 96 affordable homes.

In the London Borough of Tower Hamlets, we reached a significant milestone with the completion of Blackwall Reach Phase II delivering 268 mixed tenure homes. The demolition of the last building at Robin Hood Gardens is the latest stage in the project, which will deliver around 1,500 new homes for local people. In Barne Barton, Plymouth, we have started building the first new homes through our regeneration project, using our own in-house construction team.

In our Care operation, we have started construction of our first Vivant Care home in Dartmouth, Devon. The 63-bed home will offer the highest standards of living for residents with a single pricing structure. The Cornwall Care redevelopment programme will remain a key focus. Start on sites are anticipated for the first two care homes, one in Truro and one in Carbis Bay.

Staff member Hayley Newton taking a resident for a walk in the gardens at Ivydene Residential and Nursing Home, Plymouth

Culture And People

Employee engagement – Your Say engagement score

80%

“Recognising and rewarding the hard work of our employees ensures they feel **valued** and **motivated to be their best**.”

Sanctuary Stars Awards 2024

As an employer of choice, our people make Sanctuary the success it is today. We’re proud to employ more than 14,000 colleagues who are committed to our mission and values, and who take ownership of the services we deliver.

Recognising and rewarding the hard work of our employees ensures they feel valued and motivated to be their best. Our Sanctuary Stars awards scheme recognises the outstanding performances of individual colleagues and teams who go above and beyond in their roles and live to our values. Colleagues are also recognised for employment milestones through our loyalty awards scheme and have access to a range of discounts, wellbeing resources and benefits through our e-hub online reward package.

Colleague feedback helps us to improve the way we work and ensures everyone feels valued. Our annual Your Say survey allows colleagues to share their views on how to make Sanctuary an even better organisation. We were delighted to see an increased engagement score to 80%. This was three percentage points more than in 2024 – bucking national trends of declining engagement – and even more colleagues took part in the last survey. Our commitment to our colleagues is also evidenced by our multiple Investors in People Gold accreditations across Sanctuary – reflecting the strength of our offer to colleagues and our commitment to being an employer of choice.

In addition, our Sanctuary Supported Living division received the Housing with Care Employer Award at the 2025 national Housing with Care Awards – recognising the commitment we have made to creating a workplace where people feel supported, valued and inspired to grow.

Our dedication to diversity and inclusion across all our operations remains steadfast. We aim to embed a culture where each of our colleagues can thrive and be themselves, enabling us to attract, develop and retain the best people.

Setting the right culture also helps colleagues feel engaged and part of a truly inclusive organisation. In the last 12 months we have refreshed our behaviour framework to help make our values real and meaningful every day. We have also seen increased membership and colleague engagement with our four staff networks – PRISM (LGBTQ+), Race Equality, Parent, and Disability – which support with embedding an inclusive culture.

We continually invest in our people and services to develop high-performing teams for the benefit of our customers. Access to the latest tools supports colleagues to be the best in their roles.

Over the last 12 months we have introduced our new MySanctuary system to improve our HR, payroll and expenses services. We have also launched a new modern intranet, Pulse. Pulse provides a one-stop shop for colleague communication and collaboration, providing quick and easy access to the latest Sanctuary news, information, resources, platforms and processes within a secure, cloud-based environment. Both platforms are accessible to colleagues on work and personal devices, giving them access to information to do their jobs with ease.

In addition to services, we also continue to ensure our office portfolio meets current and future needs while providing value for money to the business.

Investing in colleagues helps them to develop in their roles. Nearly 40 colleagues have taken their Chartered Institute of Housing Level 4 or 5 qualifications over the last year. Alongside this, our Learning Academy facilitates learning and development across the organisation. More than 46,000 colleagues attended online and in-person webinars over the last year, with a total of 226,745 e-learning courses completed in addition. As well as investing in colleagues’ development, we seek to retain and attract new talent to the organisation, including through our apprenticeship and graduate schemes. Over the last year, there were 300 active apprenticeships across the organisation, and four new graduates joined us.

Cultural Diversity Day 2024

Celebrating the Investors in People - Gold award

Innovation And Infrastructure

To deliver our strategic commitments it is essential we drive a culture of innovation and continuous improvement.

As well as investing in the construction of new homes, we continue to invest in our services to improve customer and colleague experience. We have completed the initial rollout of our OneProperty programme. The system is enabling more accurate diagnosis of maintenance issues and supporting better decision-making by enhancing the visibility of data on our homes. Our customers are better informed on the progress of their repairs.

We will launch our new Customer Experience programme in 2025/2026. This will allow customers to manage their homes through a new customer portal and give colleagues a complete view of our customers when and where they need it.

We also continue to progress our service charge transformation project. The project will enhance our approach to communicating with our customers about their service charges, providing information in a more accessible and understandable way. Alongside these benefits, it will also drive efficiency, deliver greater flexibility, and improve forecasting and modelling capacity.

Technology Asset Administrators Faizan Hussain and Luke Burton

Support Technician Bianca Duran

We also invest in solutions to ensure our 14,000 colleagues have the right tools to deliver their work.

Underpinning all our technology investment is our programme to upgrade to a next-generation network. This is a multi-million-pound investment to improve and extend data connectivity for both colleagues and customers across Sanctuary. Through this work, we're putting in place secure, resilient, manageable and extensive network coverage to meet the needs of the modern workplace and the expectations of our customers.

We have already rolled out the upgrade to more than 250 sites, with more than 640 in scope in total, including our care homes, supported living services and housing offices.

To further support innovative ways of working, our Future Workspaces programme continues to review our office estate around the country. The programme ensures we are delivering best value for money by closing outdated office spaces and creating contemporary, fit-for-purpose office hubs with up-to-date technology close to our communities.

"As well as investing in the construction of new homes, we continue to **invest** in our services to **improve customer and colleague experience**."

Environment And Sustainability

Energy Performance Certificate ratings – Average rating

71.5

Operational carbon emissions – Tonnes of CO_2e per employee

2.91

"We are committed to being an **authentic leader** on decarbonisation."

We have publicly shared our carbon footprint and progress towards net zero for more than five years.

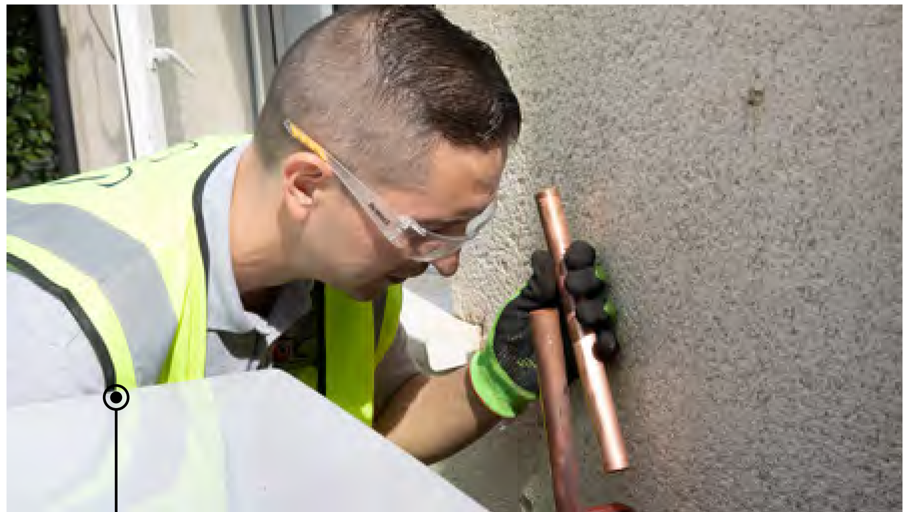
We are proud of our track record in this area to date and the launch of our Decarbonisation and Net Zero Strategy in November 2023 outlined our position as an ambitious cross-sector leader in sustainability.

In 2024/2025, we reduced our operational carbon by 28%, against our 2019/2020 baseline. Though this is lower than in previous years, it accounts for full integration of carbon data from recent acquisitions of Cornwall Care, Swan, and Johnnie Johnson Housing. We are committed to being an authentic leader on decarbonisation, so it is important to portray a full carbon footprint at all times.

Our Decarbonisation and Net Zero Strategy ensures we prioritise and tackle the most impactful areas of carbon emissions. Our priority areas include:

- Retrofitting our social homes.
- Reducing emissions from heating our buildings.
- Decarbonising our fleet.

We're making substantial progress in these areas, with over 2,300 homes improved to Energy Performance Certificate Band C in the last year alone. We are also proud to have transitioned 62 fleet vehicles to electric, including six vans, and rolled out smart heating controls to 23 care homes in the last 12 months.



A home in Swaffham being retrofitted with an air source heat pump

Along with decarbonisation, we are also increasingly focused on climate adaptation and biodiversity. You can read case studies about our work on our Sustainability Hub.

Our Carbon Footprint

In line with the Greenhouse Gas Protocol, our Operational Carbon Footprint includes all Scope 1 and Scope 2 carbon emissions, but also an aspect of Scope 3 emissions.

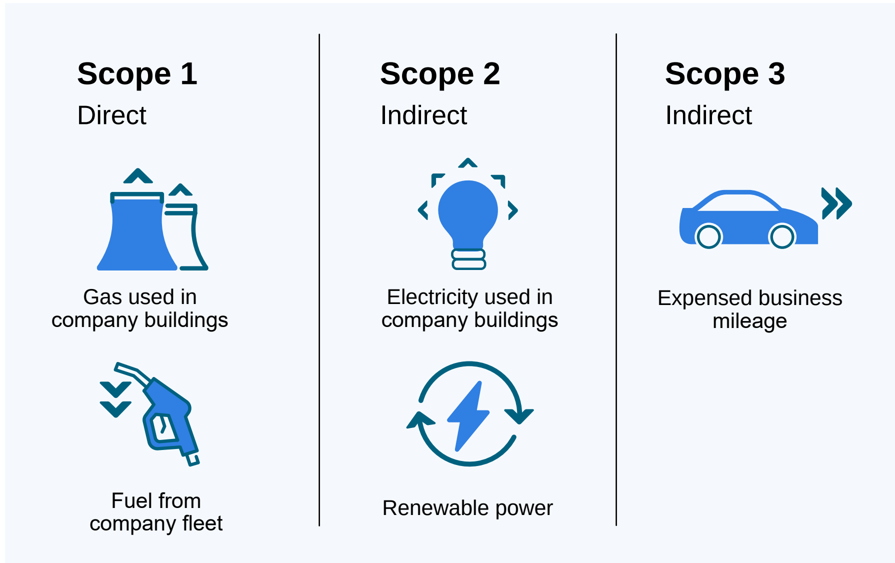
Our Operational Carbon Footprint is made up of the emissions over which we have the most control and the greatest power to change as a business. They include:

- **Scope 1** emissions – directly created and controlled by Sanctuary, such as those from our company fleet and boilers.
- **Scope 2** emissions – those which are created elsewhere but consumed at Sanctuary's sites, such as electricity used in our company buildings.
- **Scope 3** – consists of indirect emissions over which we have limited control. However, business mileage is the one area of Scope 3 falling within our Operational Carbon Footprint due to scale of our business and the requirement for colleagues to travel.

We also report our Extended Carbon Footprint, which comprises all other indirectly controlled Scope 3 categories, including emissions from our supply chain and from customers living in our social housing.

While we are only required to disclose the Operational Carbon Footprint, the Extended Carbon Footprint enables us to fully evaluate how all activities at Sanctuary impact the environment. Calculating and publishing our Extended Carbon Footprint is a key indicator of our commitment to achieve net zero by 2050.

Group Operational Carbon Footprint



Group Extended Carbon Footprint

What We've Achieved In 2024/2025

We've set out three key decarbonisation targets. As part of the United Nations' Race to Zero campaign, we've committed to halve our Operational Carbon Footprint by 2030, to significantly reduce our Extended Carbon Footprint by 2030, and to reach net zero emissions across all footprints by 2050 at the latest. Our Decarbonisation and Net Zero Strategy sets out how we specifically aim to do this.

In 2024/2025, we can report that we achieved:

- A 28% reduction in absolute operational carbon emissions since our 2019/2020 baseline year.
- A 41% relative reduction in operational carbon emissions since our 2019/2020 baseline year.
- A 14% absolute reduction in extended carbon emissions since our 2022/2023 baseline year.
- A 27% relative reduction in extended carbon emissions since our 2022/2023 baseline year.

Evidence of our operational energy consumption and associated carbon emissions can be found below, in our annual Streamlined Energy and Carbon Reporting disclosure. The methodology for all of our calculations is detailed on page 204.

Solar panels at our Malvern development, Coppice View

Sanctuary Group	2025	2024	Baseline (2020)
UK energy use			
Electricity (kWh)	77,743,894	69,238,232	70,310,337
Gas (kWh)	177,019,790	147,353,469	158,557,248
Transport (kWh)	31,608,116	33,636,446	34,417,046
Associated greenhouse gas emissions (GHG)			
Electricity (Tonnes of CO_2e)	1,178	323	19,497
Gas (Tonnes of CO_2e)	32,378	26,955	29,151
Transport (Tonnes of CO_2e)	7,918	8,429	8,930
Intensity ratios			
Tonnes of CO_2e per home in management	0.33	0.30	0.56
Tonnes of CO_2e per employee	2.91	2.37	4.17

Sanctuary Group - Targets	2026	2025
Tonnes of CO2e per home in management	0.29	0.29
Tonnes of CO2e per employee	2.35	2.35

We use intensity ratios to understand our carbon emissions in light of business growth.

Though our absolute operational emissions have increased this year compared to 2023/2024, it is important to note that this is due to significant business growth. When we observe our operational carbon on a relative level, per home in management, in 2024/2025 we recorded a 41% reduction in emissions on our 2019/2020 baseline year. This evidences our net zero work is continuing at pace as we grow.

This year, we have taken the decision to adjust the baseline year of our Extended Carbon Footprint to financial year 2022/2023. This is as a result of the previous baseline year, 2020/2021, being disproportionately affected by Covid-19 and reduced business activity. This move helps us evaluate our emissions changes against a more typical, business-as-usual year.

Extended Carbon Footprint	2024/2025	2023/2024	2022/2023 Baseline
Purchased Goods and Services	64,994	70,188	90,937
Capital Goods	93,250	95,683	96,102
Fuel & Energy Related Activities	13,871	10,969	11,442
Upstream Transportation and Distribution	4,920	16,326	13,071
Waste	2,022	4,686	3,763
Business Travel	650	572	307
Employee Commuting	8,860	19,529	18,555
End of Life of Sold Goods	89	107	65
Use of Sold Goods	34,120	44,999	50,896
Upstream Leased Assets	2,914	3,479	n/a
Downstream Leased Assets	198,810	200,761	202,992
Investments	1,479	2,023	6,633

We are also sharing the changes in emissions across our Extended Carbon Footprint over the last 12 months above. A positive reduction has been achieved across our extended emissions since our new baseline year, showing that our decarbonisation efforts are making a tangible difference. Work to embed low-carbon expectations into contracts, tenders, and specifications has been a key driver of reductions, though we also note that building fewer homes across our Development function is having a significant impact on emissions reductions.

Further analysis and commentary on our emissions changes can be found on the Environment section of our Sustainability Hub.

Chief Financial Officer's Review

Underlying operating surplus margin

19.2%

Group credit rating
Moody's

A2

Group credit rating
Standard & Poor's

A

Chief Financial Officer Ed Lunt

Introduction

We have delivered another solid year of operational and financial performance, staying within our financial Golden Rules and maintaining our solid investment grade credit ratings. This was against a backdrop of continuing cost pressures within the sectors in which we operate, demonstrating our financial resilience achieved through scale and geographic diversity, continued efficiency drive and robust governance.

We achieved another year of record reinvestment in our properties, ensuring our customers continue to have safe and secure homes to live in. In addition, higher levels of technology spend will broaden our service delivery and enhance the customer experience.

This year saw notable operating and financial benefits of integrating the Swan and Johnnie Johnson acquisitions, delivering overhead efficiencies whilst enlarging the reinvestment envelope that both organisations had on a stand-alone basis.

"**Strong operational metrics** continue to underpin our financial performance, with **sound customer metrics** across all areas of the business."

Group revenue for the year was £1,179.3 million, an increase of £93.9 million (8.7%) from the comparative period (2024: £1,085.4 million). The Group's Affordable Housing business benefitted from an increase in revenue from existing homes, which, together with additional revenue from new affordable homes and a full year of income from Johnnie Johnson, resulted in growth of £66.1 million (12.6%).

The Group's supported living business saw moderate revenue increases of £2.8 million (2.3%). Revenue growth within the Care business of £21.3 million (7.9%) was driven by improved average occupancy rates, from 88% to 90%, and higher fee rates. The Group's Student business also saw further improvement, with occupancy increasing two percentage points to 95%, contributing to revenue growth of £3.4 million (4.4%).

Revenue from the sale of developed properties of £89.9 million was comparable to the prior year revenue of £90.3 million, despite reduced sales volumes. Gross development sales margins increased from 17.2% to 18.6%, reflecting the mix of properties sold including a bulk sale of properties at Blackwall Reach, Tower Hamlets. We continue to have a modest housing sales programme with only 7.6% (2024: 8.3%) of revenue being derived from shared ownership and outright sales, preferring instead to focus on the development of much needed affordable rented tenures.

The underlying operating surplus of £226.0 million* represents a £19.3 million (9.3%) increase from the prior year (2024: £206.7 million), while the Group operating surplus of £215.7 million is £0.5 million (0.2%) higher than the prior year (2024: £215.2 million).

Underlying operating surplus excludes a one-off £15 million write down for a single site which has experienced development delays resulting in lower than expected returns. The underlying operating margin is 19.2% compared to 19.0% in 2024, while the operating margin is 18.3% compared to 19.8% in the prior year. We continue to maintain a strong housing margin with a social operating surplus margin, as defined by the Regulator of Social Housing, of 29.3% (2024: 31.1%).

Underlying surplus for the year is £48.4 million*, which is £7.2 million (17.5%) higher than the prior year (2024: £41.2 million).

The Group recognised a deficit for the year of £29.7 million compared to a surplus of £196.3 million (restated) in the prior year. The current year results include the impact of pension scheme cessations, and revaluation movements and other adjustments in respect of student properties that have been classified as held for sale, whilst the prior year included a significant gain from the acquisition of Johnnie Johnson Housing Trust.

Strong operational metrics continue to underpin our financial performance, with sound customer metrics across all areas of the business. Vacant stock reduced to 2.5% (2024: 2.7%) and rent arrears improved to 3.04% (2024: 3.24%). Care occupancy improved to 90% (2024: 88%) and student occupancy increased to 95% (2024: 93%). Within the Care business Care Quality Commission scores remained level at 95% (2024: 95%) and Sanctuary Supported Living Care Quality Commission scores achieved 95% (2024: 98%).

*Sanctuary uses certain alternative performance measures throughout this report which, in the opinion of the Directors, aid the understanding of business performance or provide comparison with our peer group. These measures are presented on a basis that enables comparison of performance; they are defined and/or reconciled in Appendix 3 on page 200 and the Value For Money Statement on page 58.

Chief Financial Officer's Review (Cont.)

Cash generated from operating activities was £374.8 million (2024: £286.6 million). EBITDA MRI interest cover (Golden Rule) was 110.2%* (2024: 105%), maintaining solid cash interest cover performance while delivering record levels of reinvestment. The continued strength of our liquidity is highlighted by our closing cash balance for the year of £159.6 million (2024: £141.9 million) and undrawn facilities of £356.5 million (2024: £467.0 million), which provides the Group with 23 months of financing versus committed expenditure. Our total capacity (cash, undrawn facilities and available security) has increased to £2.2 billion (2024: £2.0 billion), providing a foundation for the Group to grow.

During the year, we took advantage of strong asset positions and favourable market conditions to exit several of our Local Government Pension Schemes as well as starting the process of consolidating and de-risking the Group's remaining pension obligations.

We maintained compliance with all of our financial Golden Rules during the year and continue to have strong investment grade credit ratings of A (Stable) (Standard & Poor's) with an outlook improved from Negative in the prior year to Stable this year, and A2 (Stable) (Moody's). The Regulator of Social Housing has also re-affirmed our V2 viability status.

We are in robust financial health. We have successfully navigated through continued cost pressures in the sectors in which we operate, delivered operating efficiencies, particularly from our recent acquisitions, and delivered record levels of reinvestment in our customers' homes and in technology.

Cost pressures and income restrictions will remain but our strong governance and our investment grade credit ratings, coupled with our £2.5 billion Euro Medium-Term Note programme, place us in a strong, financially-sustainable position to pursue our strategic objectives, deliver to our customers and fulfil our wider social purpose.

Ed Lunt
Chief Financial Officer

Treasury

The Group's overall treasury management strategy seeks to maintain continued financial strength through policies which support strong cash and liquidity management (including cash flow forecasting), prudent interest rate and credit risk management, the management and monitoring of its debt obligations (including covenant compliance), and the securitisation of the assets utilised in support of those debt obligations. This includes sourcing and structuring liquidity to meet the Group's future cash flow requirements by reference to the long-term financial projections.

Cash And Liquidity Management

The cash position of the Group remains strong, with sufficient cash in hand and facilities to fund operations and committed capital expenditure for the next 23 months. The Group generated £374.8 million of cash from operating activities (2024: £286.6 million). At 31 March 2025, the Group had cash and undrawn facilities of £516.1 million (2024: £608.9 million).

The undrawn facilities available at year end totalled £356.5 million, including £353 million of revolving credit facilities.

The Group manages liquidity by preparing and monitoring cash forecasts on a daily, weekly, monthly and longer-term basis to ensure that short and medium-term cash requirements are met.

The forecasts are updated regularly to include sensitivity and scenario planning, ensuring that existing cash and available facilities cover at least 18 months of future committed spending requirements; at the reporting date it covered 23 months.

Loan drawdowns are carefully managed to ensure funding is available when required and ensure debt finance costs are minimised. Sanctuary utilises revolving credit facilities to meet short-term fluctuations in cash flow, including capital expenditure on new housing for shared ownership or for sale where cash receipts are received in the short to medium-term. Longer-term funding requirements utilise term-loan facilities and debt capital market issues where necessary.

Undrawn facilities

£357m

Cash in hand and undrawn facilities to fund operations and committed capital expenditure for the next 23 months

£516m

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Debt Management

At 31 March 2025 the Group had total borrowings of £3,901.6 million (2024: £3,917.4 million), made up of bank loans, senior notes and debenture stock, local authority loans, and lease liabilities.

Undrawn facilities at 31 March 2025 totalled £356.5 million (2024: £467.0 million).

In the year to March 2025 the Group has raised £337 million, comprising a renewal of £75 million of loan facilities, additional bank finance of £125 million and £137 million issued from a shelf facility. A further £96 million has been drawn on existing revolver credit facilities.

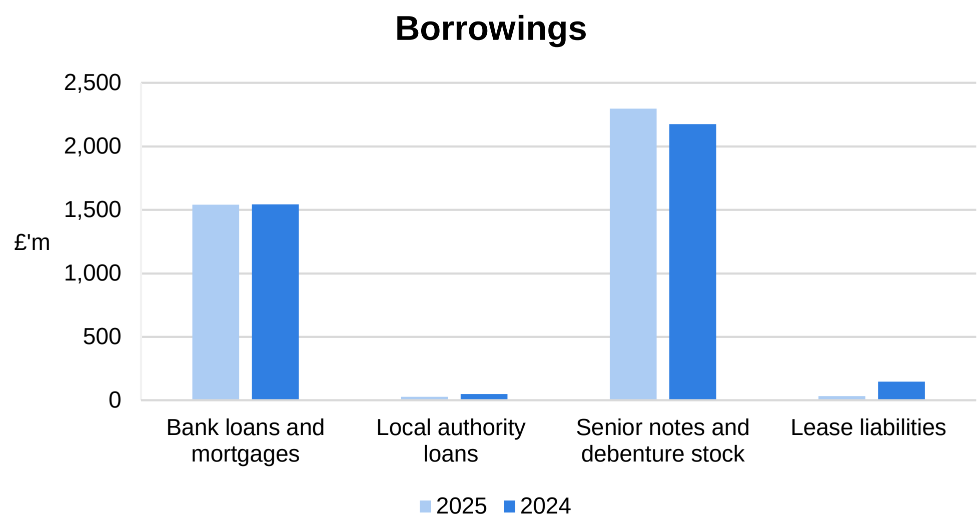
On 4 April 2025, the Group, via Sanctuary Capital PLC, published the Programme Admission Particulars in relation to its inaugural £2.5 billion Note Programme. The Note Programme will enable the Group to access the capital markets efficiently and in a timely manner and support its continued investment in both existing and new homes.

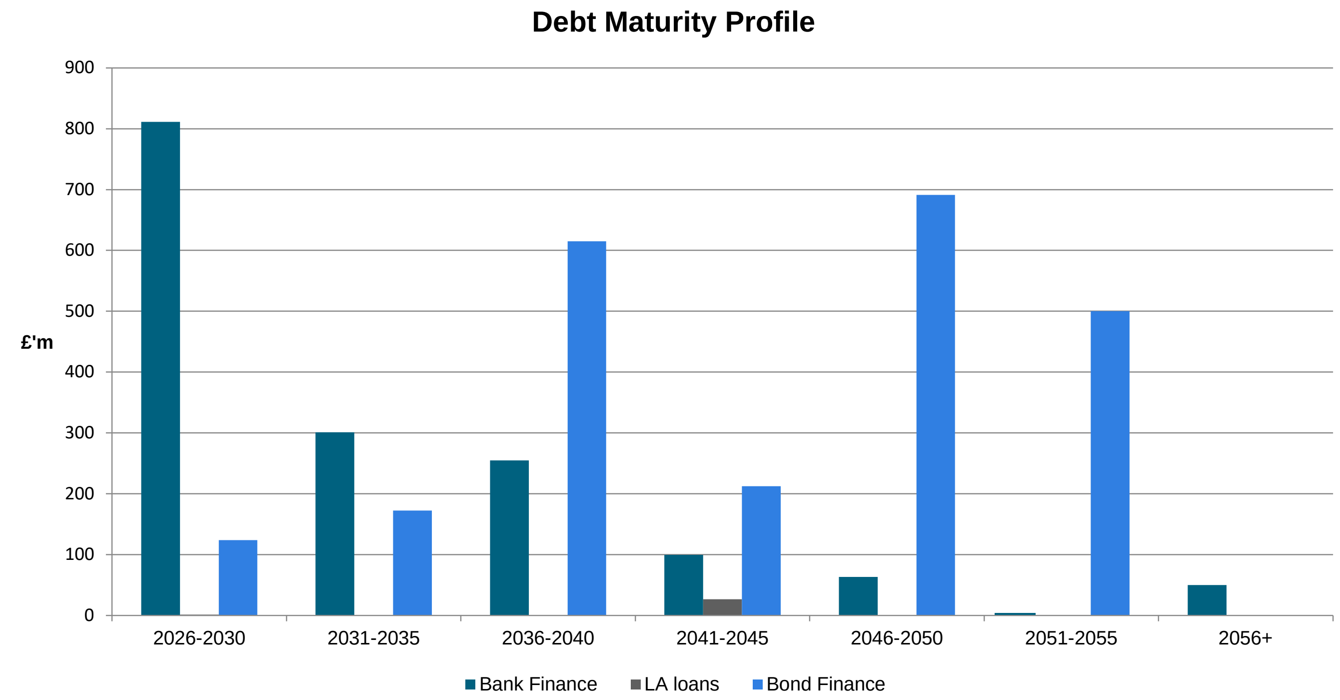
The Note Programme also provides the Group the ability to issue both secured and unsecured notes. Alongside the Note Programme, on 27 May the Group also published its Sustainable Finance Framework which will facilitate the issuance of Notes under the Programme that are aligned with the International Capital Market Association's Sustainability, Social and Green Bond Principles, and raise bank debt in accordance with Green Loan and Social Loan Principles.

The Note Programme documentation is available to view on the Sanctuary Group website on the Investors page.

The weighted average duration of drawn debt across the Group is 17.4 years (2024: 17.5 years). Our funding strategy is designed to monitor the debt maturity profile and thereby manage the refinancing risk across the Group, ensuring that there is not a concentration of refinancing risk in any 12-month period.

The Group is confident its financial strength will allow it to refinance existing loans and finance the current business plan commitments at competitive rates. The Group has limited refinancing risk of 24.1% (£938.8 million) of existing drawn loans in the next five years (2024: 21.1%, £826.5 million). The Group anticipates funding this through a mix of fixed and variable interest rate facilities, operating activities, cash generated from property sales and Government grants.





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Covenant Compliance

The Group regularly monitors financial and non-financial loan covenants, taking into consideration the headroom against them, and these are reported to Group Board, Group Audit and Risk Committee and subsidiary boards as appropriate. Key financial covenants include interest cover, gearing ratios and asset cover.

All covenants on loan facilities have been met during the financial year and were within the parameters of the Group's risk appetite hurdles, metrics, and trigger points. Based on the Group's financial projections and analysis, covenants will continue to be met.

Interest Rates

The Group operates an interest rate policy designed to reduce volatility in cash flow and debt service costs. Wherever possible, bank borrowing and long-term debt market facilities are structured to include interest payments on a fixed or hedged basis. The Group's policy is to ensure that a minimum of 75% of all debt is held on a fixed basis. At 31 March 2025, 81.2% of debt was fixed (2024: 83.7%) and 18.8% floating (2024: 16.3%).

Net finance costs on borrowings totalled £175.4 million (2024: £163.0 million).

The Group's cost of borrowing has decreased slightly to 4.68% (2024: 4.76%), reflecting changes in interest rates that have impacted variable rate borrowings. Interest cover has marginally decreased to 1.80 (2024: 1.82).

The EBITDA MRI interest cover was 110.2%* (2024: 105%), higher than the Golden Rule hurdle of 100%. The year end EBITDA MRI interest cover is within the range of the Group's optimum level of interest cover, balancing the need to ensure sufficient reinvestment in our homes whilst maintaining suitable headroom above the Group's interest costs.

Sanctuary has one stand-alone interest rate swap, entered into as part of a legacy project finance arrangement, which swaps a variable interest rate to a fixed rate. At the reporting date, a £0.2 million liability (2024: liability of £0.3 million) was recognised in respect of this derivative financial instrument. The requirement to collateralise this derivative is limited to the assets already securitised under this ring-fenced arrangement.

At 31 March 2025, the Group had US dollar denominated debt with an aggregate value of $80 million (2024: $80 million). A cross currency interest rate swap is in place to hedge the risk of currency rate volatility in the future. This cash flow hedge derivative is recognised at fair value on the Statement of Financial Position; an asset of £27.8 million at the reporting date (2024: asset of £26.8 million). The counterparty is required to provide security, should the balance increase further, or its credit rating diminish. Their credit ratings are monitored on a monthly basis and assessed against exposure and collateralisation levels.

Property Securitisation

The Group primarily utilises its assets as security (collateral) for its debt obligations in line with individual borrowing agreements. Assets secured across a variety of these debt obligations support £3.4 billion (2024: £3.5 billion) of the Group's overall debt.

The Group's primary security pool contains 41,062 units (2024: 41,058 units) with an aggregate value of £3.4 billion (2024: £3.1 billion). The collateralised assets represent a broad geographical cross-section of the Group's housing properties across all of its key geographical locations. This pool supports all the debt issued by Sanctuary Capital PLC via the debt capital markets, together with other bank funding put in place via Sanctuary Treasury Limited, including the Group's available Revolving Credit Facilities.

The pool also comprises 723 unallocated units (2024: 493) with an aggregate value of £64.4 million (2024: £39.8 million).

For all other secured borrowings, the Group undertakes regular revaluations of the security and (where funding arrangements allow) excess security is released from charge adding to the Group's pool of unencumbered assets, for future use as security.

Unencumbered assets total £2.6 billion (2024: £2.5 billion), but the required asset cover ratios reduce this by £0.9 billion (2024: £1.0 billion). The inclusion of cash and undrawn facilities of £0.5 billion (2024: £0.5 billion) then contributes to the Group's capacity figure of £2.2 billion (2024: £2.0 billion). This is well above the Group's Golden Rule Hurdle of £500 million.

Group's capacity

£2.2bn

Credit Risk Management

It is the Group's policy not to take or place funds with any financial institution that is not investment grade, requiring regular monitoring of credit ratings of all counterparties. Sanctuary continues to have strong Group investment grade credit ratings of A (Stable) (Standard & Poor's) and A2 (Stable) (Moody's).

*Sanctuary uses certain alternative performance measures throughout this report which, in the opinion of the Directors, aid the understanding of business performance or provide comparison with our peer group. These measures are presented on a basis that enables comparison of performance; they are defined and/or reconciled in Appendix 3 on page 200 and the Value For Money Statement on page 58.

Five-Year Summary	2025 £m	Restated** 2024 £m	2023 £m	2022 £m	2021 £m
Income Statement					
Revenue	1,179.3	1,085.4	943.8	812.5	765.4
Cost of sales and operating exp. (underlying items)	(954.4)	(879.4)	(753.6)	(643.4)	(600.8)
Share of profit of joint ventures	1.1	0.7	4.2	3.1	2.1
Underlying operating surplus*	**226.0**	**206.7**	**194.4**	**172.2**	**166.7**
Write down of development site	(15.0)	-	-	-	-
Restructuring and integration costs	(1.9)	(4.1)	-	-	(1.8)
Building safety contractor recoveries	-	5.0	-	-	-
Other gains and losses	6.6	7.6	10.9	6.4	5.2
Operating surplus	**215.7**	**215.2**	**205.3**	**178.6**	**170.1**
Net gain from acquisitions	-	152.0	21.1	2.3	4.5
Loss on disposal groups	(3.1)	-	-	-	-
(Loss)/gain on cessation of DB pension schemes	(7.5)	0.9	(6.2)	-	-
Net interest payable in respect of loans	(175.4)	(163.0)	(131.3)	(125.0)	(128.5)
(Loss)/gain on derecognition of leased assets	(10.8)	(8.2)	-	2.7	-
Fair value movement of investment property	(60.4)	0.3	(7.8)	-	-
Fair value movement of financial instruments	14.0	1.6	1.1	1.3	0.7
Provision unwind finance costs	(1.1)	(1.7)	-	-	-
Pension finance costs	(1.1)	(0.8)	(0.4)	(1.3)	0.1
(Deficit)/surplus for the year before tax	**(29.7)**	**196.3**	**81.8**	**58.6**	**46.9**
(Deficit)/surplus for the year before tax	**(29.7)**	**196.3**	**81.8**	**58.6**	**46.9**
Adjustments for:					
Write down of development site	15.0	-	-	-	-
Restructuring and integration costs	1.9	4.1	-	-	1.8
Building safety contractor recoveries	-	(5.0)	-	-	-
Other gains and losses	(6.6)	(7.6)	(10.9)	(6.4)	(5.2)
Net gain from acquisitions	-	(152.0)	(21.1)	(2.3)	(4.5)
Loss on disposal groups	3.1	-	-	-	-
Loss/(gain) on cessation of DB pension scheme	7.5	(0.9)	6.2	-	-
Loss/(gain) on derecognition of leased assets	10.8	8.2	-	(2.7)	-
Fair value movement of investment property	60.4	(0.3)	7.8	-	-
Fair value movement of financial instruments	(14.0)	(1.6)	(1.1)	(1.3)	(0.7)
Underlying surplus for the year*	**48.4**	**41.2**	**62.7**	**45.9**	**38.3**
Underlying surplus for the year, excluding Swan*	**57.8**	**56.5**	**58.5**	**45.9**	**38.3**
Statement of Financial Position					
Non-current assets	5,282.8	5,783.1	5,377.9	4,179.9	4,064.0
Current assets	1,066.9	514.3	552.9	410.1	753.1
	6,349.7	**6,297.4**	**5,930.8**	**4,590.0**	**4,817.1**
Current liabilities	705.6	549.8	650.3	303.5	585.7
Non-current liabilities	3,850.9	3,951.0	3,671.7	3,072.5	3,123.1
Reserves	1,793.2	1,796.6	1,608.8	1,214.0	1,108.3
	6,349.7	**6,297.4**	**5,930.8**	**4,590.0**	**4,817.1**
Statement of Cash Flows					
Operating surplus	215.7	215.2	205.3	178.6	170.1
Depreciation, amortisation and impairment	102.8	83.9	74.0	78.1	78.6
	318.5	**299.1**	**279.3**	**256.7**	**248.7**
Working capital movements	64.0	(3.8)	29.9	(20.0)	(22.9)
Other adjustments	(7.7)	(8.7)	(19.3)	(9.5)	(7.3)
Cash generated from operating activities	**374.8**	**286.6**	**289.9**	**227.2**	**218.5**
Finance costs less returns on investments	(189.9)	(176.8)	(141.8)	(136.1)	(134.8)
Acquisition, construction & improvement of assets	(313.1)	(327.9)	(250.6)	(234.9)	(186.6)
Cash flows from joint ventures	5.2	3.8	18.0	10.8	8.1
Business combinations (cost less cash acquired)	-	1.1	59.8	-	(6.4)
Capital grants (net) and sales proceeds	43.4	68.8	84.3	43.7	65.8
Net cash flow from financing activities	97.3	106.2	18.4	(303.3)	268.6
	17.7	**(38.2)**	**78.0**	**(392.6)**	**233.2**
Cash and cash equivalents at start of year	141.9	180.1	102.1	494.7	261.5
Cash and cash equivalents at end of year	**159.6**	**141.9**	**180.1**	**102.1**	**494.7**

Key Performance Indicators	2025	2024	2023	2022	2021
Satisfaction – what customers think about our services					
Housing - resident satisfaction %	64	66	-	-	-
Care - resident satisfaction %	95	97	95	96	96
Satisfaction - maintenance %	74	83	78	96	95
Compliance - measurement against standards prescribed by regulating bodies					
Care Quality Commission rating % (Care)	95	95	94	90	86
Care Quality Commission rating % (SSL)	95	98	98	100	98
Care Inspectorate rating % (Scotland)	95	89	63	50	75
Properties with valid gas safety certificate %	99.6	99.6	99.7	99.7	99.7
Regulator of Social Housing governance	G1	G1	G1	G1	G1
Regulator of Social Housing viability	V2	V2	V2	V2	V2
Regulator of Social Housing consumer (New)	C2	-	-	-	-
Operational - evaluation of operational efficiency and effectiveness					
Occupancy - Sanctuary Care % (average for year)	90	88	86	82	83
Occupancy - Student % (year end)	95	93	92	90	79
Rent arrears %	3.04	3.24	3.25	3.21	3.16
Homes in management	125,719	125,094	119,695	105,509	105,219
Void loss %	1.7	1.7	1.8	1.9	1.6
Vacant stock %	2.5	2.7	-	-	-
Regulator of Social Housing social housing cost per unit £*	6,109	5,582	4,750	4,687	4,218
Average weekly fee rates - Care £	1,131	1,049	938	874	840
Debt - ability to service debt and secure funding					
Interest cover (excluding loan break costs) - times*	1.80	1.82	2.15	2.08	1.95
Regulator of Social Housing EBITDA MRI interest cover %*	110.2	105.0	119.4	128.4	134.2
Gearing %*	52.1	49.2	51.8	49.8	49.6
Regulator of Social Housing gearing %*	52.7	53.2	53.7	52.0	51.9
Capacity £m	2,173.2	2,033.0	1,960.8	1,789.0	1,442.0
% of debt under fixed interest rates	81.2	83.7	91.5	94.6	96.0
Standard & Poor's credit rating	A	A	A	A	A+
Moody's credit rating	A2	A2	A2	A2	A2
Profitability - measurement of financial performance					
Underlying operating surplus margin %*	19.2	19.0	20.6	21.2	21.8
Operating surplus margin %	18.3	19.8	21.8	22.0	22.2
Regulator of Social Housing operating surplus margin (social) %*	29.3	31.1	33.1	35.7	38.4
Regulator of Social Housing operating surplus margin (overall) %*	19.2	19.4	20.2	20.8	21.3
Operating costs as % of revenue*	74.9	74.0	69.9	73.1	74.8
Underlying net margin %*	4.1	3.8	6.6	5.6	5.0
Total divisional EBITDA £m*	333.1	301.7	282.1	257.2	250.6
Total divisional EBITDA %*	28.2	27.8	29.9	31.7	32.7
Maintenance - investment in assets and how efficiently they are maintained					
Average repair cost per home £	1,832	1,561	1,340	1,353	1,186
Reinvestment spend per home £	967	920	857	792	609
Regulator of Social Housing reinvestment %*	3.7	4.0	3.1	4.0	3.4
Average cost per responsive repair £	137	136	133	128	139
Asset efficiency - the returns generated from the Group's assets					
Regulator of Social Housing Return on capital employed %*	3.0	2.8	2.8	2.8	2.7
Development - delivery of new properties					
Homes on-site and in development	3,307	3,218	4,760	5,183	5,130
Regulator of Social Housing new supply delivered (social) %*	0.6	0.8	0.8	0.8	0.7
Regulator of Social Housing new supply delivered (non-social) %*	0.2	0.3	1.0	0.1	0.3
Homes completed (excluding JVs and consortia)	838	910	978	768	620

*Sanctuary uses certain alternative performance measures throughout this report which, in the opinion of the Directors, aid the understanding of business performance or provide comparison with our peer group. These measures are presented on a basis that enables comparison of performance; they are defined and/or reconciled in Appendix 3 on page 200 and the Value For Money Statement on page 58. Value For Money Metrics defined by the Regulator of Social Housing are highlighted grey.
**See note 34 on page 191.

Business Reviews
Affordable Housing - Divisional Review

Affordable Housing - Divisional Review

Affordable Housing	2025	Restated* 2024
Homes in management at the year end*	100,192	99,632
Overall satisfaction %	64	66
Revenue (£ million)*	591.3	525.2
Divisional EBITDA (£ million)*,**	258.8	226.9
Divisional EBITDA margin (%)*,**	43.8	43.2
Jobs per operative per day	3.85	3.50
Social operating margin (%)	29.3	31.1
Rent arrears %	3.04	3.24
Void loss %	1.7	1.7
Vacant stock %	2.5	2.7
Capital investment before grants (£ million)*	110.4	93.3

*Restated to include Swan.

**The Group's operating segments are defined and reconciled in note 6 on page 136.

Alternative performance measures are defined and/or reconciled in Appendix 3 on page 200.

Our Affordable Housing division currently manages 100,192 homes. Our portfolio includes social and affordable housing, specialist housing for older people, shared ownership, and leasehold properties.

Social operating margin

29.3%

Hartshorne Court resident Jennifer Rodway and Shropshire Wildlife Trust staff member Jen Allerton

Revenue rose by £66.1 million from £525.2 million to £591.3 million. This growth reflects our continued investment in new developments and a full year of income contribution from Johnnie Johnson Housing, in addition to regulated rent increases - capped at 7.7% in England and 5.8% in Scotland.

We have faced higher operating costs due to increased service demands, particularly in compliance, day-to-day repairs and complaints management. Despite these challenges, our geographical footprint and talented workforce enabled us to maintain customer-focused services while achieving a strong social operating margin of 29.3%. Our EBITDA margin was 43.8%, up from 43.2% in the prior year.

We reduced vacant properties across the Group's social stock from 2.7% last year to 2.5% this year. This was due to a major effort from our teams to return empty homes into use, supported by investment made available by the Group. Vacant properties reduced by 351 homes (20%) during the year.

Our Tenant Satisfaction Measures show marked improvements in our compliance, repairs service and complaints scores; ensuring our customers are safe in their homes and that - when we don't get things right - we have an effective complaints service that supports our customers and helps us to learn. Our other scores have broadly remained in line with last year, with resident satisfaction at 64% (2024: 66%) however we want to continue to improve and remain committed to the changes we are making to deliver better customer outcomes that will result in higher satisfaction scores over the long-term.

Sanctuary Scotland also completed its triennial satisfaction survey. Following significant investment in local and operating services, we saw an increase from 71% in 2021 to 84% last year.

Our Resident Scrutiny Panel and Resident Advisory Panel have continued to go from strength to strength. During the last 12 months the panels have helped shape our Customer Experience programme and Resident Engagement Strategy.

Engaged customers have helped shape the procurement process for our new day-to-day responsive maintenance framework.

We launched our 'Think Customer' programme during the year, delivering extensive training and workshops designed to ensure our colleagues continue to place customers at the heart of everything we do. This training reached approximately 2,800 colleagues, representing 80% of our team.

Our investment in homes reached £110.4 million, representing a £17.1 million increase from the previous year. This funding targeted renovations and essential maintenance to improve living conditions, safety standards and sustainability measures such as energy efficiency. We maintain a proactive approach to identifying and resolving damp and mould issues and successfully rolled out the first phase of our new OneProperty programme. We also launched our new repairs operating model during the year. This has already led to a 10% improvement in average daily repair completions which is driving greater value for money for our customers.

To further enhance our customer offering, we have created a new Independent Living team. The team has been established to provide a tailored service for our customers who live in an over 55 scheme, enabling them to be independent for longer by providing secure, high-quality homes in a community setting. The service is further strengthened by the expertise in housing for older people from Johnnie Johnson Housing, combining it with our own experience to create communities where customers can thrive.

Business Reviews
Supported Living - Divisional Review

Supported Living	2025	Restated* 2024
Homes in management at the year end*	6,733	6,916
Revenue (£ million)*	124.1	121.3
Divisional EBITDA (£ million)*,**	3.9	9.6
Divisional EBITDA margin (%)*,**	3.1	7.9
Capital investment (£ million)	6.0	5.5
Care Quality Commission rating (%)	95	98

*Restated to include Swan.

**The Group's operating segments are defined and reconciled in note 6 on page 136.

Alternative performance measures are defined and/or reconciled in Appendix 3 on page 200.

Resident Shanice and her child at Rachel House

Care Quality Commission ratings (Good or Outstanding)

95%

Sanctuary Supported Living provides care, support, housing management and assistive technology solutions to vulnerable adults across 644 separate services in England. Our customers include older people, people with disabilities, people with mental health issues, homeless people and young people. We also provide a range of Technology Enabled Living products, including the products and services through our Astraline brand, to help people remain safe and independent in their homes.

Despite ongoing financial challenges faced by the supported housing sector, demand for our services has remained strong and it remains a core part of our social purpose. This sustained demand has underpinned a successful programme of fee negotiations. As a result, and notwithstanding the strategic withdrawal from certain areas of our operations, the Supported Living business unit achieved year-on-year revenue growth of 2.3 percentage points.

However, the short-term costs associated with these strategic exits, combined with persistent sector-wide challenges – including increases in the National Living Wage, shortages of experienced labour, inflationary cost pressures, and continued constraints on local authority funding – have contributed to a reduction in EBITDA. Consequently, the EBITDA margin declined by 4.8 percentage points year-on-year.

The overall improvement in occupancy levels has supported financial resilience by increasing support and income, in addition to improvements in rental income recovery across our occupied homes portfolio.

We have implemented people initiatives focusing on improvements in recruitment, induction and workforce stability. Our comprehensive recruitment and talent management approach has delivered significant improvements.

These include a 65% reduction in employment vacancy hours and improvement in recruitment cycle efficiency, with the time-to-hire metric reducing from 31 to 18 days.

We have also reduced external agency use by 35%.

Our strategy remains to align our core services with the strategic priorities in the local authority areas where we operate. We continually review services to make sure we are meeting the housing, care and support needs within each community, which is reflected in the Care Quality Commission rating 95% of our services as 'Good' or 'Outstanding'. Our high-quality standards have assisted in retaining existing and securing new support contracts in several areas.

During the year, our commitment to meeting the needs of young people leaving care meant that the organisation and a number of services were registered with Ofsted as a new regulator of supported accommodation for looked after children and care leavers.

Our approach to strategic asset management also identified several individual assets that did not meet the quality standard we provide to our customers. Following a strategic appraisal, the decision to close these services and dispose of the assets was made and customers were supported to find new homes.

Capital investment in our stock has continued with £6.0 million spent during the year. Further targeted reinvestment will continue to be an area of focus to ensure our services are fit for the communities they operate within. During the year, a number of new build homes were completed, helping to meet the increasing demand for high-quality supported living services.

Our quality-of-service provision and colleague support has been recognised with various award nominations and the retention of Investors in People Gold status.

Business Reviews
Care - Divisional Review

Care	2025	2024
Number of bed spaces in management at the year end	5,427	5,449
Revenue (£ million)	290.3	269.0
Divisional EBITDA (£ million)*	22.3	22.1
Divisional EBITDA margin (%)*	7.7	8.2
Care Quality Commission rating (England) %	95	95
Care Inspectorate rating (Scotland) %	95	89
Average weekly rates (£)	1,131	1,049
Occupancy (%) - average for year	89.6	87.9
Occupancy (%) - at year end	90.6	88.5
Capital investment (£ million)	12.0	13.6

*The Group's operating segments are defined and reconciled in note 6 on page 136.

Alternative performance measures are defined and/or reconciled in Appendix 3 on page 200.

Resident Maureen Carter and staff member Bakhtear Imam at Blackwood Residential Care Home in Camborne

Care occupancy - average for year

89.6%

Sanctuary Care has been providing care and support to older people for more than 25 years. We currently own and manage 109 care homes and a supported living service across England and Scotland.

The Care business unit achieved year-on-year revenue growth of 7.9 percentage points and is one of the top 20 care home groups in the UK by size. Sanctuary Care was also named Outstanding Larger Group Care Provider at the 2025 Care Home Awards.

We are proud to be part of the not-for-profit care sector, where we are committed to reinvesting in our services to enhance the quality of care we provide. We offer a range of person-centred short-term and long-term care options including residential, nursing, dementia, palliative, and respite care. We provide our services to both the public and private markets, with pay from private care contributing around 40% of our annual income.

Our 'Enriching Lives' framework and co-production initiatives continue to drive the delivery of high-quality care to our residents. At the heart of this service delivery is our commitment to quality. Delivering high-quality care and support ensures the best services for our customers and has a positive impact on our financial performance.

We are proud to have strong regulatory ratings which support occupancy growth, while helping to attract fresh and experienced talent to our care home teams. In England, the Care Quality Commission rates 95% of our homes as 'Good' or higher, maintaining the strong performance from the previous year and exceeding the sector average of 82%. In Scotland, 95% of our homes have been rated 'Good' or higher by the Care Inspectorate. This is an increase of 6% from last year and 12% above the sector average.

During the last 12 months occupancy rates have seen steady and consistent growth, with full year average occupancy increasing by 1.7 percentage points year-on-year. The improvement reflects our continued work to strengthen relationships with local authority commissioning partners and increasing awareness of the high-quality care and support we provide to residents across our homes. By understanding and responding to the specific needs of commissioners, we have been able to secure more placements and align our offering with local demand, contributing to greater stability and sustained growth in occupancy.

We have faced significant cost challenges during the last 12 months, including rising operational and compliance costs, salary costs, utility costs, and a funding gap between local authority fees and the full cost of care. Despite this we have been able to deliver a slight increase in our EBITDA of £0.2 million on the prior year. This outcome has been driven by improvements in occupancy rates, successful negotiations with local authorities for increased fee rates, and initiatives to carefully control and optimise costs. These efforts have helped to mitigate the impact of increasing costs, limiting the year-on-year impact on EBITDA margin to 0.5 percentage points, maintaining financial stability, ensuring the business can continue to deliver high-quality care while navigating the ongoing challenges in the sector.

The labour market has remained stable during the year, and we have focused on reducing the time to hire new colleagues, alongside enhanced induction programmes. This has resulted in a decrease of staff turnover to 20%, which is 4% below the industry average, and a vacancy rate of 2%, 6% below the industry average. These improvements have contributed to a reduction in agency use to 1.3% of productive hours, 7.3% below the industry average, which has helped significantly lower agency costs and ensure that homes are sufficiently staffed to support occupancy growth.

Business Reviews
Student And Market Rented - Divisional Review

Student And Market Rented	2025	Restated* 2024
Homes in management at the year end*	13,367	13,097
Revenue (£ million)*	81.2	77.8
Divisional EBITDA (£ million)*,**	34.5	37.6
Divisional EBITDA margin (%)*,**	42.5	48.3
Occupancy - Student (available units) (%)	94.8	93.4
Capital investment (£ million)	3.0	8.9

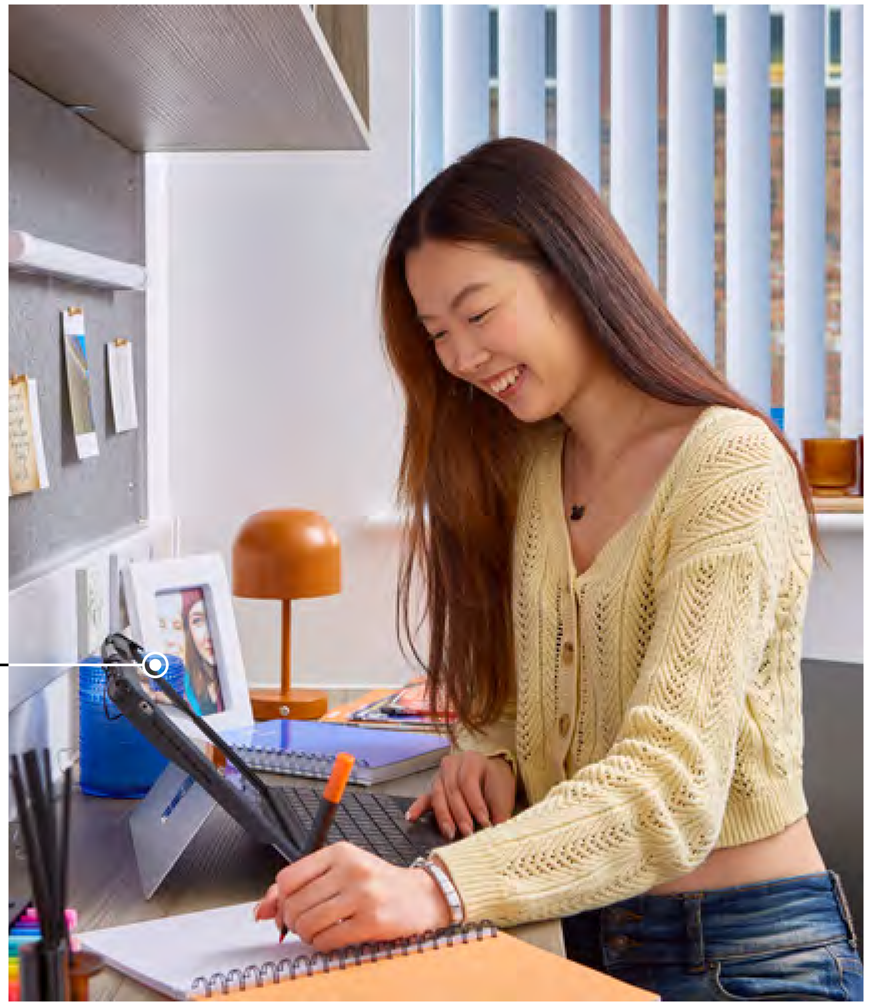
*Restated to include Swan.

**The Group's operating segments are defined and reconciled in note 6 on page 136

Alternative performance measures are defined and/or reconciled in Appendix 3 on page 200.

Student occupancy

94.8%



Student at Moor Lane, Preston

Sanctuary Students continues to provide a home for over 10,000 customers across the United Kingdom. Over the past year, our commitment to delivering high-quality, purpose-built accommodation for students, keyworkers and commercial tenants has remained strong. While the market continues to evolve, we have adapted to changing expectations, economic pressures, and sustainability challenges to maintain our position as a leading provider in the sector.

One of our most notable achievements has been an increase in occupancy, which rose from 93.4% to 94.8%, and supported year-on-year revenue growth for the business unit of 4.3 percentage points. This increase reflects both strong demand and the success of our targeted pricing and short-term contract strategies. Our properties in London and Manchester maintained 99% occupancy, while Preston and Bradford experienced year-on-year improvements. This increase was driven by our focus on offering competitively priced rooms and flexible contracts, making student living more accessible and tailored to the changing needs of customers. As a result, student rental income grew by 7.9%, reinforcing our financial resilience in a challenging economic climate.

Managing the inflationary environment over the past year has necessitated disciplined financial oversight. Significant increases in energy costs and compliance-related expenditures, alongside broader macroeconomic pressures, have challenged the sustainability of our all-inclusive rent model at historical pricing levels and EBITDA margin has declined by 5.8 percentage points year-on-year. This reduction reflects the operational impacts noted above and the transfer of Swan keyworker and commercial stock.

Customer satisfaction remains central to our operations. Our participation in the Global Student Living Index (GSLI) survey has provided valuable insights into student experiences, allowing us to refine our approach to service delivery.

This year, overall student satisfaction increased by 5% to 77%. Improved scores in areas such as repairs, communication, and property management responsiveness highlight our continued efforts to improve the student experience.

As part of our commitment to digital transformation, we have successfully integrated the former Swan Keyworker assets, rolling out a new digital booking system and self-service platform. This complements our 100% digital welcome guides and induction modules, streamlining the move-in process and improving overall accessibility. Our new mobile-first website has also driven a 50% increase in organic traffic and 36% reduction in bounce rates. This has improved user search and interaction on our website, making it easier for visitors to find information, explore accommodation options and complete bookings efficiently.

Sustainability has also been a continued key focus. Our ongoing decarbonisation efforts have led to significant progress, with 84% of our properties now achieving an Energy Performance Certificate rating of B or above. Carbon literacy training has educated colleagues and encouraged sustainable decision-making. Investments in energy efficiency measures, waste reduction initiatives, and biodiversity projects further demonstrate our commitment to environmental responsibility.

Investing in our people remains at the heart of our strategy. Colleague turnover has decreased, and we are enhancing our recognition programme to celebrate success in meaningful ways. Training opportunities have also expanded, with a focus on mental health awareness, trauma-informed care, and leadership development to support our teams in delivering exceptional service.

Business Reviews
Development - Divisional Review

Development Sales	2025	Restated* 2024
Revenue (£ million)*	89.9	90.3
Cost of sales (£ million)*	(73.2)	(74.8)
Divisional EBITDA (£ million)*,**	16.7	15.5
Gross margin (%)*,**	18.6	17.2
Homes completed in the year*,***	838	910
Housing sales*,****	259	336
Homes on-site and in development at the year end*	3,307	3,218
Funding for development		
Expenditure contracted (£ million)*	209.1	266.6
Authorised expenditure not contracted (£ million)*	331.3	344.5
Total (£ million)*	540.4	611.1

*Restated to include Swan.

**The Group's operating segments are defined and reconciled in note 6 on page 136.

Alternative performance measures are defined and/or reconciled in Appendix 3 on page 200.

***Excluding joint ventures and consortia

****Includes First Tranche sales

Site Manager Gavin Ball

Gross margin

18.6%

Our development programme covers the delivery of new homes across England and Scotland. To deliver our strategic goals, we employ dedicated teams to manage all aspects of developments, from sourcing land to selling new homes. We continue to focus on developing much-needed new affordable housing, which is complemented by outright sale homes to help generate funding for our development programme.

Over the past 12 months we have been on-site building new homes in communities across the country, including affordable homes for rent and shared ownership, and sale. We have also worked on more specialist housing such as our extra care scheme for the over 55s in Streethay, Lichfield, and our first Vivant Care home in Dartmouth, Devon.

We completed 838 properties during the year, comprising 570 social, 83 shared ownership, 179 open market sale and six commercial.

In England, works fully completed on nine schemes. The nine sites have delivered a total of 1,100 new homes, including 438 which were built over the last year. Some of the strategic sites completed through these developments include Watling Gate in Sittingbourne (243 homes), Phase Two of Blackwall Reach in Tower Hamlets, London (268 homes), and Malyons Lane in Hockley, Essex (175 homes). We are currently on-site with 21 other developments across England, which will deliver a further 1,529 homes of mixed tenure.

In Scotland during 2024/2025 we completed four developments delivering 367 new homes. Our redevelopment of the former Victoria Hospital in Glasgow took a significant step forward with the completion of 136 new affordable homes and 11 commercial units through phase one of the programme. We are currently building homes across another five developments in Scotland, which will deliver 551 homes over the coming years.

Our strategic aim of maintaining low levels of exposure to market sales is firmly established within our risk appetite metrics called the Golden Rules (see page 84).

Revenue generated from sales made up just 7.6% of total revenue for the year.

The market for private sales continues to be challenging, with low customer confidence, but performance for shared ownership sales has been strong.

Revenue from the sale of properties was comparable to the prior year, with an improved margin of 18.6% (2024: 17.2%), reflecting the mix of properties sold. In total we sold 259 properties, of which 96 were shared ownership, 162 were open market sale, and one commercial unit. Included in this total were the sale of the final homes at Watling Gate in Sittingbourne, Whinney Hill in Rotherham, Mark Lane in East Markham and Boars Tye Road in Silver End. These results exclude a one-off £15 million write down for a single site which has experienced development delays, resulting in lower than expected returns.

The total value of the completed homes held as stock and those under construction at the end of the financial year was £154.2 million across 764 homes.

We have continued to see the value of our in-house construction team. The collapse of contractors risked disrupting our programme during the year, but our team has stepped in to minimise the impact on key developments in Plymouth and Cambridgeshire.

The team also continue to deliver and start construction of new homes on sites across England and Scotland. During the last year, the final homes were completed at our Drakes Broughton site in Worcestershire, which is the first development delivered from start to finish by our in-house construction team. They are currently on site with 13 developments in England and our Duncan Street scheme in Greenock, Scotland.

Our development team has also used its considerable skills and experience to bring 361 long-term voids back into use for the benefit of local communities.

Future Plans

We continue to plan for the long-term across all our operations and ensure we remain focused on achieving our strategic objectives.

Customers

As part of our long-term strategic planning, we have been actively exploring the potential sale of our student accommodation assets, with a number of high-quality operators expressing interest. While this represents a period of transition, it is important to emphasise that this process does not affect our student accommodation operations in Scotland, or our keyworker and commercial properties.

Throughout this evaluation, it remains business as usual, with our primary focus on maximising occupancy, maintaining operational excellence, and delivering a seamless experience for our customers and partners. The sale process will only proceed if it aligns with our strategic objectives and, until a definitive outcome is reached, our commitment to delivering high-quality services and ensuring financial stability remains unchanged.

Over the next 12 months we will integrate Astraline, Johnnie Johnson Housing's telecare service, into our own telecare operation. This will bring stability and security for our new customers and colleagues, and significantly enhance our technology enabled living services.

Customer engagement remains crucial to our work. We plan to strengthen our resident engagement model in housing to increase collaboration and ensure representation from customers across all regions. We are also enhancing our complaints processes through the creation of a customer-led quality assurance framework and will fully embed our Customer Outcomes Framework – centred on customers feeling safe, proud and respected.

Investing In Homes And Services

We are committed to continued investment in technology to enhance both customer and colleague experiences. Our programme to upgrade to a next-generation network is putting in place secure, resilient, manageable and extensive network coverage to meet the needs of the modern workplace and the expectations of our customers across our care homes, supported living services, and our offices.

We will launch our Customer Experience programme this year which will give customers greater choice on how they manage their homes, while allowing colleagues to see their information through a new Customer Relationship Management system. This will significantly improve their journeys with us, from the first enquiry right through to making a home.

Enhancing customer engagement through data-driven insights, optimising operational and digital efficiencies, and maintaining financial resilience will remain key strategic priorities across all areas of our business. In Sanctuary Students, we will continue to refine our services based on Global Students Living Index survey findings, ensuring that our "Here If You Need Us" engagement platform provides essential support to our customers.

Our ongoing programme of investment across our care homes includes whole-home refurbishments for selected homes, alongside a wider programme aimed at upgrading key areas such as bathrooms, kitchens, and communal spaces. These improvements are part of our broader strategy to enhance the quality of our facilities, support the wellbeing of residents, and maintain a high standard of care, ensuring we meet the needs of current and future customers.

Across our affordable homes, our continued reinvestment and commitment to increasing spend and improving processes for repairs will help us ensure that our properties are safe, comfortable and fit for the future.

We will also continue to invest in our colleagues to ensure we remain a market-leading provider and employer of choice. This includes continued leadership and management programmes, to support retention and succession planning, and improvements to specialist client-specific training across our care and supported living operations.

Growth And Development

In the next 12 months we will make significant progress on a range of development and regeneration projects, bringing much-needed new housing to local communities.

We will start on-site with the first new homes at our Laindon and Beechwood North regeneration projects in Basildon, Essex. Both developments are legacy Swan schemes which stalled when the organisation encountered financial difficulties.

Redevelopment of our residential care homes in Cornwall will remain a key focus as part of our Strategic Partnership with Cornwall Council. Start on-sites are anticipated for new care homes in Truro and Carbis Bay. We will also continue construction of our first Vivant Care home in Dartmouth. The new homes will help meet the increasing demand for high-quality care in the region, with state-of-the-art facilities for future residents.

In Scotland, we will start the redevelopment of the former HMRC site in Cumbernauld into more than 180 homes for social rent and begin work on two new projects in Glasgow. All three sites will be delivered by our in-house construction team.

This year has been one of resilience, adaptation, and operational strength. As we move forward into 2025/2026, we remain dedicated to optimising our operations, refining efficiencies, and upholding our commitment to service excellence. By prioritising customer satisfaction, financial discipline, and sustainable operational management, we will continue to build on our success and ensure our operations perform effectively.

Vivant Care home, Bayards Court, Darthmouth CGI

Value For Money

With prices and bills continuing to rise, the need for us to deliver value for money for our customers remains as high as ever and it is fundamental to our mission of building affordable homes and sustainable communities. Every pound that we can save is a pound that can be spent on improving our customers' homes or delivering much needed new social housing. Value for money also underlines our Corporate Strategy's objectives of putting customers first, growing our services and investing in our assets, and builds on our values of ambition, inclusion, integrity, quality, and sustainability.

Value for money is central to all our processes, ensuring a strategic and comprehensive approach aligned with our objectives.

At the core of these objectives are our financial Golden Rules and a disciplined approach to financial management, incorporating detailed budgets, long-term financial plans, and cost reduction targets. The budget-setting process drives annual efficiencies across operations, prioritising our overall performance while adhering to our Golden Rules.

In addition to the annual budget, strategic projects such as acquisitions are subject to standalone business cases, ensuring they achieve both financial and non-financial benefits. Development initiatives must meet Group Board-approved benchmarks, striking the optimal balance between delivering adequate returns and addressing the need for social housing. Our procurement team collaborates closely with all departments to secure the best value for goods and services, leveraging longer-term contracts when appropriate.

Freya at Blacon Adventure Playground

Our Value For Money Principles

Our value for money principles are based on maximising:

Keyworker accommodation house kitchen, Colchester

Economy

When inputs or goods were purchased, did we get them for the best possible price?

Customer Focus Day in Ely, Cambridgeshire

Effectiveness

Did our outputs or services deliver the desired outcome or standard of service?

Service Delivery Manager Karl Godbold

Efficiency

How proficient are we at turning the inputs or goods into outputs or services?

Resident Timothy Askill at Noble House, Worcester

Equity

Are our services equally available to, and did they reach, all the people that they are intended for?

Sanctuary Group Board visits residents at Spey House

Monitoring Our Performance

Sanctuary's value for money performance is tracked through various channels, including operational budgets, monthly financial reports presented to the Executive Committee and Group Board, and quarterly treasury reports submitted to the Group Audit and Risk Committee. The Group Board holds ultimate responsibility for approving all budgets and financial forecasts. Value for money is prioritised in every decision made by the Group Board, subsidiary boards, Executive Committee, and Strategic Assets and Development Committee.

Performance is assessed across four key areas: resources, structures and processes, customers, and assets. Evaluations are conducted over time and compared with other organisations for benchmarking purposes.

Peer organisations serve as a useful comparison, typically similar in size or activity type, although none have a comparable care and student portfolio, limiting direct comparisons. Due to the unavailability of 2024/2025 data during the preparation of annual reports, benchmarking is based on 2023/2024 information.

Key performance indicators encompass metrics mandated by the Regulator of Social Housing under its 2018 Value for Money Standard. These metrics, known as 'Regulator of Social Housing metrics', are disclosed by all Registered Providers, employing standardised calculation methods to enhance comparability. Detailed methodologies for these calculations can be accessed on the Regulator of Social Housing website.

Value For Money And Our Corporate Strategy

Value for money plays a key role in Sanctuary's delivery of its strategic objectives. Examples of how we embed value for money in our objectives are:

Putting Our Customers First

Customers first by design
The use of customer insights and feedback leads to efficient processes and services, providing better outcomes through well-designed and customer-focused systems. A commitment to inclusivity and active listening ensures equitable access and representation for all customer groups in decision-making and service improvement.

Reliable and accessible customer service
Economy is driven by customer self-service tools and resolving queries at the first point of contact, reducing the need for excessive follow-up and minimising costs.

Personalised service delivery
We launched our Customer Experience programme in 2025 which will deliver a Customer Relationship Management system that will deliver simplified and efficient services to customers.

National but truly local
Effectiveness is maximised by flexing our operating model to reflect the unique needs of each community, ensuring services are relevant and impactful to the communities we serve.

A volunteer Police Cadet with Harper, Grayson and Frankie in Ely, Cambridgeshire

Building Safety Coordinator Sabrina Raphael at Page High in London

Investing In Our Assets

Investing in our homes
By bringing together several data sources, including customer insights, we ensure that our investments are targeted where they will have the greatest impact, enhancing their efficiency. Our proactive approach to asset management, including tackling damp and mould swiftly and upgrading key components, demonstrates our commitment to effectiveness in maintaining safe, secure, and well-maintained homes for our customers.

Optimising our assets
By utilising asset data to identify properties requiring major investment or those with declining demand, we enhance the efficiency of our resources. Our proactive approach to remodelling, regeneration, and redevelopment means that our assets are effectively optimised to meet local needs, as demonstrated by our award-winning projects like Anderston in Glasgow and the regeneration of Barne Barton in Plymouth.

Making our homes sustainable
One of the biggest improvements we can make to our customers' living standards is by upgrading the energy efficiency of our buildings through an effective investment programme in our homes. We have been awarded £44 million from the Government's Warm Homes: Social Housing Fund Wave 3 to help us achieve this economically.

Investing in safety
We are delivering our safety measures effectively through a dedicated Building Safety function and detailed surveys for our high-rise buildings. Our commitment to equity through proactive health and safety audits and collaborative efforts with third parties to remediate high-rise buildings means all of our customers live in safe and secure homes.

Hartshorne Court residents Heather Entwisle and Doreen Roberts

Growing Our Services

Expanding our social purpose
Our commitment to expanding our social purpose delivers effectiveness by ensuring that growth aligns with the core purpose of providing essential housing and care services, benefitting both customers and Sanctuary's long-term goals.

Integrating our businesses
The combination of new businesses drives economy from Sanctuary's extensive experience of efficiently planning integration processes, ensuring optimal use of resources and achievable timeframes while incorporating valuable insights from the new organisations.

Building new homes
We are continuing to develop essential new housing, building high-quality but economical homes where they are needed most and creating equitable communities. This includes much-needed social housing, care homes and supported living schemes. We have an existing Strategic Partnership with Homes England to support the delivery of 1,000 new affordable homes and are seeking to expand this programme to help meet the Government's target of 1.5 million homes over five years.

Our Value For Money Highlights

During 2025 we have delivered a number of key efficiency projects and successes:

- The full launch of OneProperty, our integrated repairs system which provides maintenance teams with a full repairs history and photos of a property, allowing faster diagnosis.
- The Transfer of Engagements of Johnnie Johnson into Sanctuary, which has reduced administrative costs, streamlined covenants and provided greater reinvestment capacity for former Johnnie Johnson stock and customers.
- The continued integration of Swan, including the re-tendering of its maintenance contracts which will reduce costs and improve customer satisfaction.
- The continued rationalisation of our statutory entities, which reduces overheads and simplifies processes.
- The launch of Pulse, our new intranet, and MySanctuary, our new employee Human Resources portal, has simplified access, improved data quality and made systems more accessible for all colleagues.

Understanding Our Performance

Sanctuary Group's key performance indicator results for 2025 and 2024 are colour-coded as follows:

- Green: Exceeded target (2025)/outperformed peer group (2024)
- Amber: Within 10% of target (2025)/within 10% of peer group (2024)
- Red: More than 10% short of target (2025)/more than 10% short of peer group (2024)

Where no colour-coding is offered, this is because no comparison is available, or a comparison is subjective.

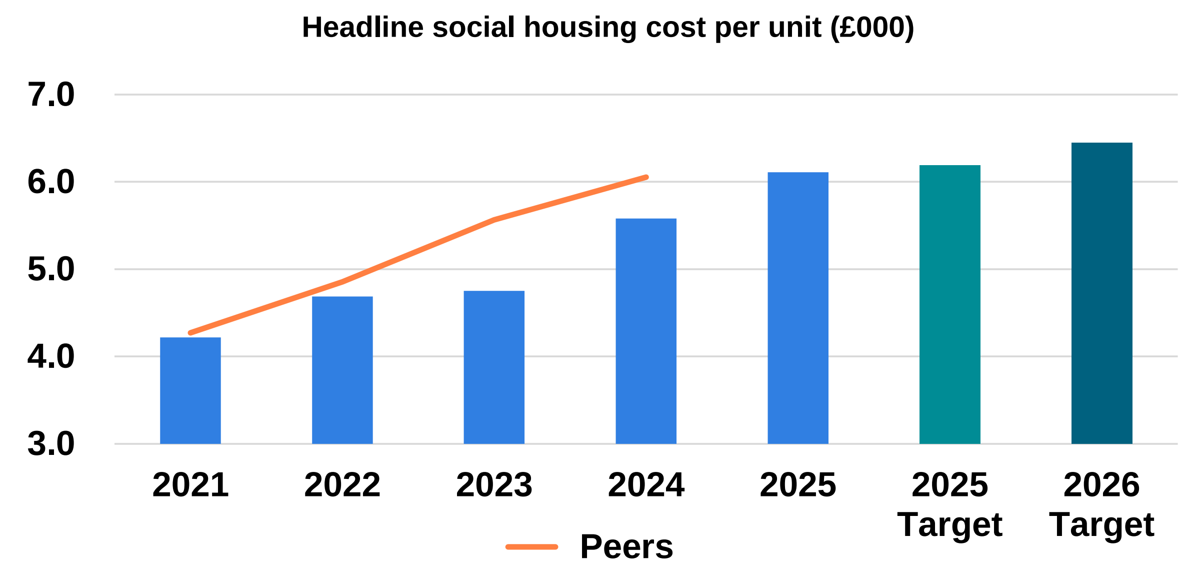
Maintenance Caretaker Mark James

Resources

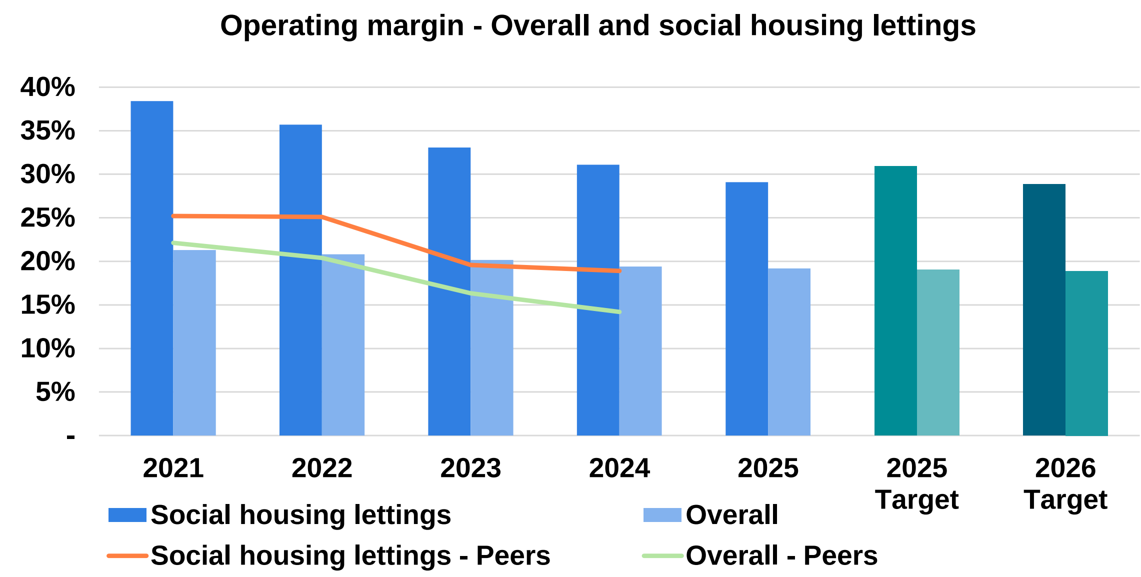
Our primary resource is our people, while our practical approach to procurement ensures that we purchase goods and services economically.

Value For Money Key Performance Indicators: Resources

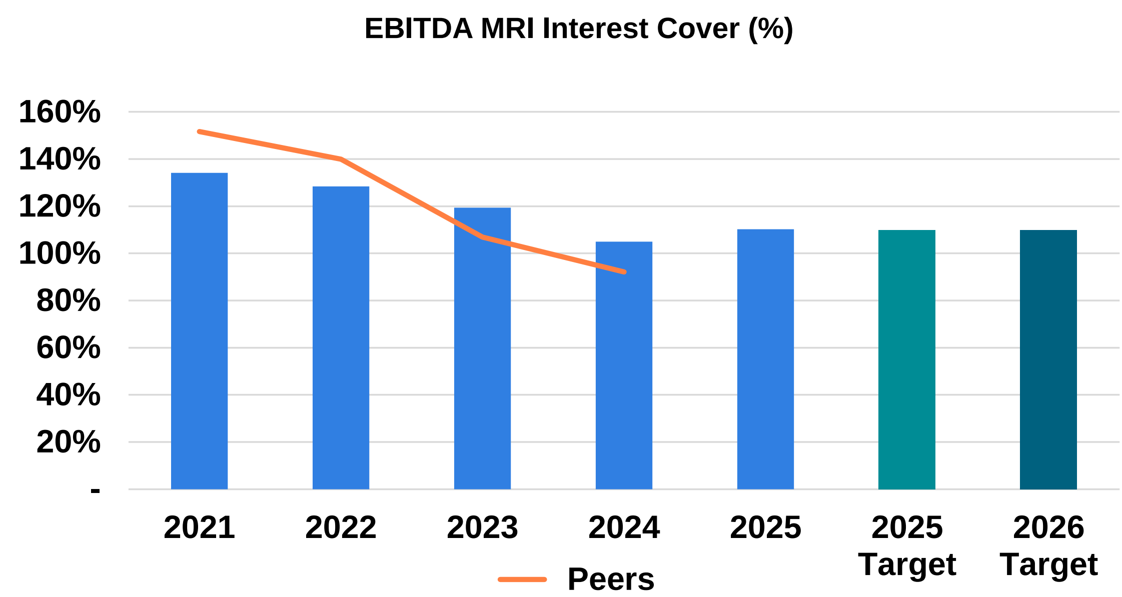
Headline social housing cost per unit was £6,109 in 2025 compared to a target of £6,189 and a 2024 figure of £5,733 when adjusted for the acquisition of Johnnie Johnson towards the end of the year. The year-on-year increase is due to higher reinvestment and maintenance costs, in line with budget expectations. Our cost per unit of £5,733 in 2024 was lower than our peer group, despite our greater proportion of supported living services which have a relatively high cost base. The target for 2026 of £6,447 per unit assumes similar levels of reinvestment.



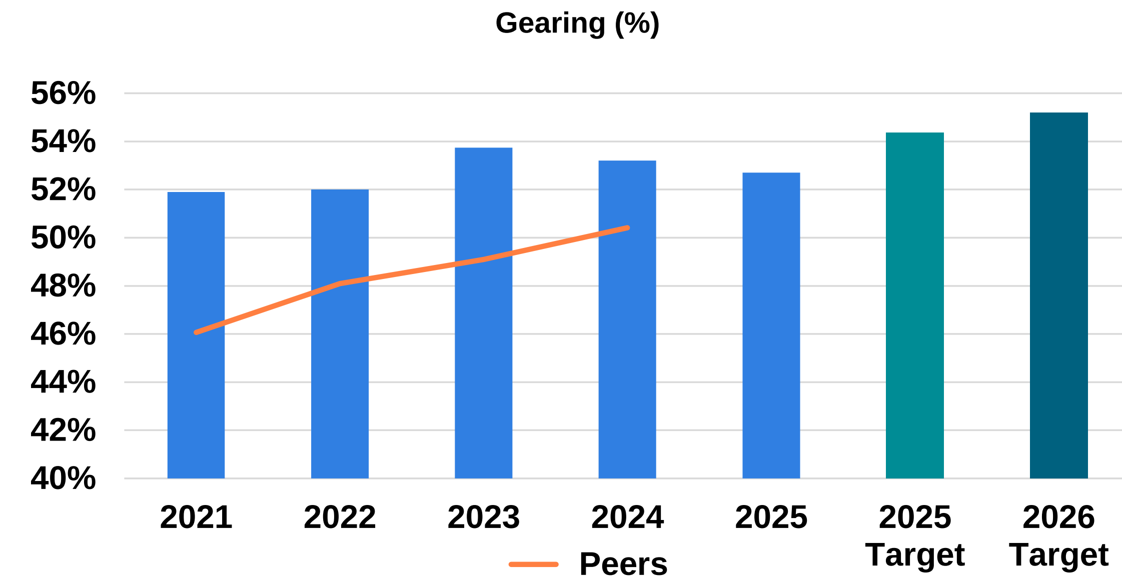
The social housing operating margin was below target and also fell year-on-year due to greater maintenance demand, however we outperformed the overall target due to careful cost management and several efficiency initiatives during the year. Our operating margins in 2024 were well above our peers, despite our relatively high proportion of typically low margin activities such as care, demonstrating our ability to deliver efficient housing services.



EBITDA MRI interest cover of 110.2% was in line with our target but continues to be impacted by the acquisition of Swan and its associated high debt burden, despite significant savings being made to improve the underlying business performance. Our interest cover has typically been lower than our peers due to the impact of historic development and acquisitions but this was not the case in 2024, with their interest cover impacted by inflation, greater reinvestment and significant rises in interest rates. We were largely protected due to our higher level of fixed debt and less exposure to building safety spend.



Gearing is 52.7%, 1.7 percentage points below target due to lower-than-expected development spend. Our 2024 gearing of 53.2% is above our peers, largely due to our history of acquisitions and rescues. Our target for 2026 of 55.2% reflects a modest increase in debt driven by development spend.



	Sanctuary Group 2025 Actual	Sanctuary Group 2025 Target	Sanctuary Group 2024 Actual	Peer Group Average 2024 Actual	Sanctuary Group 2026 Target
Headline social housing cost per unit (£)*	6,109	6,189	5,582^	6,054	6,447
Operating margin – social housing lettings (%)*	29.3	30.9	31.1	18.9	28.8
Operating margin – overall (%)*	19.2	19.0	19.4	14.2	18.9
EBITDA MRI interest cover (%)*	110.2	110.0	105.0	92.2	110.0
Gearing (%)*	52.7	54.4	53.2	50.4	55.2
Void loss (%)	1.70	1.68	1.73	1.60	1.68
Average cost per responsive repair (£)	137.0	135.0	136.0	n/a	167.0
Chief Executive pay per unit (£)	3.26	3.23	3.09	5.16	3.36
Remuneration of highest paid director per social home (£)	4.43	4.38	4.21	n/a	4.56
Total Directors' remuneration per social home (£)	28.76	31.51	30.29	n/a	30.19
Proportion of fixed rate debt (%)	81.2	n/a	83.7	77.8	n/a
Interest cover (Sanctuary metric)	1.80	1.85	1.82	2.41	1.81
Cost of borrowing (%)	4.68	n/a	4.76	4.08	n/a

*Regulator of Social Housing metric. RSH operating margin overall % is an adjusted margin equivalent to the Group's underlying surplus margin %. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 200.
^Restated to reflect final return.

Void Loss

Void loss for social housing lettings remained broadly in line with the prior year's result. However, the Group continued to improve its processes for managing void repairs and lettings across all its activities – these efforts started to show significant improvements towards the end of 2025 and position us well to manage void loss levels in the next financial year.

Average Cost Per Responsive Repair

The average cost of a responsive repair was higher than target, reflecting that a greater proportion of our repairs were carried out by external contractors. The cost is expected to rise in 2026, partly driven by the National Insurance increases which have also affected suppliers.

Chief Executive Pay Per Unit/ Remuneration Of Highest Paid Director Per Social Home/Total Directors' Remuneration Per Social Home

These metrics reflect our economies of scale and are a demonstration of our commitment to delivering value for money services across all of our businesses.

Proportion Of Fixed Rate Debt/ Interest Cover/Cost Of Borrowing

Interest cover can be calculated in many different ways and our preferred method is consistent with our lenders' calculations and makes no adjustment for capitalised major repairs. As noted under EBITDA MRI interest cover, our interest cover has typically been lower than our peer group due to several factors, including our decision to continue to hold relatively high levels of fixed debt (83.7% at March 2024 against our peers' 77.8%). This higher proportion of fixed debt has helped shield us from the worst of the recent rate rises but our interest cover is still below our peers due to inherited debt from acquisitions such as Swan.

Facilities Administration Officer Busola Obideyi

Structures And Processes

Our structures and processes include our corporate structure, our operational structure, our governance structure and processes, and our technology processes.

Value For Money Key Performance Indicators: Structures And Processes

	Sanctuary Group 2025 Actual	Sanctuary Group 2025 Target	Sanctuary Group 2024 Actual	Peer Group Average 2024 Actual	Sanctuary Group 2026 Target
Rent arrears (%)	3.0	3.4	3.2	4.1	3.3
Number of statutory entities (excluding joint ventures)	45	n/a	49	n/a	n/a
Employee survey engagement score (%)	80	76	77	n/a	76
Internal maintenance service utilisation (%)	76.0	78.0	76.4	n/a	81.0
Jobs per operative per day	3.9	4.0	3.5	n/a	4.6

Rent Arrears

Our rent arrears are significantly below target and have even fallen since the prior year despite the wider external economic pressures, demonstrating our effective income collection processes.

Statutory Entities

The number of statutory entities in the Group has fallen during the year as we continue to streamline acquired entities. We endeavour to keep the number of active entities to a minimum in order to reduce the administrative burden and plan to rationalise more as soon as possible.

Employee Engagement Score

Our employee engagement score of 80% was a three percentage point increase on the previous year and is still significantly above the external benchmark of 66%. We recognise that it continues to be a challenging time for colleagues and are committed to providing them with the support and tools they need to thrive.

Internal Maintenance Service Utilisation And Jobs Per Day

The number of maintenance jobs we've been able to deliver ourselves rose during the year as we began to see the benefits of OneProperty which was rolled out across all regions. Once fully embedded OneProperty will drive significant improvements, giving us greater quality control.

Customers

We serve a broad range of customers across a wide geographic area, many of whom live in our homes.

Value For Money Key Performance Indicators: Customers

	Sanctuary Group 2025 Actual	Sanctuary Group 2025 Target	Sanctuary Group 2024 Actual	Peer Group Average 2024 Actual	Sanctuary Group 2026 Target
Resident satisfaction – overall (%)	64	68	66	66	64
Sanctuary Care Care Quality Commission rating (% good or better)	95	100	95	n/a	100
Sanctuary Supported Living Care Quality Commission rating (% good or better)	95	100	98	n/a	100
Care Inspectorate Scotland rating (% good or better)	95	100	89	n/a	100

Resident Satisfaction

Our customer satisfaction is a key indicator of how well we are performing and like many in the sector the metric is not as high as we would like. Our new Customer Experience programme, scheduled to launch during 2025, as well as more efficient repairs through OneProperty, will help us improve our service delivery. We want to offer excellent customer service while also providing the highest value for money.

Care Quality Commission/Care Inspectorate Ratings

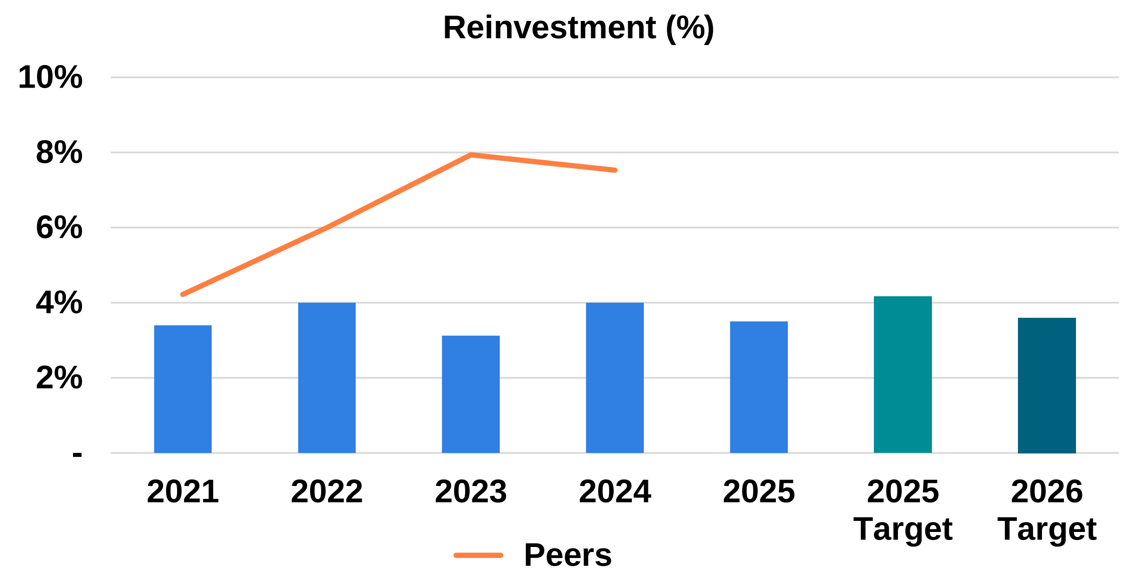
While our Care Quality Commission and Care Inspectorate ratings are below the target of 100% that we set ourselves, our Care Quality Commission ratings continue to be some of the highest in the sector, demonstrating our ability to deliver cost-effective, high-quality services to our residents.

Assets

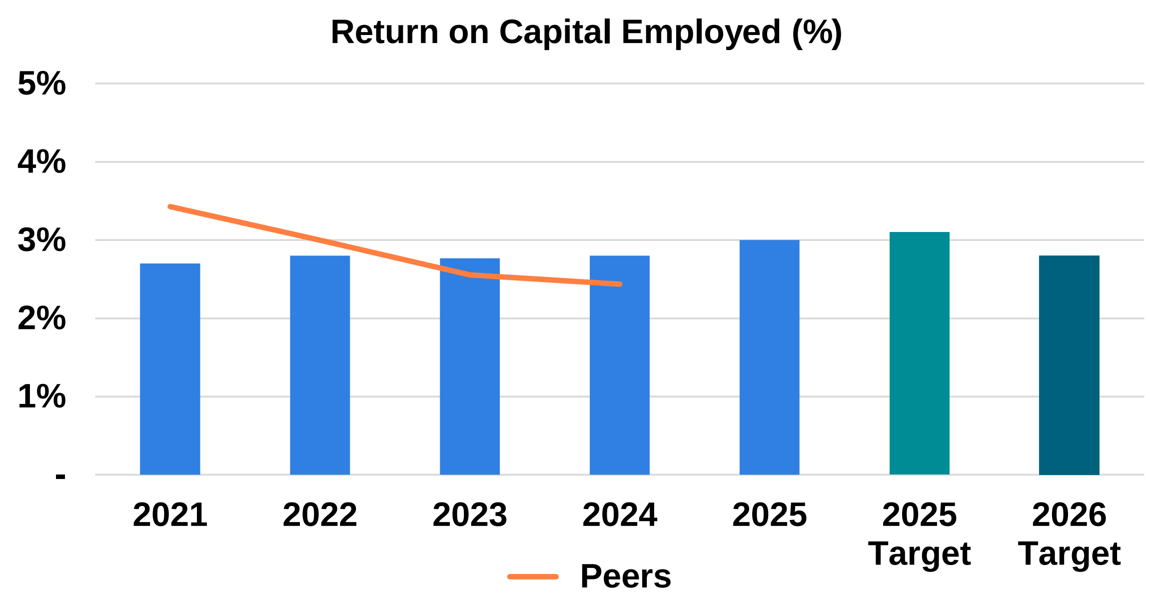
Assets comprises management of our existing asset base and the development of new properties.

Value For Money Key Performance Indicators: Assets

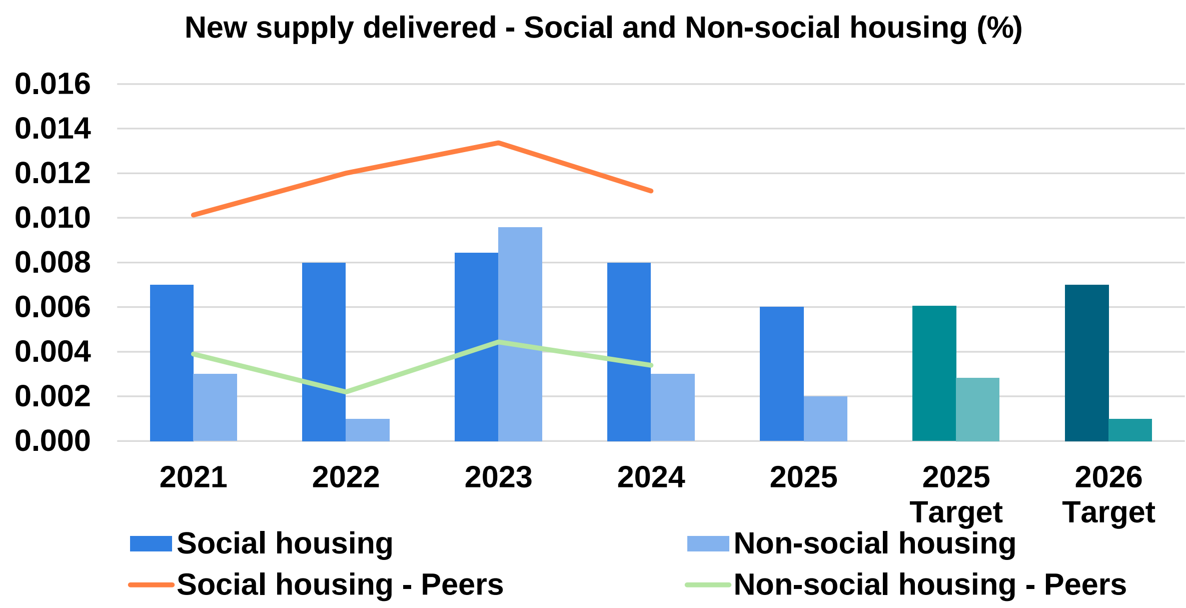
Reinvestment was 3.7% for 2025, 0.5 percentage points below target as development sites experienced delays. The target for 2026 is 3.6% as we continue to deliver our Homes England strategic partnership commitments. While our reinvestment metric is lower than our peers', the level of absolute reinvestment expenditure per property is similar; instead the difference in the metric is primarily due to lower development expenditure and lower exposure to building safety.



Return on Capital Employed was 3.0% for 2025, 0.1 percentage points below the target due to greater maintenance demand. Similar to our operating margins, our Return on Capital Employed is greater than our peers.



Our supply metrics were broadly in line with target as we continued to deliver our development commitments which include social housing in England and Scotland, as well as care homes. New supply (social) for 2025 was on target at 0.6%, whilst New supply (non-social) was 0.2%, 0.1 percentage points below target. The targets for 2026 are 0.7% and 0.1% respectively.



	Sanctuary Group 2025 Actual	Sanctuary Group 2025 Target	Sanctuary Group 2024 Actual	Peer Group Average 2024 Actual	Sanctuary Group 2026 Target
Reinvestment (%)*	3.7	4.2	4.0	7.5	3.6
Return on Capital Employed (%)*	3.0	3.1	2.8	2.4	2.8
New supply delivered – social (%)*	0.6	0.6	0.8^	1.1	0.7
New supply delivered – non-social (%)*	0.2	0.3	0.3^	0.3	0.1
Number of new homes completed including through joint ventures and consortia	881	878	1,032	n/a	935
Number of new homes sold	259	296	336	n/a	180

*Regulator of Social Housing metrics. Alternative performance measures are defined and/or reconciled in Appendix 3 on page 200.
^ Restated to reflect final return.

New Homes Delivered And New Homes Sold

Sales of newly built homes, both outright sale and shared ownership, generated £89.9 million of income, with a gross margin of 18.6%, compared to £90.3 million in 2024 which generated a margin of 17.2%. The number of homes sold in 2025 was below target as scheme completions were delayed due to site delays and contractors going into administration.

Southam Road development in Banbury

Good Governance And Financial Resilience

Governance

Sanctuary Group Board visits Ampney Meadows

Group Chief Executive Craig Moule visits residents at Spey House

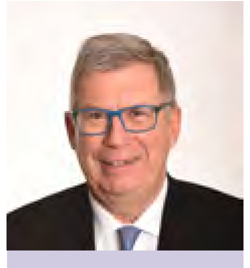
Sanctuary has a group structure, in which Sanctuary Housing Association (the Association) is the parent entity. The Association was established on 5 May 1969 and is a Registered Society (19059R). Sanctuary is governed by the Board of the Association (the Group Board) which comprises eight non-executive members, the Group Chief Executive, Craig Moule, and two co-opted members.

The Role Of The Group Board

The Group Board's primary role is to define and ensure compliance with Sanctuary's values and objectives. They set our strategic direction and make sure that policies and plans are in place to achieve our objectives. They also establish and oversee a framework of delegation and systems of control.

We are committed to having an effective board comprising members with diverse backgrounds, life experience, knowledge and skills. Out of the 11 current Group Board members, eight are male and three are female, and two Group Board members represent ethnic minorities.

The Group Board (As Of 25 June 2025)



Andrew Manning-Cox
Group Chair

Craig Moule
Group Chief Executive and ex-officio Group Board Member

Arvinda Gohil OBE
Group Vice Chair and Chair of Group Housing Board

Dr James Thallon
Group Board Member

Ian Chisholm
Chair of Group Audit and Risk Committee

Ros Kerslake CBE
Chair of Remuneration Committee

Olu Odeniyi
Group Board Member

Nigel Wilcock
Group Board Member

Dr Kevin Lavery
Group Board Member

Ed Lunt
Chief Financial Officer and Co-opted Group Board Member

Nicole Seymour
Executive Director - Corporate Services and Co-opted Group Board Member

To read more details about our Group Board members, visit the **Who We Are** page on our website: Group Board | Sanctuary.

Board/committee membership, as at 31 March 2025, is summarised as follows:

Membership details	Group Board	Group Audit and Risk Committee	Group Housing Board	Nominations Committee	Remuneration Committee	Succession Planning Committee**
Andrew Manning-Cox*	Chair 7/7	-	-	Chair 2/2	-	Chair 0/0
Craig Moule	7/7	-	4/4	Lead Officer	Lead Officer	Lead Officer
Arvinda Gohil	Vice Chair 7/7	-	Chair 4/4	1/2	-	0/0
James Thallon	6/7	-	-	2/2	1/1	0/0
Ian Chisholm	7/7	Chair 4/4	-	2/2	1/1	0/0
Ros Kerslake	7/7	4/4	-	2/2	Chair 1/1	0/0
Olu Odeniyi	7/7	-	1/1	2/2	-	0/0
Nigel Wilcock	3/3	2/2	-	1/1	-	0/0
Kevin Lavery	2/3	-	1/1	1/1	-	0/0
Ed Lunt	7/7	Lead Officer	-	-	-	-
Nicole Seymour	7/7	-	-	-	-	-

* As Group Chair, Andrew Manning-Cox is an ex-officio member of all committees of the Group Board.
** The Succession Planning Committee is currently dormant.

Member attendance at board/committee meetings from 1 April 2024 to 31 March 2025 is also included in the table above. This is shown as (number of meetings attended in year/number of meetings held in year).

Code Of Governance

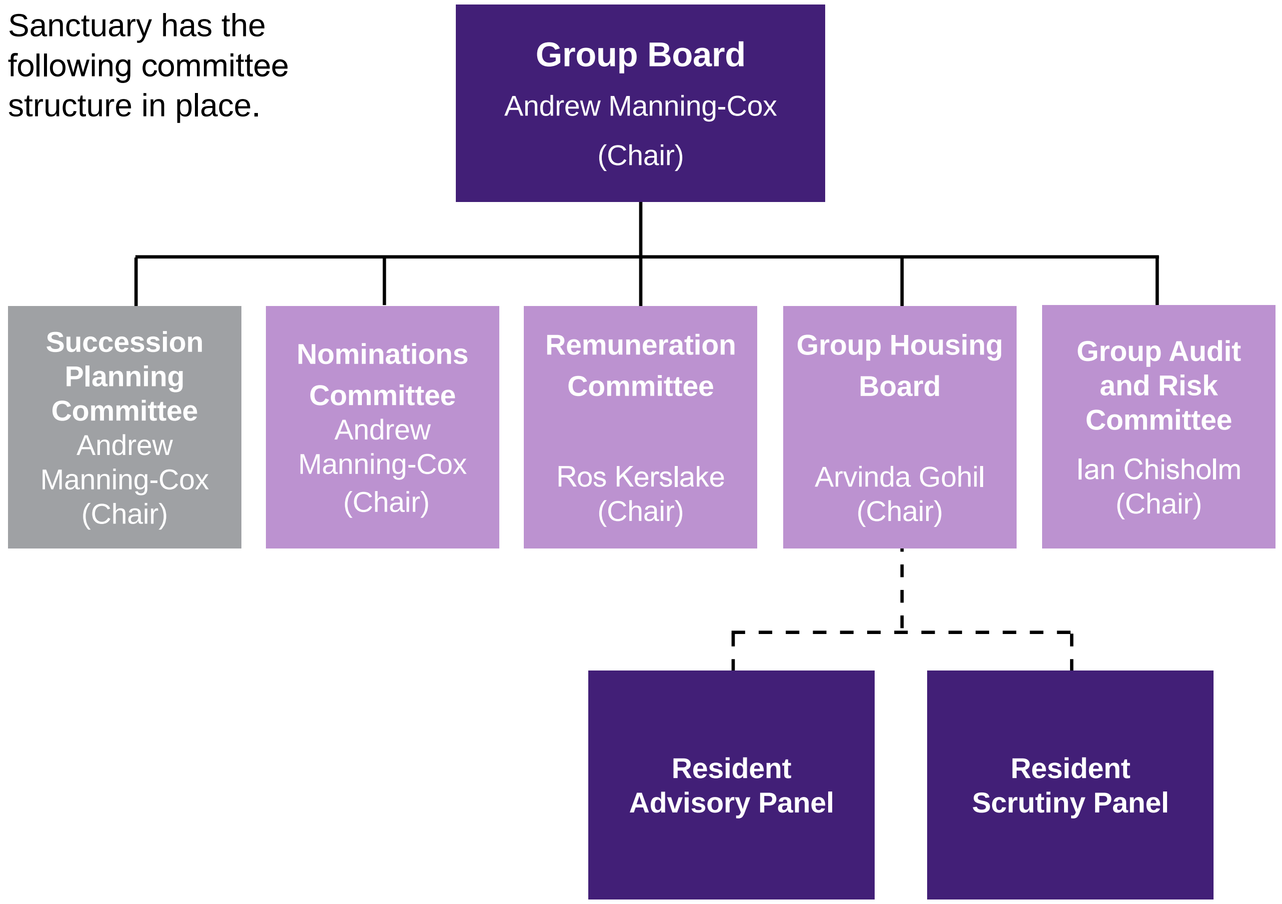
The Group Board considers that the Group and its Registered Provider subsidiaries comply with the provisions of the National Housing Federation's Code of Governance 2020.

Subsidiary Boards

All subsidiaries within the Group have their own boards, which are responsible to the Group Board for overseeing the operations of each subsidiary.

Committees Of The Group Board

Sanctuary has the following committee structure in place.



Group Housing Board

Our Group Housing Board puts Sanctuary residents at the heart of our decision-making process and its membership includes four Sanctuary residents, including the respective chairs of Sanctuary's Resident Advisory Panel and Resident Scrutiny Panel. This provides valuable insight from the residents directly affected by the strategic decisions we make. This is another important forum through which Sanctuary residents can influence the things that matter most to them.

They are joined by our Group Chief Executive, Chief Customer Officer, and three of our Group Board's Non-Executive Directors.

Our Group Housing Board is tasked with making sure our 'landlord services' are efficient and meet our customers' needs. This includes:

- Monitoring and challenging our operational performance, helping us to be open and transparent with a focus on continuous improvement.
- Reviewing and approving our housing policies, making sure they meet or exceed legal and regulatory standards.
- Setting and monitoring service standards so we deliver our services efficiently and provide customers with value for money.
- Making our resident engagement thorough and robust, while ensuring our resident scrutiny arrangements work effectively.

Group Audit And Risk Committee

The purpose of our Group Audit and Risk Committee is to monitor and advise the Group Board on risk management, internal control, fraud, and internal and external audit.

Some of the tasks of this committee include:

- Advising on the effectiveness and adequacy of risk management and internal control systems.
- Monitoring the implementation of recommendations from internal and external audit reports and management letters.
- Reviewing if the Annual Report and Financial Statements is fair, balanced and understandable.
- Reviewing the long-term plan and strategic focus for internal audit.
- Ensuring the customer voice is fully considered within internal audit work where services impact on customers.
- Advising on the appointment and remuneration of external auditors and the scope of their work.
- Reviewing the policies and procedures for Risk Management, Management of Fraud Risk and Reported Fraud, Whistleblowing, Prevention of Bribery and Anti-Money Laundering.

Internal And External Audit

KPMG LLP (KPMG) provides external audit services and PricewaterhouseCoopers LLP (PwC) performs internal audit services. The Group Audit and Risk Committee has approved a policy in relation to the nature of non-audit work undertaken by KPMG and PwC. The Chair of the Group Audit and Risk Committee must approve the work.

There is an annual review of the provision of, and fees for, non-audit services as part of the Group Audit and Risk Committee's review of the services provided by KPMG and PwC.

Nominations Committee

The role of the Nominations Committee is to consider the suitability of candidates put forward by the Group Board for election to the Group Board by the shareholding membership. It also provides feedback to the Group Board on its nominees, being mindful of its customer and regulatory obligations and the need to ensure that the governing body has a wide range of skills, experience, and fully appreciates and embraces the importance of diversity and lived experience, in order to be able to maintain effective control of the organisation and ensure the communities served are fully represented.

Remuneration Committee

The role of the Remuneration Committee is to assist the Group Board in a framework for remuneration of Sanctuary Executive Directors, including targets for performance-related pay schemes, pension arrangements and benefit structures. It also reviews the Group Board Non-Executive Director remuneration annually.

Succession Planning Committee

The role of Succession Planning Committee is to assist the Group Board in its responsibilities relating to succession planning for the Group Chief Executive.

Executive Management

The Group Board delegates day-to-day management of activities to the Group Chief Executive, who is responsible for making sure there are appropriate executive arrangements in place to ensure Sanctuary can meet its objectives and targets, and that those arrangements reflect the diverse needs of the business, including financial performance, capital investment, compliance, growth, and business planning.

To this end, Sanctuary has two committees chaired by the Group Chief Executive:

- The Executive Committee, which considers and approves strategic matters affecting the organisation (either implementation of strategy direction by the Group Board or determination of recommendations to the Group Board).
- The Strategic Asset and Development Committee, which is responsible for monitoring performance and approving capital projects and development activities in furtherance of Sanctuary's Corporate Strategy.

The Group Executive team

Group Executives (As Of 25 June 2025)

Craig Moule
Group Chief Executive and ex-officio Group Board Member

Ed Lunt
Chief Financial Officer and Co-opted Group Board Member

Nicole Seymour
Executive Director - Corporate Services and Co-opted Group Board Member

Nathan Warren
Group Director - Growth & Partnerships

Lizzie Hieron
Chief Customer Officer

Peter Martin
Group Managing Director: Asset Strategy and Development

Sarah Clarke-Kuehn
Chief Operating Officer - Commercial

Donna Williams
Group Director - Strategy and Sustainability

Chris Norman
Chief Information Officer

To read more details about our Executive Directors, visit the **Who We Are** page on our website: Executive Team | Sanctuary.

Internal Controls

The Group Board is ultimately responsible for ensuring that the Group maintains a system of internal control that is appropriate to the various business environments in which it operates. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. The controls by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

The Group Board has established key procedures to provide internal control and there are clear lines of responsibility for the creation and maintenance of the procedures through the Executive Committee of Sanctuary. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within Sanctuary or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposition.

Major business risks are identified through a system of continuous monitoring. The financial control framework includes the following key features:

- The Group Board being directly responsible for strategic risk management.
- The adoption of formal policies and procedures including documentation of key systems and rules relating to a delegation of authorities, which allows the monitoring of controls and restricts the unauthorised use of the Group's assets.
- Experienced and suitably qualified staff being responsible for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- Executives to monitor the key business risks and financial objectives allowing the Group to progress towards its financial plans set for the year and the medium-term. Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information including significant variances from targets which are investigated as necessary.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Group Audit and Risk Committee reviews reports from management and PwC to provide reasonable assurance that control procedures are in place and are being followed. The Group Audit and Risk Committee receives an annual report on internal controls from the Chief Financial Officer. The Committee receives a report from the Group's external auditor in relation to the consolidated Financial Statements. The Group Audit and Risk Committee makes regular reports to the Group Board. The Group follows formal procedures for instituting appropriate action to correct weaknesses identified in the above reporting.

On behalf of the Group Board, the Group Audit and Risk Committee has reviewed the effectiveness of the systems of internal control in existence in the Group for the year ended 31 March 2025 and is not aware of any material changes at the date of signing the Financial Statements.

Risk Appetite, Principal Risks And Uncertainties

Risk Appetite

In forming its overall risk appetite, the Group identified specific operations and business functions that warrant specific risk appetite statements. Each of these areas has a statement indicating how the appetite is applied, together with metrics that monitor and measure our approach to risk. This includes hurdles which should not be breached without Board approval. Each metric has a trigger point which is an early warning system highlighting when we are approaching a hurdle. The trigger points provide a clear indicator of when remedial actions may need to be taken to avoid the Group breaching the risk appetite hurdles.

Included within the risk appetite metrics are key financial measures and we call these our Golden Rules. These define the financial parameters that the Group will stay within. These are illustrated in the table opposite along with our performance against these rules for the years ended 31 March 2025 and 31 March 2024. Due to the Group's recent growth, the rule that states the maximum percentage of revenue which can come from housing for sale has been revised; the Hurdle has been reduced from 30% to 20% and the Trigger Point from 20% to 15%.

All of the Golden Rules have been compliant during the year. Due to greater maintenance and compliance costs, the underlying operating surplus margin metric is above its Hurdle but below its Trigger point for 2025 and is expected to remain at this level into 2025/2026.

Golden Rule	Hurdle	Trigger Point	31 March 2025	31 March 2024
Sales revenue not to be greater than 20% of Group total sales revenue	20.0%	15.0%	7.6%	8.3%
Value of lending to and investment in Beech Grove Homes - the maximum amount we are prepared to invest in our development and construction business at any time	£350m	£300m	£181.6m	£196.1m
Existing cash and available facilities cover at least 18 months of future committed spending requirements	18 months	20 months	23 months	23 months
All income test funder covenants are exceeded and this continues to be the case for the life of the latest projections/business plan (statutory entity specific)	Pass	Covenant forecast within 10%	Tightest income test is Sanctuary Care Property (2)'s debt service cover ratio of 222% against a covenant of 150%, giving surplus headroom of £2.7m	Swan's tightest EBITDA interest cover covenant is 38.5% against a covenant of 20% (£5.6m of headroom)
All balance sheet funder covenants are met and this continues to be the case for the life of the latest projections/business plan (statutory entity specific)	Pass	£100m debt headroom	Tightest balance sheet test is Sanctuary Housing Association's gearing covenant of 69% against a covenant of 80%, giving debt headroom of £317m	Swan's tightest gearing covenant is 74% against a covenant of 90% (£118.6m headroom)
Capacity in the form of cash, undrawn facilities and available unencumbered property security that could be used to raise financing exceeds £500 million	£500m	£600m	£2,173m	£2,033m
EBITDA MRI interest cover (Group level) - the amount we can cover our interest expense from our earnings after deducting capital reinvestment spend*	100.0%	110.0%	110.2%	105.0%
Underlying operating surplus margin (Group level)*	18.0%	20.0%	19.2%	19.0%
Standard and Poor's and Moody's credit ratings are maintained above BBB and Baa2 respectively	Standard and Poor's = BBB Moody's = Baa2	Standard and Poor's = BBB+ Moody's = Baa1	Standard and Poor's = A Moody's = A2	Standard and Poor's = A Moody's = A2

* Alternative performance measures are defined and/or reconciled in Appendix 3 on page 200.

Principal Risks And Uncertainties

We operate a comprehensive risk mapping process both at a strategic level and with all our business operations and this is reviewed by the Group Audit and Risk Committee. Risk and assurance maps are approved by the relevant boards and board reports must reference the relevant risks addressed on the appropriate risk map.

The Group's principal and highest-rated risk relates to Government policy, legislation and regulation for which the residual risk is now in line with the target, having been reduced during the year. The residual score was originally increased above target in September 2022 at a time when there was considerable political instability; the precise nature of the consumer standards and how they would be measured and monitored was unknown; a rent cap for 2023/2024 was mooted due to record inflation but not confirmed and rent policy after 2024/2025 was unknown. In the intervening period there has also been speculation about the nature and extent of the Decent Homes Standard and the scope of Awaab's Law. Whilst the Labour government is still relatively new and there is uncertainty over the future of the Decent Homes Standard, there is now more clarity on the nature of Awaab's law and the timing of its phased implementation and it is considered that the political and regulatory environment is more stable. The Consumer Standards are also embedded and, taking this all into account, it was felt appropriate to reduce the residual risk back in line with the target.

While the Group's Government policy, legislation and regulation risk has reduced during the year, the Group's Reputational and Customer Service risk remains above target. The residual score was originally increased in September 2023 in light of the Housing Ombudsman issuing a record amount of severe maladministrations, including a number to the Group. There was also increasing media reporting of sector failures and the Regulator had not performed any inspections which included a review of the new Consumer Standards. While we have now received our first Consumer Standard rating of C2, meaning that we are generally meeting the standards expected, and the Group's response times when dealing with complaints has significantly improved, there remains reputational damage associated with Swan's legacy activities and the number of complaints received by the Group continues to grow so there is further room for improvement within the complaints process. On balance the residual score greater than target is still appropriate, with addressing Swan legacy issues and sustained improvements in complaints and complaints handling required before it is reduced to be in line with the target.

The Group's other risk scores have remained static during the year. While there has been upward pressure on the funding and financial viability risk from the external economic environment, the Group continues to have robust financial management, demonstrated by both Moody's and Standard and Poor's reaffirming the Group's credit ratings in February 2025.

The principal risks affecting Sanctuary are set out on the following pages. The order in which they are presented does not represent a hierarchy of risk level.

Keys:

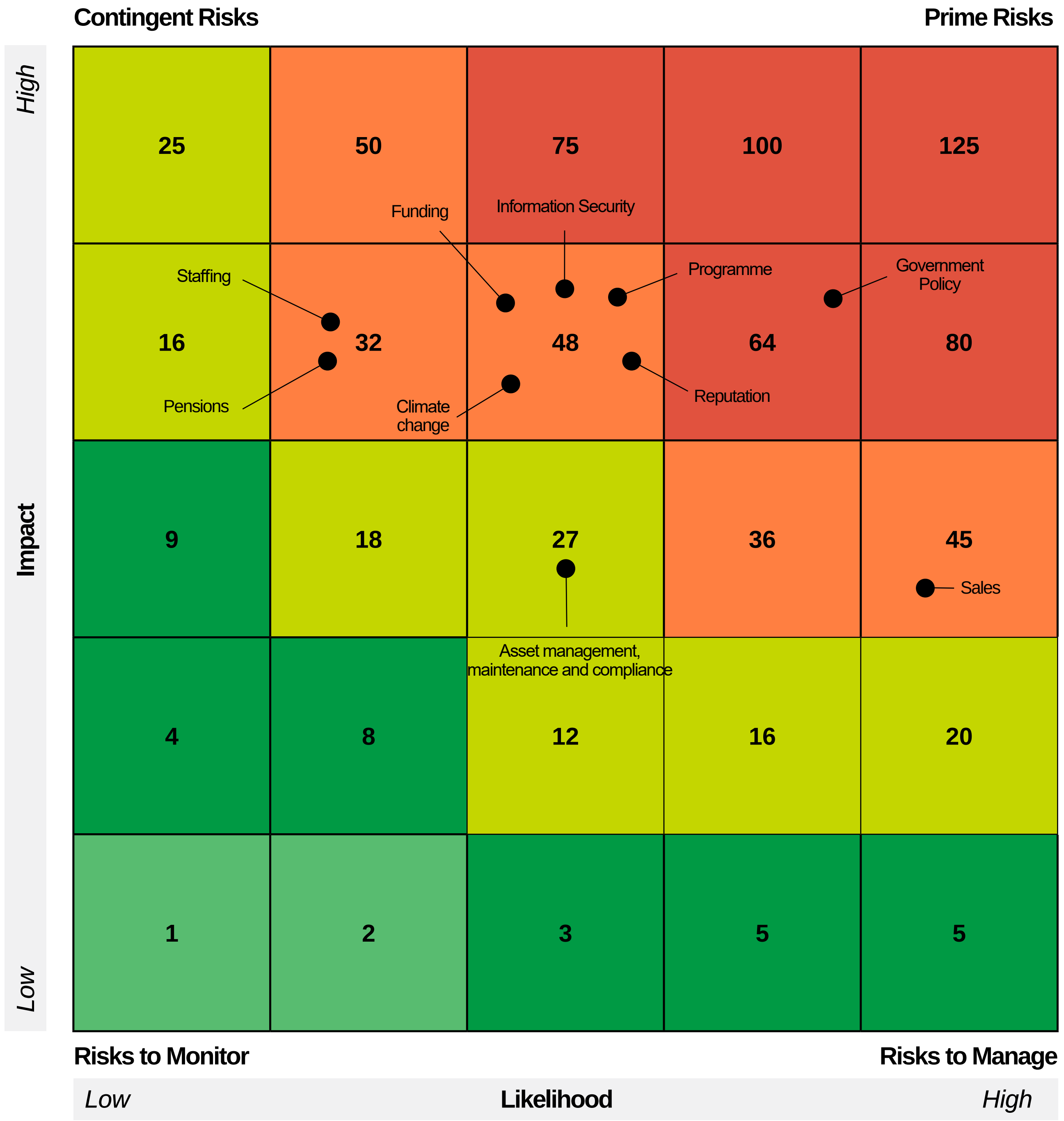
Risk Scores:

- Gross risk is the level of risk before any mitigating controls have been applied.
- Residual risk is the level of risk remaining after all of the mitigating controls have been applied.
- Target risk is our desired level of residual risk and is defined by our risk appetite.

Risk Assessments:

Rating	Likelihood	Impact
1	Rare	Insignificant
2	Unlikely	Minor
3	Possibly	Moderate
4	Likely	Major
5	Very likely	Severe

Risk Ratings: (Calculated As Likelihood x Impact x Impact)



Risk Description	Change*	Score
0 10 20 30 40 50 60 70 80 90 100 110 120		

1. Government policy, legislation and regulation risk

	Score
Gross	125
Residual	64
Target	64

Risk Description	Change*
Failure to comply with or react to new regulations and Government announcements leads to operational damage, financial loss or impacts tenant welfare.	Decreased

2. Funding and financial viability risk

	Score
Gross	125
Residual	48
Target	48

Risk Description	Change*
Covenant constraints can limit the Group's capacity for further borrowing. Downgrades to the sector's or Group's credit ratings may increase the cost of future borrowing. Failure to obtain funding could undermine the Group's long-term growth plans.	No change

3. Sales risk

	Score
Gross	80
Residual	45
Target	45

Risk Description	Change*
The development programme increases the Group's exposure to housing market risk through the level of new properties for sale either via shared ownership or outright sale.	No change

4. Programme and service delivery risk

	Score
Gross	125
Residual	48
Target	48

Risk Description	Change*
Planned expansion of the Group or changes to services such as process or technology programmes increase the risk of overstretching management and overloading current systems. Capacity and material constraints could also result in supply chain and service disruption while there could be a loss of management control due to a failure in risk management.	No change

5. Reputational and customer service risk

	Score
Gross	75
Residual	48
Target	32

Risk Description	Change*
By operating businesses that provide services to many residents and customers, we run the risk of reputational damage that could lead to loss of business and, at its most extreme, viability concerns for particular business streams.	No change

Risk Description	Change*	Score
0 10 20 30 40 50 60 70 80 90 100 110 120		

6. Asset management, maintenance and compliance risk

	Score
Gross	64
Residual	27
Target	27

Risk Description	Change*
A failure to manage, monitor and invest or divest in a group or class of assets leads to a significant impairment due to inadequate returns, a decline in demand or asset obsolescence generating a material financial loss. Failure to deliver health and safety requirements or operational targets result in customer welfare issues or degradation of competitive ability.	No change

7. Pensions risk

	Score
Gross	64
Residual	32
Target	32

Risk Description	Change*
The Group participates in a number of defined benefit pension schemes and there is a risk of greater funding requirements.	No change

8. Staffing risk

	Score
Gross	100
Residual	32
Target	32

Risk Description	Change*
A failure to recruit, train and retain a workforce with the appropriate knowledge, skills and experience at all levels, leading to the Group failing to achieve its strategy or impacting on reputation. This risk includes wage inflation in an environment where costs are increasing.	No change

9. Information security and availability risk

	Score
Gross	125
Residual	48
Target	48

Risk Description	Change*
A failure to protect the Group's technology, data and assets against unauthorised access leading to a loss of, or no access to, data, and/or systems being rendered unavailable, resulting in prosecution, significant financial loss and reputational damage.	No change

10. Climate change

	Score
Gross	64
Residual	48
Target	48

Risk Description	Change*
Climate change adversely affects or threatens the continuity of business operations and service delivery. The Group may also incur increased costs associated with climate events or mitigating/adaptions.	No change

* Change measured as the movement in the residual risk since the 2023/2024 Financial Statements

Students at Grafton Street, Manchester

Going Concern

The Group Board's assessment of the Group and the Association's ability to continue as a going concern is based on consideration of cash flow forecasts for a period of at least 12 months from the date of approval of these Financial Statements. The cash flow forecasts fully incorporate Swan, Johnnie Johnson Housing and the Group's capital commitments and show that the Group and Association will have sufficient funds to continue to meet liabilities as they fall due. In order to demonstrate the Group's financial resilience, a number of plausible downside scenarios have been modelled, which individually and in combination show that there is sufficient headroom for liquidity purposes and no breaches of covenants.

Scenarios include: a prolonged period of high inflation, energy cost increases, a rent cap in England, deterioration in income collection, an increase in voids, a reduction in student and care occupancy, lower development sales and greater maintenance demand. Further details are given in note 1 to the Financial Statements on page 111.

Having assessed the principal risks as set out on pages 84 to 89, the modelled plausible downside scenarios and other matters discussed in connection with the Viability Statement on page 91, the Group Board considers that the Group and the Association have adequate resources to remain in operation for the foreseeable future, have sufficient cash to meet their needs for the foreseeable future and will continue to meet all borrowing covenants. The Group Board has therefore continued to adopt the going concern basis in preparing the Financial Statements.

Viability Statement

During the year the Group Board has assessed the viability of the Group in line with the business plan. This assessment has been made through the business planning process which takes account of both the Group's current position and its principal risks, which are detailed on pages 84 to 89.

The Group Board has determined that the period to 31 March 2028 is an appropriate period over which to provide its Viability Statement. While the Group Board believes that Sanctuary will be viable over a much longer period, this period has been chosen as it has a much greater degree of certainty.

The business planning process includes the Group's most recent targets, operational plans, a review of external factors and the impact of any recent acquisitions such as Swan and Johnnie Johnson Housing. The operational plans provide long-term direction and are reviewed on at least an annual basis. The base strategy is tested through rigorous sensitivity analysis and stress testing using a series of robust downside financial scenarios such as greater inflation, rising interest rates, rent controls, house price declines, higher wages and greater net zero costs, all of which result in a financial impact. The testing also identifies the principal risks that may adversely impact the Group which include operational, political, business, liquidity, market and credit risk. The results of the testing ensure potential mitigating actions are appropriately developed.

Due to the inherent uncertainty involved in all business planning, it is not possible for the review to consider every risk that the Group may face.

However, the Group Board considers that the stress testing performed includes all major risks and therefore provides strong assurance of the Group's financial viability.

Also key is the maintenance of a Group-wide assets and liabilities register and risk management processes that flow through to all of the Group's subsidiaries and operations. External assurance of the Group's viability is demonstrated by the Group's credit ratings (Moody's: A2 (Stable) and Standard & Poor's: A (Stable)), while the Group has strong liquidity in place and is able to refinance any debt due over the period.

The Group Board has therefore concluded, based on the extent of the business planning process and strong financial position, that there is a reasonable expectation the Group and the Association have adequate resources and will continue to operate and meet their liabilities as they fall due over the period of their assessment.

The Group Board can also confirm that it has complied with the Governance and Financial Viability Standard set out by the Regulator of Social Housing. During the year, the Regulator of Social Housing gave Sanctuary Group ratings for Governance and Viability of G1 and V2 respectively (2024: G1 and V2).

We were inspected for the first time under the regulator's consumer standard during 2024/2025. Our rating of C2 demonstrates we are generally meeting the consumer standards expected.

Statement Of The Board's Responsibilities In Respect Of The Annual Report And Financial Statements

The Group Board is responsible for preparing the Annual Report and the Group and Association Financial Statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Group Board to prepare Group and Association Financial Statements for each financial year. Under these regulations, the Group Board has elected to prepare the Group and Association Financial Statements in accordance with UK-adopted international accounting standards (International Financial Reporting Standards).

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period.

In preparing these Financial Statements, the Group Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with International Financial Reporting Standards;
- Assess the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

The Group Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that its Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and the Association and to prevent and detect fraud and other irregularities.

The Group Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Responsibility Statement Of The Directors In Respect Of The Annual Financial Report

We confirm that to the best of our knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Association and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Disclosure Of Information To Auditor

In the case of each of the persons who are members of the Group Board at the date when this report was approved:

- So far as each of the members of the Group Board is aware, there is no relevant audit information of which the Group and Association's auditor is unaware; and
- Each of the members of the Group Board has taken all the steps that they ought to have taken as a Member of the Group Board to make themselves aware of any relevant audit information and to establish that the Group and Association's auditor is aware of that information.

Independent Auditor

KPMG LLP has indicated its willingness to continue in office and a resolution concerning the appointment of the auditor for the 2026 year end will be proposed at the next Annual General Meeting.

By order of the Group Board.

Nicole Seymour
Secretary

Date: 3 July 2025

Registered office: Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ

Financial Statements

Independent Auditor's Report To The Members Of Sanctuary Housing Association

1. Our Opinion Is Unmodified

We have audited the Group and Association Financial Statements of Sanctuary Housing Association ('the Association') for the year ended 31 March 2025 which comprise the Group and Association Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 1, and appendices 1, 2 and 3.

In Our Opinion:

- The Financial Statements give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2025 and of the Group's loss for the year then ended;
- The Group and Association Financial Statements have been properly prepared in accordance with UK-adopted international accounting standards;
- The Group and Association Financial Statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- The Group and Association Financial Statements have been prepared in accordance with the requirements of 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Group Audit and Risk Committee.

We were first appointed as auditor by the Board on 28 November 2014. The period of total uninterrupted engagement is for the 11 financial years ended 31 March 2025. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group Financial Statements as a whole	£11m (2024: £10.5m) 0.93% (2024: 1%) of Group revenue	
Key audit matters		**vs 2024**
Recurring risks	Post-retirement benefits obligation	◄►
Event Driven	**New:** Valuation of provisions arising on the acquisition of Swan Housing Association	

2. Key Audit Matters: Our Assessment of Risks of Material Misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the Financial Statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the Financial Statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The Risk	Our Response
Valuation Of Provisions Arising On The Acquisition Of Swan Housing Association **Group provision value** 2025: £80.7 million 2024: £109.9 million Refer to pages 107 and 113 (accounting policy) and pages 170, 171 and 192 (financial disclosures).	**Subjective Estimate:** On 8 February 2023 the Group completed the acquisition of Swan Housing Association. Prior to acquisition, Swan had entered into various contractual arrangements, and was involved in certain events, which conferred on them obligations which are not yet completed. These matters may result in a financial outflow for the Group. The effect of these matters is that, as part of our risk assessment, we determined that the provisions arising from these matters have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Financial Statements as a whole, and possibly many times that amount.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Personnel interviews:** Challenged management's assessment regarding outstanding obligations and assessed whether developments during the year indicate that the amounts recognised should be adjusted. **Test of details:** We reviewed correspondence with relevant external parties, including lawyers and contractors, to assess whether events in the year required an adjustment to the provision. **Enquiry of lawyers:** We have written to legal counsel to confirm the status of the legal claims as well as attending a meeting with legal counsel to understand and challenge the legal position. **Our major projects expertise:** We have utilised the work of management's and our own major projects specialists from previous audit periods, we have critically assessed their conclusions in the light of the passage of time and other factors. **Site visits:** We undertook site visits to certain sites to validate the explanations provided by management and corroborate other information received during the audit. **Assessing transparency:** We assessed the adequacy of the Group's disclosures in respect of the provisions and the potential range of estimation uncertainty. **Our Results** We found the valuation of the Swan provisions to be acceptable (2024: acceptable).

The Risk		Our Response
Post-Retirement Benefits Obligation **Group** 2025: £280.5 million 2024: £347.0 million **Association** 2025: £280.5 million 2024: £296.3 million Refer to pages 107 and 127 (accounting policy) and pages 173 to 181 (financial disclosures).	**Subjective Estimate:** The valuation of the post-retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Group's pension liability could have a significant effect on the financial position of the Group. The effect of these matters is that, as part of our risk assessment, we determined that post-retirement benefits obligation for the SHAFSPS scheme has a high degree of estimation uncertainty. The Financial Statements disclose the assumptions used by the Group in completing the year end valuation of the pension deficit and the year-on-year movements. Also, recent changes to market conditions have meant that more companies are finding themselves moving into surplus in their Local Government Pension Scheme and TPT participations (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Benchmarking assumptions:** Challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data. **Assessing experts' credentials:** Critically assessed the independence, professional qualifications, competence and experience of the experts used by the Group including whether they had been subject to undue influence from the Group. **Assessing transparency:** Considered the adequacy of the Group's disclosures in respect of the sensitivity of the deficit to these assumptions. **Our Results** We found the estimate of the post-retirement benefits obligation to be acceptable (2024: acceptable).

We continue to perform procedures over the fair valuation of the student accommodation assets recognised within investment property. However, in the current year, the level of estimation uncertainty has decreased given that the valuation is based on draft offers received from third parties and as such we no longer regard this as a Key Audit Matter.

In the prior year, a Key Audit Matter was identified in respect of the finalisation of the fair values for assets and liabilities arising on the Swan acquisition. The fair value adjustment period closed in the prior year and therefore this matter is no longer relevant, although we note that there remains a Key Audit Matter in respect of Swan provisions, which were a component of the prior year Key Audit Matter.

3. Our Application Of Materiality And An Overview Of The Scope Of Our Audit

Our Application Of Materiality

Materiality for the Group Financial Statements as a whole was set at £11.0 million (2024: £10.5 million), determined with reference to a benchmark of Total Group Revenue of which it represents 0.93% (2024: 1%).

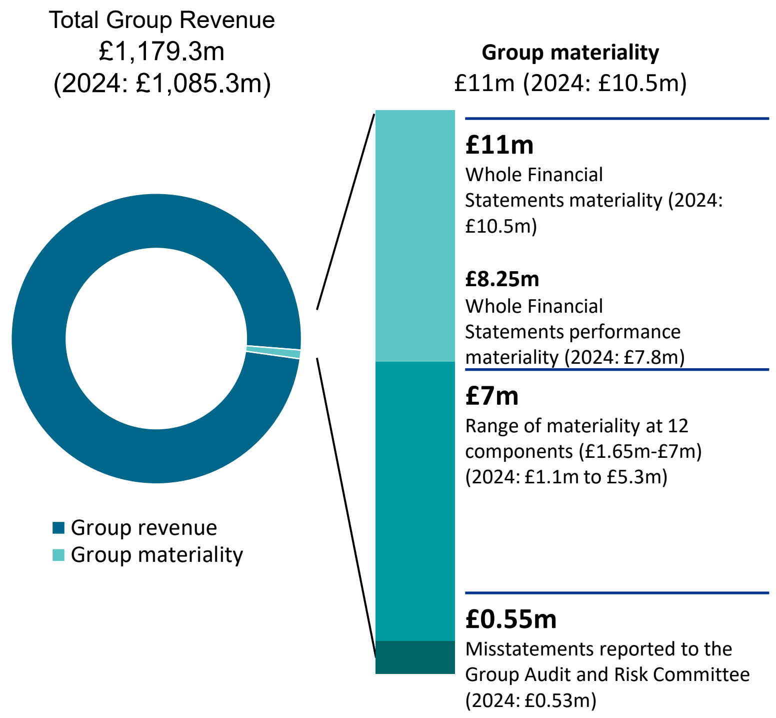
We consider total Group revenue to be the most appropriate benchmark as it is the metric most relevant to the users of the Financial Statements given it is the primary determinant factor used to measure the performance of the entity.

Materiality for the Association Financial Statements as a whole was set at £5.7 million (2024: £5.0 million), determined with reference to a benchmark of Association total revenue, of which it represents 1% (2024: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the Financial Statements as a whole.

Performance materiality was set at 75% (2024: 75%) of materiality for the Financial Statements as a whole, which equates to £8.25 million (2024: £7.8 million) for the Group and £4.27 million (2024: £3.8 million) for the Association. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Group Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.55 million (2024: £0.53 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.



Overview Of The Scope Of Our Audit

This year, we applied the revised group auditing standard in our audit of the consolidated Financial Statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group Financial Statements and which procedures to perform at these components to address those risks.

In total, we identified 16 components, having considered our evaluation of the Group's operational and legal structure; the existence of common information systems; the consideration of risk profiles across components and our ability to perform audit procedures centrally.

Of those, we identified four quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

We also identified eight components as requiring special audit consideration, owing to Group risks relating to revenue, inventory, pension, operating expenditure and treasury residing in these components.

Accordingly, we performed audit procedures on 12 components. We also performed the audit of the Association.

We set the component materialities, ranging from £1.65 million to £7 million, having regard to the mix of size and risk profile of the Group across the components.

Our audit procedures covered 88% of Group revenue.

We performed audit procedures in relation to components that accounted for 88% of Group loss before tax and 97% of Group total assets.

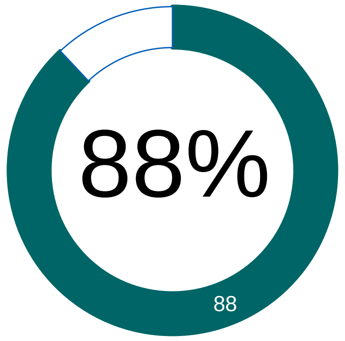
For the remaining components for which we performed no audit procedures, no component represented more than 3% of Group total revenue. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

Group Auditor Oversight

The audit of all components, including the Association, were completed by the Group engagement team.

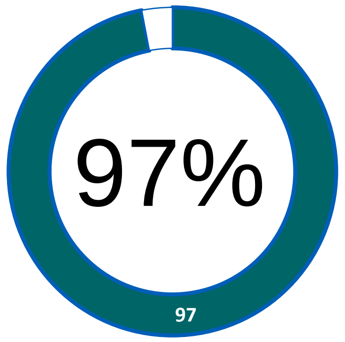
Our audit procedures covered the following percentage of Group revenue:

Group Revenue

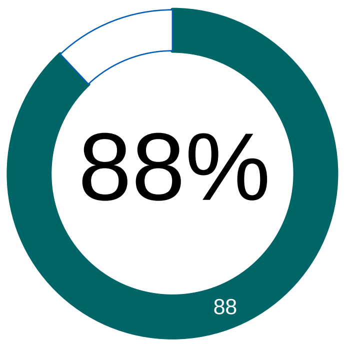


We performed audit procedures in relation to components that accounted for the following percentages of Group surplus before tax and Group total assets:

Group Total Assets



Group Loss Before Tax



4. Going Concern

The Group Board have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Group or the Association or to cease their operations, and as they have concluded that the Group and the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Association's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Association's available financial resources and/or metrics relevant to debt covenants over this period was a failure to dispose of certain assets in line with the expected timetable and at the expected value, and unexpected increases in operating expenses.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our conclusions based on this work:

- We consider that the Group Board's use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- We have not identified, and concur with the Group Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Association's ability to continue as a going concern for the going concern period; and
- We found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Association will continue in operation.

5. Fraud And Breaches Of Laws And Regulations – Ability To Detect

Identifying And Responding To Risks Of Material Misstatement Due To Fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Board and the Group Audit and Risk Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Group Audit and Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the fair valuation of investment properties and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because:

- The Group does not operate in an industry that would create an inherent revenue risk.

- The majority of the Group's revenue streams are easily observable and do not contain estimates, for example rental income.
- There is no history of significant or a high number of audit misstatements in relation to revenue.
- Management are not incentivised on revenue directly.
- There are no indicators that management possesses the attitude, character or ethical values that would cause it to knowingly and intentionally commit a dishonest act.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included journals with unusual account pairings.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying And Responding To Risks Of Material Misstatement Due To Non-Compliance With Laws And Regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Financial Statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related co-operative and community benefit society/ charity legislation), and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Financial Statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Care Quality Commission standards, health and safety and antibribery law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context Of The Ability Of The Audit To Detect Fraud Or Breaches Of Law Or Regulation

Owing 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, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We Have Nothing To Report On The Other Information In The Annual Report

The Group Board are responsible for the other information presented in the Annual Report together with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

7. We Have Nothing To Report On The Other Matters On Which We Are Required To Report By Exception

Under the Co-operative and Community Benefit Societies Act 2014, we are required to report to you if, in our opinion:

- The Association has not kept proper books of accounts; or
- The Association has not maintained a satisfactory control over transactions; or
- The Financial Statements are not in agreement with the Association's books of account; or
- We have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

8. Respective Responsibilities

Group Board's Responsibilities

As explained more fully in their statement set out on pages 92 and 93, the Group Board are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The Purpose of our Audit Work and to Whom We Owe Our Responsibilities

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.

James Tracey
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

4 July 2025

The Orchards development,
Drakes Broughton

Statement Of Comprehensive Income For The Year Ended 31 March 2025

		Group		Association	
INCOME STATEMENT	**Notes**	**2025 £m**	**Restated* 2024 £m**	**2025 £m**	**2024 £m**
Continuing operations					
Revenue	2	1,179.3	1,085.4	589.7	524.8
Cost of sales	4	(73.2)	(74.8)	(3.4)	(1.9)
Write down of development site	4	(15.0)	-	-	-
Operating expenditure	4	(883.1)	(803.7)	(467.3)	(417.7)
Other gains and losses	7	6.6	7.6	5.0	5.2
Other income	3	-	-	16.0	5.3
Share of profit of joint ventures and associates	33	1.1	0.7	-	-
Operating surplus		**215.7**	**215.2**	**140.0**	**115.7**
(Loss)/gain on cessation of defined benefit pension schemes	29	(7.5)	0.9	(9.0)	2.4
Net gain from acquisitions	34	-	152.0	148.9	-
Loss on disposal groups	20	(3.1)	-	(3.1)	-
Finance income	9a	6.0	6.3	4.1	11.8
Finance costs	9b	(183.6)	(171.8)	(104.3)	(98.2)
Loss on derecognition of leased assets	10	(10.8)	(8.2)	(10.8)	(29.2)
(Loss)/gain on fair value of investment property	14	(60.4)	0.3	(60.1)	(12.3)
Gain on fair value of financial instruments	24	14.0	1.6	-	-
Surplus before tax		**(29.7)**	**196.3**	**105.7**	**(9.8)**
Taxation	11	1.6	(0.3)	-	-
(Loss)/surplus for the year from continuing operations		**(28.1)**	**196.0**	**105.7**	**(9.8)**
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to income or expense:					
Remeasurement of defined benefit pension scheme liability	28,29	22.5	(4.5)	16.2	(9.9)
Equity investments at fair value through other comprehensive income – net change in value	15,28	(0.1)	-	(0.1)	-
Items that may be reclassified subsequently to income or expense:					
Cash flow hedges – effective portion of changes in fair value	28	0.7	(5.7)	0.5	(5.7)
Cash flow hedges – reclassified to Income Statement	28	1.3	1.3	1.3	1.3
Cost of hedging reserve – changes in fair value	28	0.3	0.7	0.3	0.7
Other comprehensive income/(losses) for the year		**24.7**	**(8.2)**	**18.2**	**(13.6)**
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(3.4)**	**187.8**	**123.9**	**(23.4)**

*Details of restatements are included in note 34.

There were no discontinued operations in either the current or previous financial years.

The notes and appendices on pages 110 to 205 form part of these Financial Statements.

Statement Of Financial Position As At 31 March 2025

		Group		Association	
	Notes	**31 March 2025 £m**	**Restated* 31 March 2024 £m**	**31 March 2025 £m**	**31 March 2024 £m**
ASSETS					
Non-current assets:					
Intangible assets	12	64.0	54.3	57.0	48.0
Property, plant and equipment	13	5,060.0	5,055.6	2,921.6	2,663.2
Investment property	14	78.8	588.5	46.1	574.9
Deferred tax assets	25	7.5	5.2	-	-
Derivative financial assets	16	27.8	26.8	27.8	26.8
Investments in subsidiaries	33	-	-	87.7	87.7
Equity accounted investments	33	3.7	2.6	-	-
Other investments	15	17.0	17.5	15.9	15.9
Trade and other receivables	17,18	24.0	32.6	18.7	27.6
		5,282.8	5,783.1	3,174.8	3,444.1
Current assets:					
Trade and other receivables	17,18	133.9	155.9	107.0	108.5
Inventory	19	155.3	209.3	4.8	1.9
Assets classified as held for sale	20	618.1	7.2	528.0	0.4
Cash and cash equivalents	31	159.6	141.9	25.5	13.6
		1,066.9	514.3	665.3	124.4
TOTAL ASSETS		**6,349.7**	**6,297.4**	**3,840.1**	**3,568.5**
LIABILITIES					
Current liabilities:					
Trade and other payables	21	359.8	361.1	178.1	149.7
Contract liabilities	2	67.0	48.4	31.8	25.2
Current tax liabilities	11	0.5	0.3	-	-
Loans and borrowings	22,23	150.1	122.1	91.8	80.0
Liabilities classified as held for sale	20	104.1	-	108.3	-
Provisions	26	24.1	17.9	5.7	9.5
		705.6	549.8	415.7	264.4
Non-current liabilities:					
Trade and other payables	21	9.4	8.3	8.8	7.6
Loans and borrowings	22,23	3,751.5	3,795.3	1,828.7	1,828.0
Deferred tax liabilities	25	0.7	0.6	-	-
Derivative financial liabilities	16	0.2	0.3	-	-
Retirement benefit obligations	29	25.0	37.0	25.0	29.8
Provisions	26	64.1	109.5	-	0.7
		3,850.9	3,951.0	1,862.5	1,866.1
TOTAL LIABILITIES		**4,556.5**	**4,500.8**	**2,278.2**	**2,130.5**
EQUITY					
Equity attributable to owners of the parent:					
Ordinary shares	27	-	-	-	-
Cash flow hedge reserve	28	7.4	5.4	7.1	5.3
Cost of hedging reserve	28	-	(0.3)	-	(0.3)
Revaluation reserve	28	-	0.1	-	0.1
Restricted reserves	28	5.4	5.1	5.2	4.9
Retained earnings	28	1,780.4	1,786.3	1,549.6	1,428.0
TOTAL EQUITY		**1,793.2**	**1,796.6**	**1,561.9**	**1,438.0**
TOTAL EQUITY AND LIABILITIES		**6,349.7**	**6,297.4**	**3,840.1**	**3,568.5**

*Details of restatements are included in note 34.

The notes and appendices on pages 110 to 205 form part of these Financial Statements.

The Financial Statements were authorised and approved by the Board on 3 July 2025 and signed on its behalf by:

Andrew Manning-Cox
Group Chair

Ed Lunt
Group Board Member, Chief Financial Officer

Nicole Seymour
Group Board Member, Secretary

Statement Of Changes In Equity For The Year Ended 31 March 2025

Group	Share capital	Revenue reserve	Restricted reserves	Revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2023	-	1,595.0	4.9	0.1	9.8	(1.0)	1,608.8
Surplus for the year (restated*)	-	196.0	-	-	-	-	196.0
Other comprehensive income	-	(4.5)	-	-	(4.4)	0.7	(8.2)
Total comprehensive income	**-**	**191.5**	**-**	**-**	**(4.4)**	**0.7**	**187.8**
Transfer of VRTB proceeds	-	(0.2)	0.2	-	-	-	-
Total transfers	**-**	**(0.2)**	**0.2**	**-**	**-**	**-**	**-**
At 31 March 2024 (restated*)	**-**	**1,786.3**	**5.1**	**0.1**	**5.4**	**(0.3)**	**1,796.6**
At 1 April 2024 (restated*)	-	1,786.3	5.1	0.1	5.4	(0.3)	1,796.6
Deficit for the year	-	(28.1)	-	-	-	-	(28.1)
Other comprehensive income	-	22.5	-	(0.1)	2.0	0.3	24.7
Total comprehensive income	**-**	**(5.6)**	**-**	**(0.1)**	**2.0**	**0.3**	**(3.4)**
Transfer of VRTB proceeds	-	(0.3)	0.3	-	-	-	-
Total transfers	**-**	**(0.3)**	**0.3**	**-**	**-**	**-**	**-**
At 31 March 2025	**-**	**1,780.4**	**5.4**	**-**	**7.4**	**-**	**1,793.2**

Association	Share capital	Revenue reserve	Restricted reserves	Revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2023	-	1,447.9	4.7	0.1	9.7	(1.0)	1,461.4
Deficit for the year	-	(9.8)	-	-	-	-	(9.8)
Other comprehensive income	-	(9.9)	-	-	(4.4)	0.7	(13.6)
Total comprehensive income	**-**	**(19.7)**	**-**	**-**	**(4.4)**	**0.7**	**(23.4)**
Transfer of VRTB proceeds	-	(0.2)	0.2	-	-	-	-
Total transfers	**-**	**(0.2)**	**0.2**	**-**	**-**	**-**	**-**
At 31 March 2024	**-**	**1,428.0**	**4.9**	**0.1**	**5.3**	**(0.3)**	**1,438.0**
At 1 April 2024	-	1,428.0	4.9	0.1	5.3	(0.3)	1,438.0
Surplus for the year	-	105.7	-	-	-	-	105.7
Other comprehensive income	-	16.2	-	(0.1)	1.8	0.3	18.2
Total comprehensive income	**-**	**121.9**	**-**	**(0.1)**	**1.8**	**0.3**	**123.9**
Transfer of VRTB proceeds	-	(0.3)	0.3	-	-	-	-
Total transfers	**-**	**(0.3)**	**0.3**	**-**	**-**	**-**	**-**
At 31 March 2025	**-**	**1,549.6**	**5.2**	**-**	**7.1**	**-**	**1,561.9**

*Details of restatements are included in note 34.

The notes and appendices on pages 110 to 205 form part of these Financial Statements.

Statement Of Cash Flows For The Year Ended 31 March 2025

	Group		Association	
	2025 £m	Restated* 2024 £m	2025 £m	2024 £m
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/surplus for the year	(28.1)	196.0	105.7	(9.8)
Adjustments for:				
Depreciation, amortisation and impairment	102.8	83.9	62.8	55.1
Surplus on sale of property, plant and equipment	(6.6)	(7.6)	(5.0)	(5.2)
Share of profits in joint venture	(1.1)	(0.7)	-	-
Loss on refinancing arrangements	10.8	8.2	10.8	29.2
Loss on disposal groups	3.1	-	3.1	-
Loss/(gain) on cessation of defined benefit pension schemes	7.5	(0.9)	9.0	(2.4)
Loss/(gain) on fair value of investment property	60.4	(0.3)	60.1	12.3
Gain on fair value of financial instruments	(14.0)	(1.6)	-	-
Net loss/(gain) from acquisitions	-	(152.4)	(148.9)	-
Net finance costs	177.6	165.5	100.2	86.4
Taxation	(1.6)	0.3	-	-
	338.9	94.4	92.1	175.4
Cash generated before working capital movements	310.8	290.4	197.8	165.6
Changes in:				
Trade and other receivables	12.4	(14.2)	(43.8)	8.3
Trade and other payables	53.9	1.2	28.6	24.4
Inventories	36.2	23.9	2.4	(0.1)
Retirement benefit obligations and provisions	(38.5)	(14.7)	(5.8)	4.2
	64.0	(3.8)	(18.6)	36.8
Cash generated from operating activities	374.8	286.6	179.2	202.4
Interest paid	(187.5)	(170.8)	(91.7)	(83.6)
Lease interest payments	(8.7)	(11.1)	(7.8)	(5.6)
Net cash inflow from operating activities	**178.6**	**104.7**	**79.7**	**113.2**
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	6.3	5.1	3.0	3.4
Proceeds from sale of property, plant and equipment	17.2	17.9	11.9	9.7
Acquisition and construction of property, plant and equipment, investment property and software	(313.4)	(327.7)	(182.4)	(254.2)
Acquisition of subsidiaries and other business combinations, net of cash acquired (note 34)	-	1.1	-	(0.2)
Acquisition of other investments	0.3	(0.2)	-	-
Capital grants received	61.2	50.9	18.0	8.5
Capital grants repaid	(35.0)	-	-	-
Dividends received from joint ventures	-	2.5	-	-
Loans to joint ventures	5.2	1.3	5.2	1.4
Loans to other Group entities	-	-	32.4	39.6
Net cash acquired in transfer of engagements	-	-	1.7	-
Net cash outflow from investing activities	**(258.2)**	**(249.1)**	**(110.2)**	**(191.8)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans and borrowings	480.0	357.0	338.0	351.0
Repayment of borrowings	(378.4)	(245.8)	(291.3)	(261.3)
Repayment of leases	(4.3)	(5.0)	(4.3)	(2.4)
Net cash flow from financing activities	**97.3**	**106.2**	**42.4**	**87.3**
Net increase/(decrease) in cash and cash equivalents	**17.7**	**(38.2)**	**11.9**	**8.7**
Cash and cash equivalents 1 April 2024	141.9	180.1	13.6	4.9
Cash and cash equivalents 31 March 2025	**159.6**	**141.9**	**25.5**	**13.6**

*Details of restatements are included in note 34.
An analysis of changes in liabilities from financing activities is shown in note 31.
The notes and appendices on pages 110 to 205 form part of these Financial Statements.

Notes To The Financial Statements

1. Principal Accounting Policies

General Information

The Association is registered in England as a Registered Society (number 19059R) and with the Regulator of Social Housing (number L0247); it is the ultimate parent undertaking within the Group. The Association's separate Financial Statements are presented alongside those of the Group, which consolidates the Financial Statements of the Association and entities controlled by the Association.

The Financial Statements are presented in pounds sterling which is the Group's functional currency. Unless otherwise stated, amounts are denominated in millions (£m) rounded to the nearest £0.1 million.

Basis Of Accounting

The Group's and Association's Financial Statements (the Financial Statements) have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards. They are also prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 1 to the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2022. Additional guidance is taken from the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP) where this does not conflict with IFRS.

Alternative Performance Measures

In the reporting of financial information, the Group uses various Alternative Performance Measures (APMs). These measures are not defined under IFRS and therefore may not be directly comparable with the APMs of other businesses reporting under IFRS.

APMs are not intended to be a substitute for, or superior to, IFRS measurement, but are included to provide additional useful information on the underlying trends, performance and position of the Group.

APMs are used for the following reasons:

- Where metrics have been defined by the Regulator of Social Housing (RSH) and are a compulsory requirement within the Financial Statements of a housing association.
- Where metrics are not defined by the RSH but are commonly used within the sector and so their use aids comparability with peers.
- Where adjustment for events outside normal operations aids users of the Financial Statements in understanding the Group's underlying performance.

In determining whether events outside normal operations should be adjusted for, the Group considers whether these items are significant either because of their size or their nature. An item will be considered for adjustment if it meets one of the following criteria:

- It is directly incurred as a result of an acquisition.
- It arises from a major business change or restructuring programme.
- It relates to a major refinancing of loans and borrowings.
- It is unusual in nature, e.g. outside the normal course of business.

Further details of the Group's APMs, including reconciliations to line items within the primary Financial Statements and accompanying notes, are included in Appendix 3.

New Tenant Satisfaction Measures (TSMs) were introduced by the Regulator of Social Housing in April 2023 and the metrics are referred to throughout the Annual Report.

Going Concern

The Group's operations, together with the factors likely to affect its future performance and financial position, are set out in the Strategic Report on pages 14 to 73.

The Group manages its exposure to risk, and this activity is reviewed and scrutinised by the Group Audit and Risk Committee. Details of the Group's Golden Rules and principal risks are discussed on pages 84 to 89.

Information about the Group's approach to treasury management can be found in the Chief Financial Officer's Review on pages 36 to 45, as well as within note 24 to the Financial Statements (Financial Instruments and Risk Management).

The Group's core operations are built on a solid base with strong relationships forged over the years with local authorities. The Group prepares robust business plans which are reviewed by the Regulator of Social Housing (RSH).

The Group's strategy and core strength is reflected in its external ratings with the RSH and credit agencies, with a V2 viability status from the RSH and investment grade ratings of A2 Stable from Moody's and A Stable from Standard & Poor's.

The Group Board's assessment of the Group and the Association's ability to continue as a going concern is based on consideration of cash flow forecasts for a period of at least 12 months from the date of approval of these Financial Statements. The cash flow forecasts fully incorporate the Group's capital commitments and show that the Group and Association will have sufficient funds to continue to meet liabilities as they fall due. In order to demonstrate the Group's financial resilience, a number of severe but plausible downside scenarios have been modelled, which individually and in combination show that there is sufficient headroom for liquidity purposes and no breaches of covenants. Scenarios include: a prolonged period of high inflation, energy cost increases, a rent cap in England, deterioration in income collection, an increase in voids, a reduction in student and care occupancy, lower development sales and greater maintenance demand.

Significant liquidity and facilities to draw upon ensure the Group is able to withstand any additional external challenges that arise. At 31 March 2025, the Group had cash balances of £159.6 million and a further £356.5 million of undrawn facilities; the Group's total capacity stood at £2.2 billion (cash, undrawn facilities and available security).

Borrowing covenants are constantly monitored as part of the Group's Golden Rules, to ensure that they will continue to be met based on latest projections (page 84).

Having assessed the principal risks as set out on pages 86 to 89, the other matters discussed in connection with the viability statement on page 91 and the severe but plausible downside sensitivities, the Group Board considers that the Group and the Association have adequate resources to remain in operation for the foreseeable future, have sufficient cash to meet their needs for the foreseeable future and will continue to meet all borrowing covenants. The Group Board has therefore continued to adopt the going concern basis in preparing the Financial Statements.

IFRSs Not Yet Applied

The following list details new standards, amendments and interpretations which are not yet effective, which may have an impact on the accounting within the Group's Financial Statements in future periods:

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: (annual periods beginning on or after 1 January 2026).
- Amendments to IFRS 18 Presentation and Disclosure in Financial Statements (annual periods beginning on or after 1 January 2027).

Other forthcoming standards, amendments or interpretations which are not covered within the above are unlikely to impact the Financial Statements of the Group.

Critical Accounting Judgements

In the process of applying the Group's and Association's accounting policies, management has made certain judgements which have an impact upon the Financial Statements, these are detailed below.

Classification Of Property

A degree of judgement is required over whether certain property held by the Group is treated as property, plant and equipment or as investment property.

Investment property is property held to earn rentals or for capital appreciation or both. The Group considers all of its commercial property and its property held for student lettings to fall under this definition.

Property held for use in the production or supply of goods or services or for administrative purposes is treated as property, plant and equipment. The Group has therefore classified its office buildings (held for administrative purposes) and its care homes (held for the provision of care services) as property, plant and equipment.

A greater degree of judgement is required over the classification of housing property held for social lettings. It is the Group's opinion that while rental income is received from the provision of social housing, the primary purpose is to provide social benefits. The provision of social housing is therefore akin to supplying a service and so property held for this purpose has been accounted for as property, plant and equipment. This treatment is consistent with housing associations that have chosen the alternative option of applying the revised UK GAAP (FRS 102), which contains explicit provisions for this scenario and arrives at a similar conclusion; it is also consistent with guidance contained in the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP).

Critical Accounting Estimates And Assumptions

The preparation of the Group's and Association's Financial Statements requires management to make estimates and assumptions that affect reported carrying amounts of assets and liabilities.

Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed on the next page.

Swan Housing Association Provisions

Provisions arising from the acquisition of Swan Housing Association totalled £80.7 million at 31 March 2025. Recognition of provisions, especially in the context of an acquisition, is inherently judgemental and quantification requires estimates to be made. Where possible, estimates are based on third-party assessments or industry data, with legal advice being sought, where required, to establish contractual obligations, or to support quantification of the outcome of cases.

Included within the Swan provisions is a sum of £39.4 million where Swan Housing Association has contractual obligations to external parties to rectify cladding and fire safety issues. The provisions are quantified with an assumed scope of works based on initial third-party estimates, with additional cost indexation to bridge from the date of those estimates, which are several years old, to 31 March 2025. The provisions have been discounted, based on the assumption that minimal work will be performed within the next 12 months and then a period of two years will be required to complete the works from that point.

There is the potential, pending the outcome of negotiations, that these obligations will be fulfilled by third-party contractors. However, as at 31 March 2025, there is not yet sufficient certainty to enable the release of these provisions. Should the obligations not be fulfilled by the third-party contractors, a detailed programme of works will need to be established and the initial estimates updated. It is not possible to precisely specify the range of potential outcomes, but it is possible that these may vary materially from the current provision, which represents the directors' best estimate of the potential outflow.

Further details are included in note 26.

Retirement Benefit Obligation Valuations

In determining the valuation of defined benefit schemes' assets and liabilities, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the Group:

- Inflation rate;
- Life expectancy; and
- Discount rate.

The Group is exposed to risks through its defined benefit schemes if actual experience differs to the assumptions used and through volatility in the plan assets. Details of the assumptions used, and associated sensitivities, are included in note 29.

Other Accounting Judgements, Estimates And Assumptions

Impairment Of Care Home Property Assets

Where indicators of impairment exist then an asset's recoverable amount must be estimated to determine if an impairment adjustment is required; this entails making a number of assumptions, which include:

- Future occupancy levels;
- Fee rates;
- Inflation rates;
- Discount rates; and
- Sustainable Earnings Before Interest, Taxation, Depreciation, Amortisation, Rent and Management fees (EBITDARM) and EBITDARM multiples for determining valuations.

Further details of the general principles of impairment testing are included later within note 1. Details of the specific assumptions used are included in note 13.

Update To Acquisition Accounting

In the prior year, on 29 February 2024, Johnnie Johnson Housing Trust Limited became a wholly owned subsidiary of Sanctuary Housing Association. In accordance with the measurement principles of IFRS 3 Business Combinations (IFRS 3), all identifiable assets acquired and liabilities assumed were measured at their fair values at the date of acquisition.

Post-acquisition there followed a measurement period that ran until 28 February 2025. During this time, the provisional fair values were reassessed based on new information obtained about facts and circumstances that existed at the acquisition date, that if known at the time would have affected measurement amounts recognised at that date. The proximity of the Johnnie Johnson acquisition to the year end meant that several adjustments to the original fair values arose as a result of the measurement period assessment.

Adjustments made during the measurement period were made retrospectively and comparative figures restated. Further details are included in note 34.

Transfer Of Engagements

Following acquisition in February 2024, an internal Transfer of Engagements between Johnnie Johnson Housing Trust and Sanctuary Housing Association took place on 31 January 2025. The housing SORP contains two options for accounting for internal transfers of engagement:

- Apply merger accounting where neither combining party is considered to be dominant or taking control; or
- Apply acquisition accounting in all other instances, as the transfer of net assets is in substance a gift.

Considering the size differential between the two housing associations and the existing control by Sanctuary Housing Association as the parent undertaking, acquisition accounting, as detailed in IFRS 3 Business Combinations, was judged to be the correct measurement approach. All identifiable assets acquired and liabilities assumed by Sanctuary Housing Association were measured at their fair values following the transfer. Further details are included in note 34.

Classification And Measurement Of Assets Held For Sale

The Group is actively exploring the potential sale of its student accommodation assets and has determined that at 31 March 2025, these assets and directly associated liabilities meet the classification requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations to be classified as held for sale. Certain assets are subject to nominations arrangements that have alienation clauses that affect the transferability of the assets. The Group has determined that the existence of these does not impact the held for sale classification. Before reclassification, the fair value of the student accommodation assets was adjusted within the framework of IAS 40 Investment Property to reflect indicative values ascertained through direct interactions with the interested parties. These fair values have been judged to represent a market participant valuation.

Certain Shared Ownership assets have also been judged to meet the held for sale classification requirements of IFRS 5. Interactions with interested parties has determined that there is no indication of impairment to the net book values transferred from property, plant and equipment and as such, no further valuation adjustments have been made under IFRS 5.

Other Provisions And Contingent Liabilities

A provision is recognised when the Group has a measurable present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions, by their nature, have a degree of uncertainty over the timing or amount of the future expenditure required in settlement. Management determines the level of an obligation by considering the range of possible outcomes and estimating the probable financial effect of settlement using judgement based on past experience and, where applicable, information provided by independent experts. Details of the provisions held within the Group are included in note 26.

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group's control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated.

Inventory Carrying Value

The Group has ongoing procedures for assessing the carrying value of inventories and identifying where this is in excess of net realisable value, with reference to estimates of costs to complete and remaining revenues. The assumptions and estimates for both revenue and costs are based on conditions existing at the reporting date, with reference to recent experience on similar properties and site-specific knowledge.

A material portion of the Group's activities are undertaken through house building and development and the Group is required to make estimates in accounting for revenue and margin. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change.

Specific procedures for assessing development projects include:

- **Market analysis** – A review of potential impact on build costs and sales revenues based on analysis of information published by the leading consultants in the sector;
- **Contract analysis** – A review of current contractual positions and the potential impact on build costs; and
- **Impact analysis** – Application of a series of sensitivities to existing models to assess the impact of potential revenue and cost movements.

Details of the year end review are included in note 19.

Revenue

Many of the Group's activities involve a high number of end service users, each of whom has a separate contract. However, for each activity type (for example, general needs housing) there is very little variation in the substance of the individual contracts. In arriving at its conclusions over application of IFRS 15, management has therefore applied the practical expedient that allows application of the Standard to portfolios of contracts with similar characteristics, rather than to individual contracts. Management believes that the effect on the Financial Statements of applying the Standard to the portfolios does not differ materially from applying the Standard to the individual contracts within the portfolios.

Detailed consideration has been given to the way in which shared ownership property transactions should be accounted for under IFRS 15. Since such transactions are unique to the housing industry no specific guidance is offered within the Standard itself and so in reaching this conclusion management has relied upon an assessment of the substance of the underlying elements of the arrangement, while considering guidance within the housing SORP and drawing on wider industry practice.

Climate Change

The Group has considered the impact of climate change in preparing these Financial Statements, in the context of its Environment and Climate Change Strategy, which is discussed in the Environment and Sustainability section on pages 32 to 35.

Climate change mitigation activities are already well underway across the Group, with a short-term target of halving operational carbon emissions by 2030, as detailed on page 32. The Group continues to invest in environmental initiatives to drive decarbonisation, and the effect that these initiatives may have on existing asset component lives is kept under constant review. To date, works have been within existing life cycles or additive in nature and so have not been indicative of a shortening of component lives.

Climate risks are considered when assessing assets for impairment. The review of physical climate-related risks such as flooding, changes in temperature and extreme weather events, has not resulted in identification of indicators of impairment for the Group's assets. When determining cash flows for value in use calculations, climate change is deemed to have a negligible impact on the Group's income streams and maintenance requirements in the short or medium-term and so no adjustments have been required.

The Group continues to improve sustainability standards in the construction of new homes in a range of ways to reduce carbon emissions and to minimise exposure to physical climate change risks in the future.

Climate change in relation to defined benefit pension schemes is discussed in note 29.

Whilst there is currently no material impact expected from climate change over the short to medium-term, the Group will continue to assess the risks of climate change against judgements and estimates made in preparation of the Group's Financial Statements.

Fair Value Measurement

A number of assets and liabilities included in the Group's Financial Statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible.

The Group measures (or discloses) the following items at fair value:

- Investment property (note 14)
- Equity investments at FVOCI – listed investments (notes 15 and 24)
- Derivative financial instruments (notes 16 and 24)
- Certain loans with embedded interest rate swaps (notes 24)

Basis Of Consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Association and entities controlled by the Association.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. Business combinations are accounted for using the acquisition method.

Investments in subsidiaries are accounted for at cost less any impairment for permanent diminutions in value.

Joint Arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. The Group has a number of joint ventures whereby it has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Application Of The Equity Method To Joint Ventures

Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The consolidated Financial Statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to £nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Transactions Eliminated On Consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Goodwill Arising On Business Combinations

Goodwill is calculated as the difference between the fair value of the aggregate of the consideration transferred and the net fair value of identifiable assets acquired and liabilities assumed.

If the difference calculated above is positive, the amount is treated as an intangible asset in the Statement of Financial Position and is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment with any impairment losses recognised in the Statement of Comprehensive Income.

Where the consideration transferred is lower than the net fair value of identifiable assets acquired and liabilities assumed, the resulting gain is credited to the Statement of Comprehensive Income in the period in which the business combination takes place, as a gain on acquisition.

Investments Treated As Non-Current Assets

Where the investments in listed or unlisted securities are held as a condition of financing arrangements, with the result that the Group's ability to utilise these funds is restricted in the long-term, the investments are treated as non-current assets.

Listed investments are accounted for as fair value through other comprehensive income (FVOCI). Unlisted investments are stated at amortised cost less impairment.

Revenue

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

A significant proportion of the Group's income is derived from contracts of 'residential occupation'. Management has determined that social housing tenancies and student licences do not meet the definition of leases; consequently, they are treated as revenue contracts under IFRS 15.

As per the Standard, revenue must be recognised either over time or at a point in time. The majority of the Group's activities are services where the customer consumes the benefits of performance simultaneously with the Group performing and so revenue is recognised over time. Revenue from property sales, which is a transfer of goods, is recognised at a point in time.

Contract liabilities are obligations to transfer goods or services to a customer for which the Group has received consideration, or for which an amount of consideration is due from a customer. Such balances include payments received in advance and deferred income.

Contract receivables are unconditional rights to consideration where only the passage of time is required before payment becomes due. Such balances include rental receivables, other trade receivables and accrued income.

The Group has presented contract liabilities as separate line items on the Statement of Financial Position while contract receivables are included within trade and other receivables.

IFRS 15 requires that the incremental costs of obtaining a contract with a customer are capitalised if those costs are expected to be recovered through future services to the customer. The Group does not incur costs such as sales commissions in obtaining contracts and any pre-contract costs that are incurred are not incremental, consequently no asset of this nature has been recognised. The Group continually reviews costs incurred in fulfilling contracts to determine if they require capitalisation under the Standard.

Accounting for the revenue from shared ownership property transactions is considered to be an accounting judgement.

Intangible Assets – Software

Software acquisition costs, licence costs and development costs are treated as intangible assets and stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the software from the date it is available for use.

The estimated useful lives used for software are between 4 to 10 years. Management judges these estimated lives to be a reasonable reflection of the economic lives of the assets.

Property, Plant And Equipment And Depreciation

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of PPE have different useful lives, they are accounted for as separate items of PPE.

Land And Buildings

Land and buildings consists of housing properties for social rent (including care homes) and shared ownership properties. The provision of social housing is akin to supplying a service and therefore property held for the primary purpose of providing social benefits should be excluded from the scope of investment property and accounted for as PPE. Housing properties are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of such properties includes the following:

a) Cost of acquiring land and buildings;
b) Construction costs including internal equipment and fitting;
c) Directly attributable development administration costs;
d) Cost of capital employed during the development period;
e) Expenditure incurred in respect of improvements and extensions to existing properties; and
f) Construction costs incurred but not yet certified at the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic or social benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure on housing properties, capable of generating increased future rents, extends their useful life, or significantly reduces future maintenance costs, is capitalised. Other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Structure	40 to 125 years
Doors and door entry systems	10 to 40 years
Bathrooms	15 to 40 years
External works	20 to 25 years
Heating systems	15 to 40 years
Kitchens	30 years
Lifts	10 years
Green technologies	25 years
Roof coverings	50 years
Windows	40 years
Electrical wiring	30 years

The acquisition and disposal of properties is accounted for on the date when completion takes place.

Offices, Plant And Equipment

Assets are stated at cost (this includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use) less accumulated depreciation, which is charged on a straight-line basis to write off assets over their expected economic useful lives as follows:

Freehold land and buildings (offices) and improvements	10 to 40 years
Leasehold land and buildings (offices)	Over the period of the lease
Furniture and equipment	4 to 10 years
Motor vehicles	4 to 7 years
Computer equipment (excluding software)	4 to 10 years

Investment Property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. The Group classifies its property held for student lettings and its commercial property as investment property.

The Group has chosen to apply the fair value model to its investment properties, with changes in fair value recognised in the Income Statement.

In the prior year, fair values of student properties were determined by external, independent valuers, with appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. With a potential sale of the Group's student accommodation underway, fair values in the current year have been adjusted to reflect direct interactions with interested parties.

Fair values of commercial properties were assessed through a combination of external valuation by independent valuers in accordance with the RICS Valuation Professional Standards 'Red Book' and internal valuation using either direct market comparison to selling prices of similar properties, or an income capitalisation approach using rental income and market yields.

Further details on the measurement of fair values for investment properties are included within note 14.

Shared Ownership Property

Under shared ownership arrangements, the Group disposes of a long lease to the occupier; the initial lease premium paid for the first tranche is typically for between 25% and 75% of the value. The occupier has the right to purchase further proportions. A shared ownership property comprises two assets: that to be disposed of in the first tranche, which is recorded as inventory within current assets; and that retained by the Group, which is recorded as a non-current asset (PPE) in the same manner as general needs housing properties. Proceeds of sale for first tranches are accounted for as revenue in the Income Statement, with apportioned cost being shown as cost of sales within operating results. Subsequent tranches sold (staircasing) are reflected as surpluses or deficits on sale of housing properties, shown within other gains and losses on the Income Statement.

Capitalised Borrowing Costs And Capitalised Staff Costs

Interest on the Group's and Association's borrowings is capitalised when directly attributable to the construction of an asset that necessarily takes a substantial amount of time to get ready for its intended use or sale. For the Group, qualifying assets are properties under construction for sale or rental. The interest is either on borrowings specifically financing a scheme (after deduction of interest on Social Housing Grant (SHG) received in advance) or the weighted average borrowing rate across net borrowings deemed to be financing a scheme. Where a scheme has SHG in excess of costs, interest receivable is accrued against the balance.

Labour costs of the Group's and Association's own employees that are incurred in relation to the development of properties, whether for sale or rental, are also capitalised.

Social Housing Grant (SHG) And Other Public Grant

Where developments have been financed wholly or partly by SHG and/or other public grant, the amount of grant received is offset against the cost of developments on the face of the Statement of Financial Position. In instances where grant for the development programme exceeds development costs, an amount equal to the excess is held in payables. Where grants are receivable for the development programme in arrears the amounts are accrued within receivables. Where grants are repayable and the associated asset is sold, the grant is held within the recycled capital grant fund (RCGF) within payables until it is recycled or repaid to the issuer.

Under IAS 20 the policy choice has been made to deduct the grant from the carrying amount of the associated assets. The grant is recognised in the Income Statement over the life of the depreciable assets as a reduced depreciation expense.

Recycled Capital Grant Fund

In certain circumstances the Group and Association are permitted to retain the SHG relating to properties sold and to apply this to further property development within a certain time frame. If this time frame is exceeded the grant may be repayable. In these circumstances it is included within the RCGF within payables.

Impairment

Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at Fair Value Through Other Comprehensive Income (FVOCI) are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- Financial assets measured at amortised cost

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (that is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs. Other loss allowances are measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date.
- Other debt securities and bank balances for which credit risk (that is the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, that is based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be 'Baa3' or higher as per the rating agency Moody's.

Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects a market participant rate and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs.

Impairment Testing – Property

When an impairment indicator is identified, an impairment review is performed at an individual CGU level and carrying value is compared to recoverable amount, which is defined as the higher of:

- Fair value less selling costs, or
- Value in use.

Should the carrying value of the CGU exceed the higher of these measures, it is impaired to this value, with the movement going through the Income Statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A valuation technique that may be used to determine fair value is the cost approach, which reflects the amount that would be required currently to replace the service capacity of the asset (current replacement cost). For social housing properties this is depreciated replacement cost (DRC) of the property. To determine the DRC, the Group uses information on current and recently completed developments in order to establish a build cost relevant to the property being tested, based on size, location, and other factors.

Value in Use (VIU) is the present value of the future cash flows expected to be derived from the CGU, established by estimating future cash inflows and outflows from the use of the asset and applying an appropriate discount rate to those cash flows.

Impairment Testing – Goodwill And Other Intangible Assets

The Group tests goodwill and other intangible assets annually for impairment or more frequently if there are indications that items might be impaired. The carrying value of the relevant CGU is compared to the recoverable amount to ascertain if impairment is required. Recoverable amounts for CGUs are based on the higher of value in use and fair value less costs of disposal. VIU is determined by calculating the present value of future cash flows of the CGU, using discount rates that reflect the time value of money and risks specific to the CGU.

Inventories

Inventories are stated at the lower of cost and net realisable value and comprise properties held for sale and consumables used by the Group's maintenance operation. Properties held for sale include properties held for outright sale and proportions of shared ownership properties allocated as first tranche sales; costs include direct materials, direct labour and other direct costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less any anticipated selling costs. Maintenance consumables are valued on a first in, first out basis.

Assets Classified As Held For Sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year. On initial classification as held for sale, assets are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to the Income Statement.

Where a group of assets is expected to be sold in a single transaction, the Group considers these assets, along with liabilities directly associated with those assets to be a disposal group under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identical asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - The Group has the right to operate the asset; or
  - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As A Lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the initial rate implicit in the lease. The Group uses a single discount rate for each portfolio of leases with reasonably similar characteristics.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the Statement of Financial Position.

Short-Term Leases And Leases Of Low-Value Assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term and low value assets. The Group recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

As A Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains a lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Financial Instruments

Recognition And Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification And Subsequent Measurement

a) Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The funding needs of the Group
- How the performance of the assets is evaluated and reported to the Group's management
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- The contractual cash flows
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment Of Contractual Cash Flows That Are Solely Payments Of Principal And Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable-rate features
- Prepayment and extension features
- Terms that limit the Group's claim to cash flows from specified assets (for example non-recourse features).

b) Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

a) Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

b) Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derivative Financial Instruments And Hedge Accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments which hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency borrowings.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash Flow Hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income (OCI) and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

The forward points are accounted for as a cost of hedging; they are recognised in OCI and accumulated in a cost of hedging reserve as a separate component within equity.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Cash And Cash Equivalents

Cash and cash equivalents relates to amounts held in bank current accounts and short-term investments with maturities of three months or less, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financing Costs

Costs which are incurred directly in connection with the raising of private finance are deducted from the liability and amortised over the term of the loan on a consistent periodic rate of charge. Premiums or discounts on financial instruments are amortised using the effective interest rate basis or a straight-line basis where it can be demonstrated that there is no material difference between the two methods.

Leasehold Service Charge Sinking Funds

The Group and Association are required to set aside sums for future maintenance of certain properties subject to leasehold arrangements. These sums are held in a separate bank account to which interest is added. Amounts accumulated in the fund are included within trade and other receivables and within trade and other payables. Unutilised contributions to sinking funds and over recovery of service costs repayable to tenants/leaseholders are shown in liabilities (including any interest). Where there has been an under recovery of variable service charges, the balance is included within receivables to the extent it is recoverable.

Retirement Benefits

The Group's and Association's pension arrangements comprise various defined benefit and defined contribution schemes. Where the underlying assets and liabilities of the defined benefit schemes can be separately identified the Group recognises in full the schemes' surpluses or deficits on the Statement of Financial Position. Actuarial gains and losses for these schemes are included within other comprehensive income. Current and past service costs, curtailments and settlements are recognised within operating surplus. Interest on net pension liabilities is recognised as a finance expense. Key assumptions used in determining the valuation of defined benefit schemes are given within critical accounting estimates and assumptions.

For defined contribution arrangements, the cost charged to the Statement of Comprehensive Income represents the Group's contributions to those schemes in the financial year in which they fall due.

2. Revenue

Nature Of Goods And Services And Revenue Recognition

The following is a description of the principal activities from which the Group derives its revenue.

Product/ service	Nature, timing of satisfaction of performance obligations and significant payment terms
Social housing lettings income	Social housing lettings income relates to rent and service charges received from social housing tenancies, which may be classified as: general needs, sheltered housing, extra care, shared ownership (all affordable housing division), supported housing (supported living division) or keyworker accommodation (student division). Revenue is recognised over time based on rental periods, in accordance with tenancy agreements. Where periodic timing differences arise between billing and rental periods, then revenue is accrued or deferred accordingly. Some older tenancy agreements include rent-free periods each year, in these cases income is accrued or deferred in order to recognise the rent-free periods on a straight-line basis over 52 weeks. Tenants generally pay weekly or monthly in advance.
Domiciliary	Home care services are provided to certain tenants of extra care schemes. Revenue is recognised based on care hours delivered. Clients are generally billed either weekly, fortnightly, four-weekly or monthly, in arrears, depending on the terms of the individual contract.
Supported registered services	Supported registered services (CQC registered services) encapsulate both residential and non-residential care and support. Residential care and support services are provided to individuals who are in care homes for reasons other than being an older person, for instance due to physical or mental disabilities. Revenue is recognised based on number of bed days occupied in the period. Billing is predominantly done on a four-week cycle, which may be in advance or arrears. Non-residential care and support services are generally supported living services where income is separately recognised for rent and service charges (social housing lettings income); support income may be received for support hours delivered, dependent upon the client needs and the agreements with the local authority and/or the client.
Supporting People income	Supporting People income is a specific form of revenue received from local authorities to provide housing-related support services to vulnerable individuals. This includes people with disabilities, people with mental health issues, young people, homeless people or people at risk of domestic violence. Revenue is recognised based either on support hours delivered in a period (spot contracts) or at a fixed amount each period (block contracts), depending on the specific agreement. Billing is predominantly done on a four-week cycle.
Care homes	Residential and nursing homes for older people are managed within the care division. Revenue relates to provision of residential/nursing care, with contracts in place with local authorities, the NHS and private self-funders. Revenue is recognised based on the number of bed days occupied (or available for occupation in the case of block contracts) in the period. Billing is generally monthly or four-weekly in advance.
Student lets	Student lettings income is received through direct lets or via nominations agreements with universities. Revenue is recognised in accordance with the rental contract periods and is generally billed termly in advance.
Facilities management	The Group provides facilities management services for several student and non-student sites. Performance is by virtue of managing the sites, with all that this entails, and so revenue is recognised equally throughout the year based on the contracted annual fees; this is generally billed quarterly.
Property sales – outright sales	Property held for sale in the ordinary course of business or in the process of construction or development for such a sale is treated as inventory as per IAS 2; sales of these properties are treated as revenue under IFRS which is consistent with the approach of the housing SORP. Revenue is recognised on the date of legal completion of the sale to the new owner of the property when consideration is also received.
Property sales – initial sales	Initial sales are governed by a shared ownership arrangement, where the Group will retain a percentage of the ownership of the property with the new shared owner having the remaining share. The Group recognises sales of shared ownership properties as those where the initial tranche of equity has been sold; this is treated as revenue under IFRS which is consistent with the approach of the housing SORP. Revenue is recognised on the date of legal completion of the sale of the acquired proportion when consideration is also received.

Disaggregation Of Revenue

In the following tables, revenue is disaggregated by major products and services using the same headings as the note prepared to meet the requirements of the Accounting Direction for Private Registered Providers of Social Housing 2022 (Appendices 1 and 2) and reconciled to the Group's operating segments (note 6).

Year ended 31 March 2025 - Group	Affordable housing	Supported living	Care	Student & market rented	Development property sales	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time							
Income from social housing lettings	562.3	84.4	-	12.4	-	-	659.1
Social Housing contracts	7.5	-	-	-	-	-	7.5
Home ownership and managed properties	11.8	1.3	-	-	-	-	13.1
Supported registered services	-	14.5	-	-	-	-	14.5
Supporting People contract income	-	12.4	-	-	-	-	12.4
Other social housing income	3.5	7.7	-	1.4	-	-	12.6
Student lettings, facilities management and commercial	3.8	-	-	67.4	-	-	71.2
Care homes	-	-	290.3	-	-	-	290.3
External maintenance services	2.4	-	-	-	-	-	2.4
Domiciliary	-	3.8	-	-	-	-	3.8
Other development income	-	-	-	-	-	0.3	0.3
Other non-social housing income	-	-	-	-	-	2.2	2.2
Total revenue over time	**591.3**	**124.1**	**290.3**	**81.2**	**-**	**2.5**	**1,089.4**
Revenue at a point in time							
Shared ownership first tranche sales	-	-	-	-	13.7	-	13.7
Non-social housing property sales	-	-	-	-	76.2	-	76.2
Total revenue at a point in time	**-**	**-**	**-**	**-**	**89.9**	**-**	**89.9**
Total revenue from external customers	**591.3**	**124.1**	**290.3**	**81.2**	**89.9**	**2.5**	**1,179.3**
Less lease income	-	(5.9)	-	(5.7)	-	-	(11.6)
Revenue from contracts with customers	**591.3**	**118.2**	**290.3**	**75.5**	**89.9**	**2.5**	**1,167.7**

Year ended 31 March 2024 – Group	Affordable housing*	Supported living*	Care*	Student & market rented*	Development property sales*	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time							
Income from social housing lettings	494.0	65.8	-	12.5	-	-	**572.3**
Social Housing contracts	10.3	-	-	-	-	-	**10.3**
Home ownership and managed properties	10.3	1.3	-	-	-	-	**11.6**
Supported registered services	-	11.8	-	-	-	-	**11.8**
Supporting People contract income	0.1	32.2	-	-	-	-	**32.3**
Other social housing income	3.3	6.1	-	0.6	-	-	**10.0**
Student lettings, facilities management and commercial	2.8	-	-	64.7	-	-	**67.5**
Care homes	-	-	269.0	-	-	-	**269.0**
External maintenance services	3.0	-	-	-	-	-	**3.0**
Domiciliary	-	4.1	-	-	-	-	**4.1**
Other development income	-	-	-	-	-	1.0	**1.0**
Other non-social housing income	1.4	-	-	-	-	0.8	**2.2**
Total revenue over time	**525.2**	**121.3**	**269.0**	**77.8**	**-**	**1.8**	**995.1**
Revenue at a point in time							
Shared ownership first tranche sales	-	-	-	-	27.1	-	**27.1**
Non-social housing property sales	-	-	-	-	63.2	-	**63.2**
Total revenue at a point in time	**-**	**-**	**-**	**-**	**90.3**	**-**	**90.3**
Total revenue from external customers	**525.2**	**121.3**	**269.0**	**77.8**	**90.3**	**1.8**	**1,085.4**
Less lease income	-	(6.5)	-	(5.9)	-	-	(12.4)
Revenue from contracts with customers	**525.2**	**114.8**	**269.0**	**71.9**	**90.3**	**1.8**	**1,073.0**

*Swan's results are now presented within the Group's primary operating segments, rather than separately. Comparative information has therefore been re-presented to allow comparability.

Year ended 31 March 2025 - Association	Affordable housing	Supported living	Care	Student & market rented	Development property sales	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time							
Income from social housing lettings	393.1	58.7	-	4.9	-	-	456.7
Home ownership and managed properties	8.0	0.8	-	-	-	-	8.8
Supporting People contract income	-	4.7	-	-	-	-	4.7
Other social housing income	0.3	6.6	-	0.1	-	-	7.0
Student lettings, facilities management and commercial	-	-	-	62.4	-	-	62.4
Non-social housing development contracts	-	-	-	-	-	-	-
Other development income	-	-	-	-	-	0.1	0.1
Management charges (intra-Group)	-	-	-	-	-	37.0	37.0
Other non-social housing income	-	-	-	-	-	6.8	6.8
Total revenue over time	**401.4**	**70.8**	**-**	**67.4**	**-**	**43.9**	**583.5**
Revenue at a point in time							
Shared ownership first tranche sales	-	-	-	-	-	-	-
Non-social housing property sales	-	-	-	-	6.2	-	6.2
Total revenue at a point in time	**-**	**-**	**-**	**-**	**6.2**	**-**	**6.2**
Total revenue from external customers	**401.4**	**70.8**	**-**	**67.4**	**6.2**	**43.9**	**589.7**
Less lease income	-	(5.0)	-	-	-	-	(5.0)
Revenue from contracts with customers	**401.4**	**65.8**	**-**	**67.4**	**6.2**	**43.9**	**584.7**

Year ended 31 March 2024 - Association	Affordable housing	Supported living	Care	Student & market rented	Development property sales	All other segments	Total
	£m	£m	£m	£m	£m	£m	£m
Revenue recognised over time							
Income from social housing lettings	358.8	45.2	-	4.8	-	-	**408.8**
Home ownership and managed properties	7.6	0.7	-	-	-	-	**8.3**
Supporting People contract income	-	15.6	-	-	-	-	**15.6**
Other social housing income	0.2	6.0	-	0.2	-	-	**6.4**
Student lettings, facilities management and commercial	-	-	-	51.0	-	-	**51.0**
Non-social housing development contracts	-	-	-	-	-	-	**-**
Other development income	-	-	-	-	-	0.2	**0.2**
Management charges (intra-Group)	-	-	-	-	-	23.8	**23.8**
Other non-social housing income	-	-	-	-	-	5.3	**5.3**
Total revenue over time	**366.6**	**67.5**	**-**	**56.0**	**-**	**29.3**	**519.4**
Revenue at a point in time							
Shared ownership first tranche sales	-	-	-	-	-	-	**-**
Non-social housing property sales	-	-	-	-	5.4	-	**5.4**
Total revenue at a point in time	**-**	**-**	**-**	**-**	**5.4**	**-**	**5.4**
Total revenue from external customers	**366.6**	**67.5**	**-**	**56.0**	**5.4**	**29.3**	**524.8**
Less lease income	-	(4.8)	-	(5.9)	-	-	(10.7)
Revenue from contracts with customers	**366.6**	**62.7**	**-**	**50.1**	**5.4**	**29.3**	**514.1**

2. Contract Balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Group		Association	
	2025 £m	*Restated 2024 £m	2025 £m	2024 £m
Contract receivables (included in trade and other receivables)				
Tenant rental receivables (note 17)	15.3	11.4	11.9	10.6
Other trade receivables (note 17)	22.0	29.8	3.9	5.6
Accrued income (note 17)	20.0	22.6	9.6	6.4
	57.3	63.8	25.4	22.6
Contract liabilities				
Payments received in advance	(45.3)	(30.3)	(22.9)	(16.9)
Deferred income	(21.7)	(18.1)	(8.9)	(8.3)
	(67.0)	**(48.4)**	**(31.8)**	**(25.2)**

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

*Details of restatements are included in note 34.

3. Other Income

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Gift aid and other distributions from subsidiaries	-	-	16.0	5.3
	-	**-**	**16.0**	**5.3**

4. Surplus For The Year

Cost of sales relates to the cost of properties sold in the ordinary course of business. Expenditure relating to the provision of services, which forms the majority of the Group's activities, is shown within operating expenditure.

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
The surplus is arrived at after charging/(crediting):				
Cost of sales				
Cost of inventories recognised as an expense	73.2	74.8	3.4	1.9
Development site write down				
Write down of development site	15.0	-	-	-
Operating expenditure				
Rented and sheltered credit losses (note 24)	5.4	4.0	3.1	3.2
Other credit losses (note 24)	2.5	2.7	0.6	0.6
Amortisation of intangible assets (software) (note 12)	6.4	7.0	6.9	7.0
Depreciation of property, plant and equipment (note 13)	87.8	76.9	55.9	48.1
Impairment of property, plant and equipment (note 13)	8.6	-	-	-
Non-capital grants offset against operating expenditure	17.1	9.8	16.9	9.4
Other gains and losses				
Surplus on sale of property, plant and equipment (note 7)	6.6	7.6	5.0	5.2

5. Auditor's Remuneration

Auditor's remuneration (excluding VAT) for audit and non-audit services comprises:

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Fees payable to the Association's auditor and its associates for the audit of these Financial Statements	0.7	0.9	0.5	0.5
Fees payable to the Association's auditors for other services to the Group:				
The audit of the Association's subsidiaries	0.3	0.3	-	-
Total audit fees	**1.0**	**1.2**	**0.5**	**0.5**
Other assurance services	0.3	0.2	0.2	0.2
Total non-audit fees	**0.3**	**0.2**	**0.2**	**0.2**
Total audit and non-audit fees	**1.3**	**1.4**	**0.7**	**0.7**

The above shows fees paid to the Group's external statutory auditor.

Amounts receivable by the Association's auditor and its associates in respect of the audit of Financial Statements of associated pension schemes totals £nil (2024: £nil).

Other assurance services includes the audit of service charge accounts.

6. Operating Segments

The Group's reportable segments are based on its operational divisions which offer distinguishable services, are managed separately and are regularly assessed by the chief operating decision maker, identified as the Executive Committee, which includes the Group Chief Executive, the Chief Financial Officer and the Executive Director – Corporate Services, all of whom are also Group Board members.

Operating division results include items directly attributable to the segment, together with apportioned centralised costs. Central costs are allocated based on a number of factors including headcounts, desk spaces, asset values and turnover within each of the respective operations.

Information relating to each reportable segment is set out below:

2025	Affordable housing	Supported living	Care	Student & market rented	Development sales	All other segments**	Intra-Group eliminations	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	591.3	124.1	290.3	81.2	89.9	2.5	-	1,179.3
Internal maintenance income	177.1	-	-	-	-	-	(177.1)	-
Internal maintenance costs	(177.1)	-	-	-	-	-	177.1	-
Cost of sales	-	-	-	-	(73.2)	-	-	(73.2)
Operating costs	(332.5)	(120.2)	(268.0)	(46.7)	-	(5.6)	-	(773.0)
Divisional EBITDA* **	**258.8**	**3.9**	**22.3**	**34.5**	**16.7**	**(3.1)**	**-**	**333.1**
Depreciation	(61.5)	(10.4)	(16.6)	(0.8)	-	(3.1)	-	(92.4)
Impairment	-	-	(1.3)	-	-	(7.3)	-	(8.6)
Reportable segment surplus	**197.3**	**(6.5)**	**4.4**	**33.7**	**16.7**	**(13.5)**	**-**	**232.1**
Corporate central overheads****								(7.2)
Integration and restructuring costs								(1.9)
Write down of development site								(15.0)
Other gains and losses (note 7)								6.6
Share of profits of joint ventures and associates								1.1
Operating surplus								**215.7**

2024	Affordable housing*	Supported living*	Care*	Student & market rented*	Development sales*	All other segments**	Intra-Group eliminations	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	525.2	121.3	269.0	77.8	90.3	1.8	-	1,085.4
Internal maintenance income	165.0	-	-	-	-	-	(165.0)	-
Internal maintenance costs	(165.0)	-	-	-	-	-	165.0	-
Cost of sales	-	-	-	-	(74.8)	-	-	(74.8)
Operating costs	(298.3)	(111.7)	(246.9)	(40.2)	-	(11.8)	-	(708.9)
Divisional EBITDA* **	**226.9**	**9.6**	**22.1**	**37.6**	**15.5**	**(10.0)**	**-**	**301.7**
Depreciation	(50.7)	(8.6)	(18.1)	(4.1)	-	(1.7)	-	(83.2)
Impairment	-	-	-	-	-	-	-	-
Reportable segment surplus	**176.2**	**1.0**	**4.0**	**33.5**	**15.5**	**(11.7)**	**-**	**218.5**
Corporate central overheads****								(7.5)
Integration and restructuring costs								(4.1)
Other gains and losses (note 7)								7.6
Share of profits of joint ventures and associates								0.7
Operating surplus								**215.2**

Divisional EBITDA %***	Affordable housing	Supported living	Care	Student & market rented	Development sales	Total
2025	43.8%	3.1%	7.7%	42.5%	18.6%	28.2%
2024	43.2%	7.9%	8.2%	48.3%	17.2%	27.8%

*Swan's results are now presented within the Group's primary segments, rather than separately. Comparative information has therefore been re-presented to allow comparability.

**Other segments comprises sundry external income and associated costs and development administration costs.

***Divisional EBITDA includes directly attributable divisional costs and apportioned central costs. It is presented before depreciation, impairment and a development site write down, and excludes unallocated corporate central overheads, costs associated with integration and restructuring and other gains and losses.

****Included within corporate central overheads is depreciation of £1.8 million (2024: £0.7 million).

Details of the Group's operating divisions are included in the Business Reviews on pages 46 to 55.

7. Other Gains And Losses

Group

2025	Right to buy/ acquire	Subsequent staircasing	Disposal of surplus properties	Other fixed assets	Fixed asset investments	Total 2025
	£m	£m	£m	£m	£m	£m
Proceeds	4.2	7.4	3.9	1.8	-	17.3
Cost of disposals	(3.4)	(3.7)	(2.7)	(0.9)	-	(10.7)
	0.8	3.7	1.2	0.9	-	6.6

2024	Right to buy/ acquire	Subsequent staircasing	Disposal of surplus properties	Other fixed assets	Fixed asset investments	Total 2024
	£m	£m	£m	£m	£m	£m
Proceeds	4.6	6.0	2.3	5.0	-	17.9
Cost of disposals	(3.1)	(3.0)	(1.0)	(3.2)	-	(10.3)
	1.5	3.0	1.3	1.8	-	7.6

Association

2025	Right to buy/ acquire	Subsequent staircasing	Disposal of surplus properties	Other fixed assets	Fixed asset investments	Total 2025
	£m	£m	£m	£m	£m	£m
Proceeds	4.2	3.4	2.7	1.7	-	12.0
Cost of disposals	(3.2)	(1.2)	(1.7)	(0.9)	-	(7.0)
	1.0	2.2	1.0	0.8	-	5.0

2024	Right to buy/ acquire	Subsequent staircasing	Disposal of surplus properties	Other fixed assets	Fixed asset investments	Total 2024
	£m	£m	£m	£m	£m	£m
Proceeds	3.7	3.3	1.3	1.4	-	9.7
Cost of disposals	(2.4)	(1.3)	(0.6)	(0.2)	-	(4.5)
	1.3	2.0	0.7	1.2	-	5.2

Cost of disposals includes the carrying amount of assets prior to disposal and other related disposal costs.

Subsequent staircasing relates to shared ownership properties, where the tenant owners have purchased an additional stake in the property from the Group or Association. This is treated as a gain or loss on asset disposal based on guidance from the SORP that does not conflict with IFRS.

8. Key Management Remuneration And Employee Information

Key Management Personnel

Members of the Board of Directors and Executive Committee are deemed to be key management personnel.

Emoluments of the Group Board for the financial year was as follows:

	2025	2024
	£'000	£'000
Salary and benefits in kind – Executive Board Directors	975	907
Pension contributions and payments in lieu of pension contributions – Executive Board Directors	97	102
	1,072	1,009
Salary – Non-Executive Board Directors	271	266
Benefits in kind – Non-Executive Board Directors	-	-
	1,343	1,275

The emoluments (excluding pension contributions and analogous payments) of the Group Board Directors and Executive Committee were:

		Salary	Benefits excluding pension contributions and payments in lieu of pension contributions	Total	Pension contributions and payments in lieu of pension contributions
		£'000	£'000	£'000	£'000
Executive Board Members at 31 March 2025 and those served during the year					
Craig Moule	Group Chief Executive	410	18	428	62
Ed Lunt	Chief Financial Officer	295	20	315	20
Nicole Seymour	Executive Director – Corporate Services	217	15	232	15

		Salary	Other benefits	Total
		£'000	£'000	£'000
Non-Executive Board Members				
Andrew Manning-Cox	Group Chair	60	-	60
Trudi Elliott (resigned 25 Sep 2024)	Vice Chair	17	-	17
James Thallon	Non-Executive Board Director	30	-	30
Arvinda Gohil	Non-Executive Board Director	33	-	33
Ian Chisholm	Non-Executive Board Director	30	-	30
Ros Kerslake	Non-Executive Board Director	30	-	30
Alan West (resigned 25 Sep 2024)	Non-Executive Board Director	20	-	20
Olu Odeniyi	Non-Executive Board Director	25	-	25
Nigel Wilcock (appointed 25 Sep 2024)	Non-Executive Board Director	13	-	13
Kevin Lavery (appointed 25 Sep 2024)	Non-Executive Board Director	13	-	13
Other members of the Executive				
Operating division and functional Directors		1,347	89	1,436

The emoluments of the highest paid Executive Group Board Director (excluding payments in lieu of pension contributions) were £428,000 (2024: £405,000). The Group Chief Executive is a deferred member of the Sanctuary Housing Association Final Salary Pension Scheme, which is closed to future accrual (see note 29 for details). No enhanced or special terms apply. The Group Chief Executive does not have any other pension arrangement (including a personal pension) to which the Association or any of its subsidiaries make a contribution and instead receives pay in lieu of pension contributions as shown in the table above.

Key Management Personnel – Expenses

In addition to the emoluments detailed on page 139, key management personnel were reimbursed for expenses necessarily incurred in the conduct of their duties amounting to £7,400 (2024: £19,300).

Employee Information

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Employee (including Directors) costs charged during the year amounted to:				
Wages and salaries	379.4	359.9	115.4	105.6
Social security costs	35.6	32.9	11.6	10.5
Other pension costs	23.8	15.4	10.6	6.4
	438.8	**408.2**	**137.6**	**122.5**

	Group		Association	
	2025 Number	2024 Number	2025 Number	2024 Number
The average monthly number of persons (including Directors) employed during the year expressed in full-time equivalents was:				
Site-based staff	7,824	7,533	792	749
Office-based staff	3.404	3,252	2,303	2,164
	11,228	**10,785**	**3,095**	**2,913**

Amounts presented above are before capitalisation of staff costs. During the year the Group capitalised staff costs totalling £19.9 million (2024: £19.7 million), which were included within inventory, PPE and intangibles. The Association capitalised staff costs totalling £3.6 million (2024: £4.3 million) and recharged staff costs to other entities, which were subsequently capitalised, totalling £11.7 million (2024: £10.5 million).

Full-time equivalents have been calculated based on hours worked compared to the standard level of working hours per week for an equivalent employee in the same business area.

No loans have been made to employees for tools and travel season tickets during the financial year (2024: £1,073). All loans in prior year were interest bearing at a commercial rate with terms varying between one and five years.

Senior Pay Banding

In the year, the following number of staff within the social housing part of the business, expressed in full-time equivalents, were paid remuneration (including pensions) of over £60,000:

	2025 Number	2024 Number
£60,000-£69,999	161	154
£70,000-£79,999	94	68
£80,000-£89,999	45	40
£90,000-£99,999	27	34
£100,000-£109,999	31	17
£110,000-£119,999	12	9
£120,000-£129,999	7	6
£130,000-£139,999	5	4
£140,000-£149,999	7	9
£150,000-£159,999	5	2
£160,000-£169,999	2	1
£170,000-£179,999	2	1
£180,000-£189,999	1	1
£190,000-£199,999	1	-
£230,000-£239,999	1	2
£240,000-£249,999	2	1
£260,000-£269,999	1	1
£280,000-£289,999	1	1
£300,000-£309,999	1	1
£320,000-£329,999	1	-
£460,000-£469,999	-	1
£480,000-£489,999	1	-
	408	**353**

9. Finance Income And Costs

a) Finance Income

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Interest received and receivable from:				
Short-term cash deposits	4.8	4.8	1.2	1.4
Listed investments	0.2	0.1	0.2	0.1
Other interest	1.0	1.4	2.7	10.3
	6.0	**6.3**	**4.1**	**11.8**

b) Finance Costs

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Bank loans, overdrafts and other loans:				
Repayable within five years by instalments	47.2	38.6	24.6	20.2
Repayable wholly or partly in more than five years	138.8	140.8	71.6	71.9
Interest in respect of right-of-use assets	8.4	8.4	8.1	6.0
Less: amounts transferred to housing properties in the course of construction within PPE and inventory	(13.0)	(18.5)	(1.0)	(0.6)
	181.4	169.3	103.3	97.5
Finance costs/(income) of defined benefit pension schemes	1.1	0.8	1.0	0.7
Provision discount unwind	1.1	1.7	-	-
	183.6	**171.8**	**104.3**	**98.2**

Included within bank loans, overdrafts and other loans repayable wholly or partly in more than five years is £0.8 million (2024: £0.8 million) in respect of premium and discount amortisation for the Group and £1.1 million (2024: £1.1 million) for the Association.

Interest has been capitalised on active development schemes at rates in a range of 4.49% to 4.67% for the Group (2024: 4.17% to 4.60%) and 5.14% to 5.21% for the Association (2024: 4.82% to 5.17%).

10. Student Restructure

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Loss on derecognition of leased assets	10.8	8.2	10.8	29.2
	10.8	8.2	10.8	29.2

In November 2024, the Group purchased the freehold of Manna Ash House, student accommodation in central London. The loss on derecognition of leased assets represents the difference between the disposal of the right of use asset and lease liability and the recognition of the freehold asset at fair value.

In the prior year the Group underwent a wider restructure in its student property portfolio, which resulted in the transfer of properties between Group companies, in addition to the acquisition of several freeholds from external parties.

11. Taxation On Surplus On Ordinary Activities

	Group		Association	
	2025 £m	*Restated 2024 £m	2025 £m	2024 £m
Corporation tax:				
Current year	-	0.1	-	-
Adjustments in respect of prior year	0.6	-	-	-
Current tax charge	0.6	0.1	-	-
Deferred tax charges:				
Prior year timing differences	(0.3)	-	-	-
Temporary timing differences	(1.9)	0.2	-	-
	(2.2)	0.2	-	-
Total tax (credit)/charge	**(1.6)**	**0.3**	**-**	**-**

A significant proportion of the Group's activities occurs in Group entities recognised by His Majesty's Revenue and Customs as exempt charities for tax purposes and are therefore not liable to corporation tax on surpluses.

The tax charge for the year is lower (2024: lower) than the standard rate of corporation tax in the UK of 25% (2024: 25%) for the Group and Association. The differences are explained below:

	Group		Association	
	2025 £m	*Restated 2024 £m	2025 £m	2024 £m
(Deficit)/surplus before tax	(29.7)	196.3	105.7	(9.8)
	(29.7)	196.3	105.7	(9.8)
(Deficit)/surplus before tax multiplied by the main rate of corporation tax in the UK of 25% (2024: 25%)	(7.4)	49.1	26.4	(2.5)
Effects of:				
Activities which are exempt from taxation	6.5	(46.3)	(26.4)	2.5
Non-deductible items	1.2	0.9	-	-
Gift aid	(2.2)	(1.6)	-	-
Utilisation of current year losses	-	(1.6)	-	-
Adjustments in respect of prior year	0.6	-	-	-
Prior year timing differences	(0.3)	-	-	-
Temporary timing differences	-	(0.2)	-	-
Total tax (credit)/charge	**(1.6)**	**0.3**	**-**	**-**

Factors affecting future tax charge:

The rate of corporation tax has remained at the main rate of 25% (2024: 25%).

*Details of restatements are included in note 34.

12. Intangible Assets

Group	Goodwill £m	Software £m	Total £m
Cost			
At 1 April 2023	5.9	120.6	126.5
Additions	-	11.3	11.3
Disposals	-	(6.0)	(6.0)
At 31 March 2024	5.9	125.9	131.8
At 1 April 2024	5.9	125.9	131.8
Additions	-	16.3	16.3
Transfer between PPE and intangibles	-	(0.2)	(0.2)
Disposals	-	(6.6)	(6.6)
At 31 March 2025	5.9	135.4	141.3
Amortisation and impairment			
At 1 April 2023	-	76.5	76.5
Amortisation for the year	-	7.0	7.0
Disposals	-	(6.0)	(6.0)
At 31 March 2024	-	77.5	77.5
At 1 April 2024	-	77.5	77.5
Amortisation for the year	-	6.4	6.4
Disposals	-	(6.6)	(6.6)
At 31 March 2025	-	77.3	77.3
Net book amount at 31 March 2025	**5.9**	**58.1**	**64.0**
Net book amount at 31 March 2024	5.9	48.4	54.3
Net book amount at 1 April 2023	5.9	44.1	50.0

Association	Goodwill £m	Software £m	Total £m
Cost			
At 1 April 2023	-	120.3	120.3
Additions	-	11.2	11.2
Disposals	-	(6.0)	(6.0)
At 31 March 2024	-	125.5	125.5
At 1 April 2024	-	125.5	125.5
Additions	-	16.0	16.0
Disposals	-	(6.4)	(6.4)
At 31 March 2025	-	135.1	135.1
Amortisation and impairment			
At 1 April 2023	-	76.5	76.5
Amortisation for the year	-	7.0	7.0
Disposals	-	(6.0)	(6.0)
At 31 March 2024	-	77.5	77.5
At 1 April 2024	-	77.5	77.5
Amortisation for the year	-	6.9	6.9
Disposals	-	(6.3)	(6.3)
At 31 March 2025	-	78.1	78.1
Net book amount at 31 March 2025	**-**	**57.0**	**57.0**
Net book amount at 31 March 2024	-	48.0	48.0
Net book amount at 1 April 2023	-	43.8	43.8

In accordance with the policies set out in note 1, goodwill was tested for impairment at the year end. No impairment was found or recorded in respect of goodwill.

13. Property, Plant And Equipment

Group	Land and buildings	Land and buildings shared ownership	Plant and equipment	Offices	Under construction	Shared ownership under construction	Total
Cost	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Balance at 1 April 2023	6,580.9	226.2	150.1	60.1	248.2	28.1	7,293.6
Additions	122.9	0.1	19.8	0.2	156.6	3.6	303.2
Acquisitions (note 34)	217.9	24.8	-	0.1	1.5	-	244.3
Transfer to completed land and buildings	108.6	24.2	-	-	(108.6)	(24.2)	-
Transfer between PPE categories	(6.9)	2.6	1.4	-	2.9	-	-
Transfer (to)/from inventory	-	-	-	-	(36.9)	19.4	(17.5)
Transfer to assets held for sale	(2.2)	-	-	-	-	-	(2.2)
Reclassification between grant, depreciation and cost	2.4	(0.9)	3.3	-	0.1	-	4.9
Disposals	(14.4)	(2.9)	(8.1)	(2.1)	-	-	(27.5)
Balance at 31 March/1 April 2024 (restated*)	7,009.2	274.1	166.5	58.3	263.8	26.9	7,798.8
Additions	116.1	0.2	29.6	2.0	136.4	10.1	294.4
Transfer to completed land and buildings	163.8	16.6	-	-	(163.8)	(16.6)	-
Transfer between PPE categories	-	(0.4)	-	-	5.2	(4.8)	-
Transfer between PPE and intangibles	-	-	0.3	-	-	-	0.3
Transfer (to)/from inventory	(1.1)	3.3	-	-	(9.9)	10.8	3.1
Transfer to assets held for sale	4.1	(175.5)	(2.3)	(5.0)	-	-	(178.7)
Other transfers	7.2	1.1	-	-	5.6	(4.2)	9.7
Disposals	(10.3)	(4.1)	(16.8)	-	-	-	(31.2)
Balance at 31 March 2025	7,289.0	115.3	177.3	55.3	237.3	22.2	7,896.4
Depreciation and impairment							
Balance at 1 April 2023	435.7	2.8	94.6	22.3	-	-	555.4
Depreciation charge for the year	63.3	0.7	11.3	1.6	-	-	76.9
Reclassification between grant, depreciation and cost	2.6	(0.9)	3.2	-	-	-	4.9
Transfer between PPE categories	(1.0)	1.0	-	-	-	-	-
Disposals	(11.4)	(0.1)	(4.6)	-	-	-	(16.1)
Balance at 31 March/1 April 2024	489.2	3.5	104.5	23.9	-	-	621.1
Depreciation charge for the year	71.2	0.2	15.2	1.2	-	-	87.8
Impairment charge for the year	8.6	-	-	-	-	-	8.6
Transfer between PPE and assets held for sale	2.0	(3.6)	(2.1)	(1.0)	-	-	(4.7)
Other transfers	0.3	-	-	-	-	-	0.3
Disposals	(5.8)	(0.1)	(15.8)	(0.1)	-	-	(21.8)
Balance at 31 March 2025	565.5	-	101.8	24.0	-	-	691.3
Social Housing Grant							
Balance at 1 April 2023	1,367.9	50.5	-	-	32.6	6.8	1,457.8
Acquisitions (note 34)	-	-	-	-	1.6	-	1.6
Additions	-	-	-	-	34.5	-	34.5
Transfer to completed land and buildings	8.0	6.3	-	-	(14.3)	-	-
Transfer between PPE categories	(1.2)	1.2	-	-	-	-	-
Reclassification between grant, depreciation and cost	0.6	0.1	-	-	-	-	0.7
Disposals	(1.7)	(0.5)	-	-	-	-	(2.2)
Balance at 31 March/1 April 2024 (restated*)	1,373.6	57.6	-	-	54.4	6.8	1,492.4
Additions	6.8	0.1	-	-	36.9	-	43.8
Transfer to completed land and buildings	9.8	1.4	-	-	(11.2)	-	-
Transfer between PPE and assets held for sale	-	(42.1)	-	-	-	-	(42.1)
Disposals	(3.3)	(0.7)	-	-	-	-	(4.0)
Balance at 31 March 2025	1,386.9	16.3	-	-	80.1	6.8	1,490.1
Other grant							
Balance at 1 April 2023	523.5	4.1	-	-	80.4	-	608.0
Additions	0.7	-	-	-	22.4	-	23.1
Transfer to completed land and buildings	31.7	-	-	-	(32.2)	-	(0.5)
Reclassification between grant, depreciation and cost	(0.7)	(0.1)	-	-	0.1	-	(0.7)
Transfer between PPE categories	(0.1)	-	-	-	0.1	-	-
Disposals	(0.2)	-	-	-	-	-	(0.2)
Balance at 31 March/1 April 2024	554.9	4.0	-	-	70.8	-	629.7
Additions	0.1	-	-	-	26.4	-	26.5
Transfer to completed land and buildings	29.0	(0.2)	-	-	(28.8)	-	-
Transfer between PPE and assets held for sale	-	(1.1)	-	-	-	-	(1.1)
Disposals	(0.1)	-	-	-	-	-	(0.1)
Balance at 31 March 2025	583.9	2.7	-	-	68.4	-	655.0
Net book value							
31 March 2025	**4,752.7**	**96.3**	**75.5**	**31.3**	**88.8**	**15.4**	**5,060.0**
31 March 2024	4,591.5	209.0	62.0	34.4	138.6	20.1	5,055.6
1 April 2023	4,253.8	168.8	55.5	37.8	135.2	21.3	4,672.4

In accordance with the measurement principles of IFRS 3 Business Combinations, acquired property, plant and equipment is measured at a provisional fair value at the date of acquisition. Fair value adjustments may change during the measurement period, which will not exceed one year from the acquisition date.

Acquisitions include completed social housing properties that have associated historic capital grants.

*Details of prior year restatements are included in note 34.

Association	Land and buildings	Land and buildings shared ownership	Plant and equipment	Offices	Under construction	Shared ownership under construction	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
Balance at 1 April 2023	4,161.2	82.8	130.0	54.2	14.7	0.1	4,443.0
Additions	90.8	-	17.8	0.1	19.8	-	128.5
Transfer to completed land and buildings	2.3	-	-	-	(2.3)	-	-
Transfer from inventory	-	-	-	-	1.2	-	1.2
Transfer to assets held for sale	(0.2)	-	-	-	-	-	(0.2)
Transfer between PPE categories	(1.7)	0.1	1.6	-	-	-	-
Disposals	(7.8)	(1.3)	(4.4)	-	-	-	(13.5)
Balance at 31 March/1 April 2024	4,244.6	81.6	145.0	54.3	33.4	0.1	4,559.0
Transfer of engagements (note 34)	213.5	24.4	-	-	2.1	-	240.0
Additions	94.9	-	24.6	2.0	11.6	-	133.1
Transfer to completed land and buildings	21.0	-	-	-	(21.0)	-	-
Transfer between PPE categories	0.4	(0.4)	-	-	-	-	-
Transfer from intangibles	-	-	0.3	-	-	-	0.3
Transfer to inventory	(3.0)	-	-	-	(1.6)	-	(4.6)
Transfer between PPE and assets held for sale	4.4	(56.7)	(2.3)	(5.0)	-	-	(59.6)
Other transfers	5.1	(0.4)	-	-	6.0	-	10.7
Reclassification between grant, depreciation and cost	0.5	-	-	-	-	-	0.5
Disposals	(8.1)	(1.2)	(12.5)	-	-	-	(21.8)
Balance at 31 March 2025	4,573.3	47.3	155.1	51.3	30.5	0.1	4,857.6
Depreciation and impairment							
Balance at 1 April 2023	335.0	1.7	84.8	19.2	-	-	440.7
Depreciation charge for the year	32.3	0.1	14.2	1.5	-	-	48.1
Disposals	(4.0)	-	(4.2)	-	-	-	(8.2)
Balance at 31 March/1 April 2024	363.3	1.8	94.8	20.7	-	-	480.6
Depreciation charge for the year	42.8	0.1	11.8	1.2	-	-	55.9
Transfer between PPE and assets held for sale	2.2	(1.9)	(2.1)	(1.0)	-	-	(2.8)
Reclassification between grant, depreciation and cost	0.5	-	-	-	-	-	0.5
Disposals	(4.8)	-	(11.8)	-	-	-	(16.6)
Balance at 31 March 2025	404.0	-	92.7	20.9	-	-	517.6
Social Housing Grant							
Balance at 1 April 2023	1,212.8	30.1	-	-	6.6	-	1,249.5
Additions	-	-	-	-	2.2	-	2.2
Transfer to be completed	0.6	-	-	-	(0.6)	-	-
Transfer between PPE categories	(1.2)	1.2	-	-	-	-	-
Other transfers	0.6	0.1	-	-	-	-	0.7
Disposals	(1.8)	(0.5)	-	-	-	-	(2.3)
Balance at 31 March/1 April 2024	1,211.0	30.9	-	-	8.2	-	1,250.1
Transfer of engagements	-	-	-	-	1.6	-	1.6
Additions	6.1	0.1	-	-	10.2	-	16.4
Transfer to completed	6.0	(0.1)	-	-	(5.9)	-	-
Transfer between PPE and assets held for sale	-	(18.7)	-	-	-	-	(18.7)
Disposals	(3.3)	(0.5)	-	-	-	-	(3.8)
Balance at 31 March 2025	1,219.8	11.7	-	-	14.1	-	1,245.6
Other grant							
Balance at 1 April 2023	155.4	3.3	-	-	1.2	-	159.9
Additions	0.4	-	-	-	5.6	-	6.0
Transfer to completed	(0.1)	-	-	-	0.1	-	-
Reclassification between grant, depreciation and cost	(0.6)	(0.1)	-	-	-	-	(0.7)
Disposals	(0.1)	-	-	-	-	-	(0.1)
Balance at 31 March/1 April 2024	155.0	3.2	-	-	6.9	-	165.1
Additions	-	-	-	-	8.2	-	8.2
Transfer to completed	0.4	(0.2)	-	-	(0.2)	-	-
Transfer between PPE and assets held for sale	-	(0.5)	-	-	-	-	(0.5)
Balance at 31 March 2025	155.4	2.5	-	-	14.9	-	172.8
Net book value							
31 March 2025	**2,794.1**	**33.1**	**62.4**	**30.4**	**1.5**	**0.1**	**2,921.6**
31 March 2024	2,515.3	45.7	50.2	33.6	18.3	0.1	2,663.2
1 April 2023	2,458.0	47.7	45.2	35.0	6.9	0.1	2,592.9

Annual Impairment Review

The Group annually reviews properties for indicators of potential impairment. Assets that reveal indicators are then subjected to further impairment tests using the methods described in note 1 and below. The Group has determined that for the purposes of impairment testing, each property, together with associated operating assets, is a cash-generating unit.

Social housing assets are considered to have indicators of impairment when they are awaiting demolition as part of a re-development programme or have been vacant for a period of 107 days or longer and have a carrying value above average depreciated replacement cost. In the current and prior year, the carrying value of social housing properties identified with indicators of potential impairment was not material to the Group or Association and so further impairment tests were not deemed necessary.

Care homes are assessed for indicators of impairment based on a balanced scorecard that encapsulates measurement of regulatory ratings, occupancy, fee types and other metrics that relate to quality or operational performance. For the year ended 31 March 2025, 7 (2024: 7) care homes were identified as having indicators of potential impairment and so further tests were carried out for these assets.

Impairment is recognised when the carrying amount exceeds the recoverable amount. Recoverable amounts are the higher of fair value less costs of disposal, and value-in-use.

For care homes, where there was an indicator of impairment, value-in-use was calculated from cash flow projections based on detailed five-year forecasts; the forecasts were then extrapolated to perpetuity using long-term growth rates of 2.1% (2024: 2.0%). Management used a discount rate of 7.5% (2024: 7.5%) which reflects a market participant rate and the risks specific to the assets. In addition to calculating value-in-use, valuations were obtained from independent professional valuers for certain sites. These valuations were determined using sustainable EBITDARM and an EBITDARM multiple as referenced on page 113.

Following these reviews, an impairment of £2.3 million was recognised for care homes within the Group, no impairment was recognised for the Association (2024: £0.8 million was recognised for care homes within the Group, no impairment was recognised for the Association). This impairment charge was offset by impairment reversals, relating to three properties, totalling £1.0 million (2024: £0.8 million), of which no properties related to the Association. The net impairment recognised in the Income Statement was therefore £1.3 million (2024: £nil) for the Group.

A £7.3 million impairment was also recognised for the full write off of the carrying value of a Right of Use Asset for a leased factory. The factory formed part of the Swan acquisition and was used in Swan's, now ceased, modular build programme. Whilst every effort will be made to recover value from the asset, continuing barriers to immediate usability and a relatively short life remaining on the lease mean that any potential realisation of benefits has significantly diminished. There are no other similar assets within the Group.

Assets Pledged As Security

Property with a pre-grant carrying amount of £4,016.9 million (2024: £3,850.8 million) in the Group and £2,524.9 million (2024: £2,334.3 million) in the Association has been pledged to secure borrowings.

14. Investment Property

Reconciliation of carrying amount	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Fair value of investment property at 1 April	588.5	564.1	574.9	383.4
Additions	18.3	10.3	18.1	10.3
Transfer from property, plant and equipment	5.6	9.8	2.6	-
Transfer from inventory	12.2	-	-	-
Restructure of finance lease arrangements	2.5	4.0	2.5	193.5
Change in fair value	(60.4)	0.3	(60.1)	(12.3)
Transfer to assets classified as held for sale	(485.9)	-	(490.1)	-
Disposals	(2.0)	-	(1.8)	-
Fair value of investment property at 31 March	**78.8**	**588.5**	**46.1**	**574.9**

Included within the amounts disclosed above is student property with a carrying value of £3.3 million for the Group (2024: £550.2 million) and £3.3 million for the Association (2024: £554.1 million). Commercial and market rented property have a carrying value of £75.5 million for the Group (2024: £38.3 million) and £42.8 million for the Association (2024: £20.8 million).

At 31 March 2025, Student accommodation with a fair value of £485.9 million (2024: £nil) for the Group and £490.1 million (2024: £nil) for the Association was re-classified as held for sale. Further details can be found in note 20.

Movements in fair value are reflected on the Income Statement within 'gain/loss on fair value of investment property'.

The valuations of certain leased assets have been adjusted to avoid double counting of lease obligations that have been recognised as separate liabilities within the Financial Statements.

Adjustments to leased assets	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Fair value at 31 March net of lease obligations	-	58.1	-	58.1
Carrying value of lease liabilities	3.3	113.7	3.3	117.6
Adjusted fair value at 31 March	**3.3**	**171.8**	**3.3**	**175.7**

Student Property Portfolio Restructure

In November 2024, the Group purchased the freehold of Manna Ash House, student accommodation in central London. The disposal of the right of use asset and lease liability and the recognition of the freehold asset at fair value resulted in an increase in the asset fair value of £2.5 million and extinguishment of the lease liability of £21.6 million.

During the prior year, the Group's student property portfolio was restructured. This entailed the acquisition of freeholds of four properties leased from external parties, combined with a transfer of student property trade and assets from Sanctuary Student Homes Limited and Sanctuary Student Properties Limited to Sanctuary Housing Association and the cancellation of all intra-Group student property leases.

The impact of restructures in both years on the Income Statement is detailed in note 10.

Items Recognised In The Statement Of Comprehensive Income

Rental income from investment property during the year amounted to £50.2 million (2024: £46.2 million) for the Group and £48.2 million (2024: £37.4 million) for the Association.

Details of future minimum lease payments in respect of non-cancellable leases are shown in note 23.

Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the year amounted to £21.1 million (2024: £19.9 million) for the Group and £20.1 million (2024: £13.7 million) for the Association.

Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the year amounted to £nil (2024: £nil) for both the Group and Association.

Restrictions And Commitments

Certain assets are subject to nominations arrangements that have alienation clauses that affect the transferability of the assets. The Group has determined that the existence of these does not impact the held for sale classification. At 31 March 2025, there were no other restrictions on the realisability of investment property or the remittance of income and proceeds of disposal for the Group or Association (2024: none). There were also no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements for the Group or Association (2024: none).

Assets Pledged As Security

Investment property with a pre-grant carrying amount of £11.1 million (2024: £73.3 million) in the Group and £9.4 million (2024: £72.5 million) in the Association has been pledged to secure borrowings.

Measurement Of Fair Values

The fair values of student properties, at 31 March 2024 were determined by external, independent valuers, with appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. Due to the reclassification of student properties to assets classified as held for sale, independent valuers were not asked to provide updated fair values for 31 March 2025. Instead, before reclassification, the fair values were adjusted to reflect indicative values ascertained through direct interactions with interested parties, which were judged to represent market participant valuations.

The following table shows the valuation technique used in measuring the fair values of student properties in the prior year, which were determined to be Level 3 fair values.

Valuation technique 2024	Significant unobservable inputs	
Valuations have been prepared in accordance with the latest version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the Red Book) based on net rental income, estimated future costs, occupancy and the net initial yield or discount rate. Other considerations include tenure (freehold or leasehold) and whether accommodation is Direct Let or Nominations Agreement.		2024
	London	
	Rent per bed per week	£230-£440
	Core income growth	3%
	Cost per bed per annum	£3,006-£4,231
	Discount rate	7.70%-10.98%
	Net initial yield	3.75%-4.75%
	Outside London	
	Rent per bed per week	£75-£230
	Core income growth	3%
	Cost per bed per annum	£2,227-£3,452
	Discount rate	6.72%-16.00%
	Net initial yield	5.50%-15.20%

The process of making forward projections involves assumptions regarding numerous variables which are sensitive to changing conditions. Variations in any one of these assumptions, in isolation or in combination with other assumptions, may significantly affect the outcome. Net rental income and discount rate are considered to be key sources of estimation uncertainty and are therefore more likely to have a material impact on the valuation of the Group's investment property within the next 12 months as a result of reasonably possible changes in the assumptions used. There is an interrelationship between these factors as they are influenced by market conditions. The following table shows sensitivity to these factors in the prior year.

Sensitivity 2024	+5% change in net rental income £m	-5% change in net rental income £m	+25 bps change in NIY £m	-25 bps change in NIY £m
London	24.6	(23.1)	(20.2)	23.2
Outside London	16.0	(15.0)	(4.5)	5.2
	40.6	**(38.1)**	**(24.7)**	**28.4**

Sensitivities have not been disclosed for the current year as potential changes in fair value are unknown due to the method by which valuations were ascertained.

The fair values of commercial properties are level 3 valuations determined by management using a combination of external valuations and internal valuation using either direct market comparison to selling prices of similar properties, or an income capitalisation approach using rental income and market yields. The valuations of commercial properties are not considered to be materially sensitive to changes in the unobservable inputs.

15. Other Investments

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
FVOCI – equity investment				
Listed investments	1.1	1.2	1.0	1.0
	1.1	1.2	1.0	1.0
Carried at amortised cost				
Unlisted investments	14.9	14.9	14.9	14.9
Homebuy				
- Investment	2.5	2.9	-	-
- Grant	(1.5)	(1.5)	-	-
	15.9	16.3	14.9	14.9
Total other investments	**17.0**	**17.5**	**15.9**	**15.9**

The Directors believe that the carrying value of other investments is supported by their underlying net assets. The historical cost of the Group's listed investments is £1.0 million (2024: £1.0 million). The historical cost of the Association's listed investments is £1.1 million (2024: £1.0 million). These investments comprise gilt edged stock and other corporate issue bonds, which are held in accordance with the terms of certain Group facilities. Where required under documentation the security trustee has a charge over these investments, totalling £1.0 million (2024: £1.0 million).

The unlisted investments represent cash reserves held in trust as security against borrowings either as required under the terms of the loan agreements or as substitutes for charges on stock. These reserves cannot be utilised for any purpose other than servicing the associated debt.

Reconciliation Of Movement In Listed Investments

	Group	Association
	£m	£m
As at 1 April 2023	1.2	1.0
Additions	-	-
Disposal	-	-
Revaluations	-	-
As at 31 March 2024	1.2	1.0
As at 1 April 2024	1.2	1.0
Additions	-	-
Disposal	-	-
Revaluations	(0.1)	-
As at 31 March 2025	**1.1**	**1.0**

See note 24 for further details.

16. Derivative Financial Instruments

Fair value of derivative assets	Group and Association	
	2025	2024
	£m	£m
US Private Placement foreign exchange swap	27.8	26.8
	27.8	**26.8**

The derivative financial instruments represent the fair value of the currency related swaps in place to hedge the foreign currency risk arising from interest and principal payments relating to $80 million 5.83% senior notes issued in April 2007 and due in 2037.

Fair value of derivative liabilities	Group		Association	
	2025	2024	2025	2024
	£m	£m	£m	£m
Interest rate swap	(0.2)	(0.3)	-	-
	(0.2)	**(0.3)**	**-**	**-**

The derivative financial instrument represents the fair value of an interest rate swap drawn under a facility agreement dated September 2002; this was put in place to hedge the interest rate risk arising from a variable rate loan.

Further details of derivative financial instruments are provided in note 24.

17. Trade And Other Receivables

	Group		Association	
	2025	*Restated 2024	2025	2024
	£m	£m	£m	£m
Current:				
Tenant rental receivables (note 24d)	15.3	11.4	11.9	10.6
Other trade receivables (note 24d)	22.0	29.8	3.9	5.6
Amounts due from subsidiary undertakings (note 9)	-	-	34.8	42.9
Prepayments	33.8	31.9	19.0	19.3
Accrued income	20.0	22.6	9.6	6.4
Lease Receivables (note 18)	0.1	0.1	-	-
PFI contract receivables (note 18)	3.8	3.7	-	-
Other receivables	38.9	56.4	27.8	23.7
	133.9	155.9	107.0	108.5
Non-current:				
Lease receivable (note 18)	0.6	0.6	-	-
PFI contract receivables (note 18)	17.7	21.8	-	-
Amounts due from subsidiary undertakings	-	-	13.0	17.4
Amounts due from joint venture	5.7	10.2	5.7	10.2
	24.0	32.6	18.7	27.6
Total trade and other receivables	**157.9**	**188.5**	**125.7**	**136.1**

Tenant rental receivables are stated net of expected credit loss allowance of £6.7 million for the Group (2024: £5.9 million) and £3.9 million for the Association (2024: £3.8 million). Further information on rental receivables is contained in note 24d. Other trade receivables are stated net of expected credit loss allowance of £9.6 million for the Group (2024: £8.4 million) and £2.6 million for the Association (2024: £2.1 million). Further information on other trade receivables is contained in note 24d.

No ECLs are recognised against intercompany balances or PFI contract receivables due to low counter party risk. Accrued income and other receivables carry low risk of non-recovery due to their nature, consequently no ECLs are recognised.

18. PFI Contract Receivables And Lease Receivables

	Group		Association	
	2025	2024	2025	2024
	£m	£m	£m	£m
Land and buildings:				
Under one year	3.9	3.8	-	-
In the second to fifth year inclusive	11.5	13.5	-	-
In more than five years	6.8	8.9	-	-
	22.2	**26.2**	**-**	**-**

PFI contract receivables relate to two contracts. The first is an agreement between ASK (Greenwich) Limited and the Royal Borough of Greenwich that runs to 2035. The second is an arrangement between Swan Housing Association and London Borough of Newham that runs to 2028.

19. Inventory

	Group		Association	
	2025	*Restated 2024	2025	2024
	£m	£m	£m	£m
Materials and consumables	1.1	2.1	-	-
Properties held for sale – completed	50.3	48.3	1.2	-
Properties held for sale – under construction	103.9	158.9	3.6	1.9
Total inventory	**155.3**	**209.3**	**4.8**	**1.9**

*Details of restatements are included in note 34.

	Group	Association
	£m	£m
Properties held for sale as at 1 April 2024 (*Restated)	207.2	1.9
Transfer of engagements	-	0.4
Additions	52.2	0.6
Transfer to PPE	(3.9)	4.6
Transfer from Assets classified as held for sale	5.1	-
Transfer to Investment property	(12.2)	-
Other transfers and adjustments	(6.0)	0.7
Write down of development site	(15.0)	-
Disposals – property sales	(73.2)	(3.4)
Properties held for sale as at 31 March 2025	**154.2**	**4.8**

Included within properties held for sale for the Group are £1.3 million (2024: £4.1 million) completed shared ownership properties and £17.6 million (2024: £18.0 million) shared ownership properties under construction.

Included within properties held for sale for the Association are £nil (2024: £nil) completed shared ownership properties and £0.7 million (2024: £0.3 million) shared ownership properties under construction.

Prior to year end, due to specific challenges identified at a single development site, a detailed review was conducted for that site which resulted in a write down of £15 million at Group level; this did not impact the Association. The issues driving this write down included slippage of the contractor programme, with associated higher costs, and higher financing costs. At year end a further review of development projects was carried out to assess the carrying value of inventory and determine if there were instances where this was in excess of net realisable value. No additional write downs were identified as a result of this exercise. In the prior year no write downs were recognised for the Group or Association.

20. Assets Classified As Held For Sale

	Group	Association
	£m	£m
At 1 April 2024	7.2	0.4
Transfer from property, plant and equipment	130.8	37.6
Transfer from Investment Property	485.9	490.1
Reclassified to Inventory	(5.1)	-
Impairment	(0.3)	-
Disposals	(0.4)	(0.1)
At 31 March 2025	**618.1**	**528.0**

Disposal Groups

Included within assets classified as held for sale are two distinct disposal groups intended to be disposed of in multiple property transactions, along with the liabilities that can be directly associated with those assets that will be transferred in the transaction.

Student Accommodation

	Group	Association
	£m	£m
Investment Property	485.9	490.1
Assets classified as held for sale	**485.9**	**490.1**
Lease Liabilities	104.1	108.3
Liabilities classified as held for sale	**104.1**	**108.3**

The Group has committed to a plan to sell the Group's student accommodation assets and directly associated lease liabilities, part of the Student and Market Rented operating segment (note 6).

While the Student business is thriving, the potential sale from a position of strength would unlock and recycle capital for new investment in our existing homes and services in other parts of the business. While the potential sale meets the criteria detailed in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations required to classify the disposal group as held for sale, the sale will only proceed if it aligns with our commitment to our customers and to delivering high-quality services.

Investment property is held at fair value, therefore no impairment loss has been recognised at the point of re-classification to assets classified as held for sale. Subject to final Board Approval, the student accommodation sale is expected to complete within 12 months of 31 March 2025.

Shared Ownership Properties

	Group	Association
	£m	£m
Property, plant and equipment	128.7	35.6
Assets classified as held for sale	**128.7**	**35.6**

The Group has also committed to a plan to sell the Group's Shared Ownership portfolio, part of the Affordable Housing operating segment (note 6).

The portfolio consists of the retained interest in over two thousand shared ownership properties, consisting of standard shared ownership and Do-It-Yourself-Shared-Ownership (DIYSO). The sale will unlock and recycle capital for new investment in our existing homes and services in other parts of the business.
No impairment loss has been recognised on re-classification to assets classified as held for sale as the expected sales price, since confirmed by offers received, significantly exceeds the net book value of the properties which were previously held at cost less accumulated depreciation.

The sale is expected to take place in two transactions within 12 months of 31 March 2025.

Loss On Disposal Groups

	Group		Association	
	2025	2024	2025	2024
	£m	£m	£m	£m
Loss on disposal groups	3.1	-	3.1	-
	3.1	-	3.1	-

Professional fees incurred in the course of bringing the disposal groups to sale and ongoing vendor due diligence have been stated separately in the Statement of Comprehensive Income.

Other Assets Classified As Held For Sale

The remaining assets classified as held for sale consist of a care home, a regional office and a small number of housing and sheltered housing properties that no longer align with the operational requirements or future business plans of the Group. These are expected to be sold within 12 months of 31 March 2025.

21. Trade And Other Payables

	Group		Association	
	2025	*Restated 2024	2025	2024
	£m	£m	£m	£m
Current:				
Trade payables	48.5	43.2	25.1	18.5
Amounts owed to subsidiary undertakings	-	-	23.4	27.7
Other taxation and social security payable	8.5	8.7	5.1	3.1
Other payables	28.9	30.0	9.8	7.2
Capital grants received in advance or repayable	6.0	50.0	-	-
Accruals	232.0	193.4	82.8	59.5
Future maintenance on home ownership schemes	32.3	27.6	29.6	26.3
Recycled capital grant fund (a)	3.6	8.2	2.3	7.4
	359.8	361.1	178.1	149.7
Non-current:				
Recycled capital grant fund (a)	9.2	6.5	7.0	4.4
Other payables	0.2	1.8	1.8	3.2
	9.4	8.3	8.8	7.6
Total Trade and Other Payables	**369.2**	**369.4**	**186.9**	**157.3**

*Details of restatements are included in note 34.

All social housing and other capital grants are potentially repayable to the issuing body. The potential liability is recognised through the balances held as the recycled capital grant fund.

Future maintenance on home ownership schemes relates to funds received which are held in sinking funds.

(a) Recycled Capital Grant Fund

	Group	Association
	£m	£m
Recycled capital grant fund at 1 April 2024	14.7	11.8
Grants recycled	4.4	3.8
Interest accrued	0.7	0.5
Major repairs and works of existing stock	(6.8)	(6.1)
Repayment of grants	(0.2)	-
Other	-	(0.7)
Recycled capital grant fund at 31 March 2025	**12.8**	**9.3**

22. Loans And Borrowings

	Group		Association	
	2025	2024	2025	2024
	£m	£m	£m	£m
Current:				
Senior notes and debenture stock	75.9	64.5	75.9	64.5
Bank loans and overdrafts	71.6	24.0	3.6	3.0
Net lease liability (note 23)	2.1	3.8	1.1	2.6
Local authority loans	0.5	29.8	-	-
Amounts owed to Group companies	-	-	11.2	9.9
	150.1	122.1	91.8	80.0
Non-current:				
Senior notes and debenture stock	2,171.1	2,111.1	554.6	495.7
Bank loans and mortgages	1,522.0	1,520.8	388.7	348.7
Local authority loans	27.4	20.0	26.5	-
Net lease liability (note 23)	31.0	143.4	17.9	133.5
Amounts owed to Group companies	-	-	841.0	850.1
	3,751.5	3,795.3	1,828.7	1,828.0
Total loans and borrowings	**3,901.6**	**3,917.4**	**1,920.5**	**1,908.0**

Based on the lender's earliest repayment date, borrowings fall due as follows:

Group	Leases	Other borrowings	Total
	£m	£m	£m
Due within one year	2.1	148.0	150.1
Due in more than one year but less than two years	4.4	190.6	195.0
Due in more than two years but less than five years	5.3	588.4	593.7
Due in more than five years	21.3	2,941.5	2,962.8
	33.1	**3,868.5**	**3,901.6**

Association	Leases	Other borrowings	Total
	£m	£m	£m
Due within one year	1.1	90.7	91.8
Due in more than one year but less than two years	1.0	75.6	76.6
Due in more than two years but less than five years	1.6	274.5	276.1
Due in more than five years	15.3	1,460.7	1,476.0
	19.0	**1,901.5**	**1,920.5**

The Group recorded security on loans with charges on property totalling £3,447.0 million (2024: £3,553.9 million) at the reporting date. It also recorded security for the one year's interest payments and final principal instalment in the form of debt service reserves for loans totalling £107.9 million (2024: £114.4 million). Borrowings are stated net of £17.6 million set up costs (2024: £16.8 million). Further details on interest rates are contained in note 24a.

The Association recorded security on loans with charges on property totalling £1,464.0 million (2024: £1,528.5 million) at the reporting date. It also recorded security for the one year's interest payments and final principal instalment in the form of debt service reserves for loans totalling £107.9 million (2024: £114.4 million). Borrowings are stated net of £11.4 million set up costs (2024: £10.5 million).

23. Leases

Lessee Arrangements

The Group leases a significant number of residential and commercial properties. Typical residential leases most commonly run from periods of between 100 and 999 years. Commercial leases typically run on shorter leases up to 99 years in duration. Leases will be typically appraised prior to expiry of the initial term of the contract or at the next break opportunity. A decision to either terminate or renew the lease will be undertaken. Leases that pass the initial term without a decision will continue in a holdover period until resolved.

Right-Of-Use Assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 13).

Right-Of-Use Assets Included Within Property, Plant And Equipment

Group	Land and buildings	Offices	Total
	£m	£m	£m
Cost			
Balance as at 1 April 2024	41.4	5.8	47.2
Right-of-use assets derecognised	(0.9)	-	(0.9)
Balance as at 31 March 2025	40.5	5.8	46.3
Depreciation and impairment			
Balance as at 1 April 2024	10.0	1.2	11.2
Depreciation charge for the year	1.7	-	1.7
Impairment charge for the year	7.3	-	7.3
Balance as at 31 March 2025	19.0	1.2	20.2
Net Book Value			
31 March 2025	**21.5**	**4.6**	**26.1**
31 March 2024	31.4	4.6	36.0

Association	Land and buildings	Offices	Total
	£m	£m	£m
Cost			
Balance as at 1 April 2024	29.7	5.8	35.5
Right-of-use assets derecognised	(0.7)	-	(0.7)
Balance as at 31 March 2025	29.0	5.8	34.8
Depreciation and impairment			
Balance as at 1 April 2024	8.2	1.5	9.7
Depreciation charge for the year	1.5	-	1.5
Balance as at 31 March 2025	9.7	1.5	11.2
Net Book Value			
31 March 2025	**19.3**	**4.3**	**23.6**
31 March 2024	21.5	4.3	25.8

Amounts Recognised In The Statement Of Comprehensive Income

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Interest on lease liabilities	7.6	10.1	7.8	6.0
Depreciation charge for right-of-use assets	1.7	2.8	1.5	1.9
Impairment charge for right-of-use assets	7.3	-	-	-
	16.6	12.9	9.3	7.9

The £7.3 million impairment charge relates to the full write off of the carrying value of a right-of-use asset for a leased factory. The factory formed part of the Swan acquisition and was used in Swan's, now ceased, modular build programme. There are no other similar assets within the Group.

Amounts Recognised In The Statement Of Cash Flows

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Total cash outflow for leases	13.0	16.1	12.1	8.0
	13.0	16.1	12.1	8.0

Rent Reviews

Many of the Group's leases have rent reviews within their terms. These reviews rely on information such as inflation indexes and market rates at the time of the review. These future increases (and occasional decreases) in rents payable will not be recognised in the right-of-use assets and lease liabilities until they become effective.

Lease Liabilities

Undiscounted lease payments to be made under lease arrangements fall due as shown below. Lease liabilities also relate to assets within investment property. Leases that form part of a disposal group under IFRS 5 are presented separately within liabilities held for sale and are excluded from the following analysis (see note 20 for details).

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Land and buildings:				
Under one year	4.2	12.5	2.4	10.8
In the second to fifth year inclusive	16.2	50.9	7.4	41.8
In more than five years	70.6	262.1	60.7	262.0
Total gross payments	91.0	325.5	70.5	314.6
Financing costs	(57.9)	(178.3)	(51.5)	(178.5)
Net lease liability	33.1	147.2	19.0	136.1

The present value of amounts payable under leases is as follows:

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Land and buildings:				
Under one year	2.1	3.8	1.1	2.6
In the second to fifth year inclusive	9.7	18.6	2.6	10.5
In more than five years	21.3	124.8	15.3	123.0
	33.1	147.2	19.0	136.1

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent payments.

Lessor Arrangements

Contracts of residential occupation do not meet the definition of a lease under IFRS 16.

The Group undertakes an assessment of the financial and operational viability of any potential lessee for a new lease and as such will determine the most appropriate lease terms to put in place. Negotiation of these lease terms will consider the most appropriate terms to ensure they are not unduly onerous or prohibitive and ensure any value continues to be realised or enhanced from the property.

There are no variable lease payments that do not depend on an index or a rate.

The Group has operating leases in its Supported Living and Student and Market Rented divisions. During the year ended 31 March 2025, income from operating leases was £11.6 million for the Group (2024: £12.4 million) and £5.0 million for the Association (2024: £10.7 million).

Amounts receivable under operating leases are due as follows:

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Under one year	5.9	7.6	3.8	7.1
Between one and two years	4.3	4.2	3.8	3.7
Between two and three years	4.2	4.1	3.7	3.7
Between three and five years	6.2	7.8	5.6	7.2
In more than five years	33.7	35.0	32.1	33.6
	54.3	58.7	49.0	55.3

24. Financial Instruments And Risk Management

Financial Risk Management Objectives And Policies

The Group's treasury function is responsible for the management of funds and control of the associated risks. Other financial risks, for example tenant rental arrears, are the responsibility of other teams within the Group's finance function. Treasury and finance activities are governed in accordance with the Board approved policy and the management of associated risks is reviewed and approved by the Group Audit and Risk Committee. There is further explanation of the Group's approach to risk management in the Strategic Report.

Where financial instruments are measured in the Statement of Financial Position at fair value, disclosure of fair value measurements by level is required, in accordance with the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's financial instruments include:

Financial Assets

Financial assets at amortised cost	Group		Association	
	2025 £m	*Restated 2024 £m	2025 £m	2024 £m
Unlisted investments (note 15)	15.9	16.3	14.9	14.9
Rental receivables (note 17)	15.3	11.4	11.9	10.6
Other trade receivables (note 17)	22.0	29.8	3.9	5.6
Other receivables (note 17)	38.9	56.4	27.8	23.7
Amounts due from subsidiary undertakings (note 17)	-	-	47.8	60.3
Amounts due from joint venture (note 17)	5.7	10.2	5.7	10.2
Lease receivable (note 17)	0.7	0.7	-	-
PFI receivable (note 17)	21.5	25.5	-	-
Cash and cash equivalents	159.6	141.9	25.5	13.6
	279.6	292.2	137.5	138.9

The Group's investments in the Statement of Financial Position were £17.0 million at 31 March 2025 (2024: £17.5 million). Of this value, £1.1 million (2024: £1.2 million) was classed as FVOCI and £15.9 million (2024: £16.3 million) was classed as held at amortised cost. The Association's investments in the Statement of Financial Position were £15.9 million at 31 March 2025 (2024: £15.9 million). Of this value, £1.0 million (2024: £1.0 million) was classed as FVOCI and £14.9 million (2024: £14.9 million) was classed as held at amortised cost.

Of the above balance held at amortised cost, rental receivables, finance lease receivables, amounts due from subsidiary undertakings, amounts due from joint venture and other receivables totalling £104.1 million (2024: £131.6 million) for the Group and £97.1 million (2024: £110.4 million) for the Association derive from current and non-current trade and other receivables balances on the Statement of Financial Position.

Trade and other receivables totalled £157.9 million at 31 March 2025 (2024: £188.5 million) for the Group and £125.7 million at 31 March 2025 (2024: £136.1 million) for the Association. Prepayments and accrued income balances of £53.8 million (2024: £54.5 million) for the Group and £28.6 million (2024: £25.7 million) for the Association are not considered to fall within the definition of a financial asset.

Financial assets at FVOCI	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Listed investments (note 15)	1.1	1.2	1.0	1.0

All significant inputs required to value investments held at FVOCI are observable, quoted and traded in an active market, and, as such, the Group has classified them as Level 1.

Financial Liabilities

As at 31 March 2025, the Group's and Association's financial liability balances were as follows:

Financial liabilities at amortised cost – current	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Debt finance excluding set up costs	149.6	120.0	92.0	78.6
Trade payables (note 21)	48.5	43.2	25.1	18.5
Lease liability (note 23)	2.1	3.8	1.1	2.6
Amounts due to subsidiary undertakings (note 21)	-	-	23.4	27.7
Grants (note 21)	6.0	50.0	-	-
Other payables (note 21)	69.7	66.3	44.5	36.6
Lease liabilities classified as held for sale (note 20)	104.1	-	108.3	-
	380.0	**283.3**	**294.4**	**164.0**

Other payables include other tax and social security, other payables and future maintenance on home ownership schemes. Current trade and other payables as disclosed in the Statement of Financial Position totalled £359.8 million (2024: £361.1 million) for the Group and £178.1 million (2024: £149.7 million) for the Association. The difference between the Statement of Financial Position and the amounts disclosed above is £235.6 million (2024: £201.6 million) for the Group and £85.1 million (2024: £66.9 million) for the Association and relates to balances that are not considered to fall within the definition of a financial liability. Debt finance consists of loans and borrowings and is presented above before deduction of set up costs.

Financial liabilities at amortised cost – non-current	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Debt finance excluding set up costs	3,561.2	3,466.7	1,820.9	1,703.8
Net lease liability (note 23)	31.0	143.4	17.9	133.5
Other payables (note 21)	0.2	1.8	1.8	3.2
	3,592.4	**3,611.9**	**1,840.6**	**1,840.5**

Financial liabilities at FVPL	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Debt finance excluding set up costs	175.4	200.3	-	-
Derivative financial instruments – interest rate swap (note 16)	0.2	0.3	-	-
	175.6	**200.6**	**-**	**-**

Non-current trade and other payables as disclosed in the Statement of Financial Position totalled £9.4 million (2024: £8.3 million) for the Group and £8.8 million (2024: £7.6 million) for the Association. Of these amounts, £0.2 million (2024: £1.8 million) in the Group is considered to fall within the definition of a financial liability while £1.8 million (2024: £3.2 million) is considered to fall within this definition in the Association.

All significant inputs required to value the above instruments are observable and, as such, the Group has classified them as Level 2.

The derivative financial instrument relating to an interest rate swap valued at FVPL was entered into by the Group under a facility agreement dated September 2002.

Fair value movements of loans and derivatives totalling £14.0 million (2024: £1.6 million) for the Group and £nil (2024: £nil) for the Association are shown as a credit to the income statement.

The purpose of the derivative financial instrument is to hedge the interest rate risk associated with the variability of cash flows on variable rate loans.

Valuation

Balances are valued in accordance with note 1 Principal Accounting Policies – Financial Instruments. Instruments are carried at fair value in the following cases:

Derivative financial instruments are measured at fair value.

The fair value of the cross currency derivative financial instruments is arrived at by discounting future cash flows associated with each swap and comparing, for each swap, the cumulative total discounted sterling future cash flows with the total discounted dollar future cash flows translated at the year end exchange rate. The swap rate data used for discounting the flows is provided to the Group by external advisers.

The fair value of the interest rate swap is arrived at by discounting the fixed leg and variable leg cash flows using interpolated yield curves provided to the Group by external advisers.

Listed investments are measured at fair value. The fair value equates to the market value of these listed investments at the reporting date.

Certain loans with embedded interest rate swaps acquired through the Swan acquisition are measured at fair value. The fair value equates to the discounted future cashflows of these loans at the reporting date.

Senior notes and debenture stock, bank loans and mortgages, and net lease liabilities are measured at book value. However, fair value can be calculated and these are disclosed in note 24a. The variance between the fair value and the book value of the Group and Association's long-term borrowings is driven by the discount rates and weighted average life of the fixed rate financial liabilities, which is 17.4 years (2024: 17.3 years) for the Group and 14.5 years (2024: 14.5 years) for the Association.

Loans denominated in foreign currency are translated at year end exchange rates.

Analysis Of Risks

a) Interest Rate Risk And Exposure

Interest rate risk is defined as the risk that interest rates may change in the future materially affecting the Group's liabilities and cash flows. The interest rate exposure of the Group and Association net debt at 31 March 2025 after hedging instruments was:

	Group		Association	
	£m	%	£m	%
Fixed rate financial liabilities	3,167.7	81.2	1,666.1	86.8
Floating rate financial liabilities	733.9	18.8	254.4	13.2
	3,901.6	**100.0**	**1,920.5**	**100.0**

The cost of borrowing of the Group fixed rate financial liabilities is 4.57% (2024: 4.44%) and for the Association 5.10% (2024: 4.95%). The cost of borrowing of the Group's total financial liabilities is 4.68% (2024: 4.76%) and for the Association 5.17% (2024: 5.14%). The weighted average life of fixed rate financial liabilities for the Group is 17.4 years (2024: 17.5 years) and for the Association is 14.5 years (2024: 13.9 years). The Group operates an interest rate policy designed to minimise interest cost and reduce volatility in cash flow and debt service costs. Group borrowings currently comprise 81.2% fixed rate debt (2024: 83.7%) and 18.8% floating rate debt (2024: 16.3%). Association borrowings comprise 86.8% fixed rate debt (2024: 87.2%) and 13.2% floating rate debt (2024: 12.8%).

The Group's cash flow interest rate risk relates to:

- Variable rate financial instruments which are subject to rate changes – a 10% increase in interest costs would result in an additional charge to the Statement of Comprehensive Income of £3.8 million (2024: £4.1 million).
- Fixed rate financial instruments where benefits of interest rate reductions are lost – a 0.25% rate reduction would result in a lost benefit of £8.0 million (2024: £8.4 million).

A comparison of the book value to fair value of the Group's and Association's long-term borrowings at 31 March 2025 is set out below.

	Group		Association	
	2025 Book value £m	2025 Fair value £m	2025 Book value £m	2025 Fair value £m
Senior notes and debenture stock (note 22)	2,171.1	1,847.9	554.6	537.7
Bank loans and mortgages (note 22)	1,522.0	1,498.3	388.7	401.7
Local authority loans (note 22)	27.4	25.9	26.5	25.1
Net lease liability (notes 22, 23)	31.0	31.0	17.9	17.9
Amounts owed to Group companies (note 22)	-	-	841.0	806.1
	3,751.5	**3,403.1**	**1,828.7**	**1,788.5**

The following methods and assumptions have been applied in determining the value of the financial instruments in the table above.

(i) The book value of loans with a maturity of less than one year is assumed to equate to their carrying value. They have therefore not been included in the above table.
(ii) The fair value of loans greater than one year is established by utilising discounted cash flow valuation models or listed market prices where available.
(iii) The fair value of balances shown above at a variable rate of interest is assumed to approximate to their book value.

For the balances at 31 March 2025, the range of discount rates used was 5.05% to 5.50% (2024: 4.62% to 5.99%). Swan Housing and Johnnie Johnson Housing Trust loans were fair valued by third parties.

The fair values of the swaps at the year end would decrease by the following amounts, if an increase of 1% occurred:

Group	Liability	Statement of Comprehensive Income
	£m	£m
In sterling swap rates only	(0.3)	(0.3)

Interest rate risk applies to debt finance.

Management considers the sensitivity analysis in relation to the remaining interest rate swaps not included above to be not material.

b) Currency Rate Risk And Exposure

Currency rate risk is the risk that foreign currency arrangements that the Group has entered into will be adversely affected by exchange rate movements. Hedging is defined as the practice of offsetting such risks and the organisation applies such practices. The hedge put in place by the organisation removes completely the currency risk, as explained below.

In 2007 the Group borrowed $80 million through an issue of senior notes at an interest rate of 5.83% repayable in 2037. The foreign currency funds have been swapped through derivative financial instruments with the counterparty of the arrangement described above.

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Carrying value of hedging instrument	Line item in the Statement of Financial Position where the hedging instrument is located	Change in value of the hedging instrument recognised in OCI	Costs of hedging recognised in OCI
	£m		£m	£m
Foreign currency risk	27.8	Derivative financial assets	2.0	0.3

The fair values of the swaps and loans at the year end, if an increase in interest rates of 1% occurred, are:

Group	Asset	Income Statement	Cash flow hedge reserve
	£m	£m	£m
In both dollar and sterling swap rates	(3.9)	-	(3.9)
In sterling swap rates only	6.5	-	6.5
In dollar swap rate only	(10.4)	-	(10.4)
In the year end exchange rate	(0.8)	-	(0.8)
In the year end exchange rate and in the dollar and sterling swap rates	(4.7)	-	(4.7)

Association	Asset	Income Statement	Cash flow hedge reserve
	£m	£m	£m
In both dollar and sterling swap rates	(3.9)	-	(3.9)
In sterling swap rates only	6.5	-	6.5
In dollar swap rate only	(10.4)	-	(10.4)
In the year end exchange rate	(0.8)	-	(0.8)
In the year end exchange rate and in the dollar and sterling swap rates	(4.7)	-	(4.7)

Currency rate risk applies to the derivative financial instruments balance and underlying loans denominated in dollars.

c) Liquidity Risk

Liquidity risk is the risk that the Group will fail to be able to access liquid funds, either through:

- Lack of available facilities; or
- Lack of secured, but available, facilities; or
- Lack of identification of need to draw on available facilities.

The treasury function ensures the above risks are managed by preparing cash forecasts on a daily and longer-term basis to ensure that short and longer-term requirements are known. The forecasts are cautious in the approach and are constantly updated to allow for sensitivity in assumptions. These are reported to the Group Chief Financial Officer on a fortnightly basis. The forecasts identify when drawdowns on existing facilities are required and when existing facilities expire. Further facilities are negotiated and secured well in advance of them being needed for drawdown.

The treasury function also manages a database of the Group's stock in order to identify unencumbered stock for security of new facilities. A programme of valuations is maintained to ensure that optimum value is gained from the Group's secured properties. These systems ensure that facilities are available to the Group which are secured and available to draw on as required.

The Group's liquidity policy is to maintain sufficient liquid resources to cover cash flow requirements and fluctuations in funding to enable the Group to meet its financial obligations.

The Group has not defaulted on any of its loan arrangements in the year.

Liquidity risk applies to cash and all payables balances.

Contractual Cash Flows For All Financial Liabilities

The following is an analysis of the anticipated contractual cash flows including interest and finance charges payable for the Group and Association's financial liabilities on an undiscounted basis. For the purpose of this table, debt is defined as bank loans, mortgages, deferred finance, bonds and debenture stock. Interest is calculated based on debt held at 31 March.

At 31 March 2025 – Group	Debt	Interest on debt	Lease liabilities	Other liabilities not in net debt	Interest on hedge accounted derivatives	Total
	£m	£m	£m	£m	£m	£m
Due less than one year	(151.1)	(185.2)	(4.2)	(124.2)	(2.7)	(467.4)
Between one and two years	(193.4)	(179.4)	(6.3)	(0.2)	(2.6)	(381.9)
Between two and three years	(71.5)	(169.9)	(4.2)	-	(2.6)	(248.2)
Between three and four years	(113.7)	(164.4)	(2.9)	-	(2.4)	(283.4)
Between four and five years	(406.6)	(152.5)	(2.8)	-	(2.5)	(564.4)
Greater than five years	(2,965.6)	(1,655.0)	(70.6)	-	(17.2)	(4,708.4)
Gross contractual cash flows	**(3,901.9)**	**(2,506.4)**	**(91.0)**	**(124.4)**	**(30.0)**	**(6,653.7)**

At 31 March 2024 – Group	Debt	Interest on debt	Lease liabilities	Other liabilities not in net debt	Interest on hedge accounted derivatives	Total
	£m	£m	£m	£m	£m	£m
Due less than one year	(121.2)	(178.5)	(12.5)	(159.5)	(2.7)	(474.4)
Between one and two years	(152.0)	(167.4)	(12.3)	(1.8)	(2.7)	(336.2)
Between two and three years	(176.4)	(161.4)	(14.8)	-	(2.6)	(355.2)
Between three and four years	(71.7)	(151.0)	(12.3)	-	(2.6)	(237.6)
Between four and five years	(297.0)	(139.9)	(11.5)	-	(2.5)	(450.9)
Greater than five years	(2,970.6)	(1,607.2)	(262.1)	-	(19.6)	(4,859.5)
Gross contractual cash flows	**(3,788.9)**	**(2,405.4)**	**(325.5)**	**(161.3)**	**(32.7)**	**(6,713.8)**

At 31 March 2025 – Association	Debt	Interest on debt	Lease liabilities	Other liabilities not in net debt	Interest on hedge accounted derivatives	Total
	£m	£m	£m	£m	£m	£m
Due less than one year	(90.9)	(99.7)	(2.4)	(93.0)	(2.3)	(288.3)
Between one and two years	(75.6)	(95.4)	(2.3)	(1.8)	(2.3)	(177.4)
Between two and three years	(45.6)	(91.2)	(2.0)	-	(2.3)	(141.1)
Between three and four years	(69.0)	(87.7)	(1.6)	-	(2.3)	(160.6)
Between four and five years	(158.7)	(81.8)	(1.5)	-	(2.3)	(244.3)
Greater than five years	(1,437.8)	(811.3)	(60.7)	-	(17.0)	(2,326.8)
Gross contractual cash flows	**(1,877.6)**	**(1,267.1)**	**(70.5)**	**(94.8)**	**(28.5)**	**(3,338.5)**

At 31 March 2024 – Association	Debt	Interest on debt	Lease liabilities	Other liabilities not in net debt	Interest on hedge accounted derivatives	Total
	£m	£m	£m	£m	£m	£m
Due less than one year	(77.5)	(105.1)	(10.8)	(82.8)	(2.3)	(278.5)
Between one and two years	(89.2)	(100.4)	(10.6)	(3.2)	(2.3)	(205.7)
Between two and three years	(102.3)	(97.0)	(10.5)	-	(2.3)	(212.1)
Between three and four years	(43.6)	(85.7)	(10.4)	-	(2.3)	(142.0)
Between four and five years	(152.9)	(76.6)	(10.3)	-	(2.3)	(242.1)
Greater than five years	(1,277.1)	(699.0)	(262.0)	-	(19.3)	(2,257.4)
Gross contractual cash flows	**(1,742.6)**	**(1,163.8)**	**(314.6)**	**(86.0)**	**(30.8)**	**(3,337.8)**

d) Credit Risk

Credit risk applies to all debtor balances and to debt finance. The risk falls into two categories: financial and operational.

Financial

It is the Group's policy not to take or place funds with any financial institution which is not accepted as a counterparty in the Group's Financial Regulations. Such counterparties are approved by the Board but only on the achievement of the desired credit agency rating. The maximum exposure with a single funder is £323.0 million as at 31 March 2025 (2024: £326.0 million).

The Group manages credit risk by carrying out monthly credit checks on all counterparties from which the Group either sources funds or places deposits, also allowing the Group to assess whether there has been a significant increase in credit risk at the reporting date. The financial credit risk is mitigated to some extent by the existence of borrowing facilities with such counterparties.

Twelve-month probabilities of default (PD) are based on historical credit loss data supplied by the rating agency Moody's. Assets measured at amortised cost or FVOCI were subject to a 12-month ECL allowance, none of these assets were materially credit impaired. Largely due to the low credit risk of the financial assets held, there has been no expected credit loss recognised at 31 March 2025 because the amounts are not material.

Operational

The majority of the operational debt at any given time relates to tenants and non-tenants of the Group. These debts are reported to management on a weekly basis and recovery of debts is coordinated through subsidiary and regional management teams. Performance of debt recovery is reviewed monthly by the Executive Committee.

Tenant Rental Receivable Arrears

Gross tenant rental arrears due as at 31 March 2025 totalled £22.0 million (2024: £17.3 million) for the Group and £15.8 million (2024: £14.4 million) for the Association. Most of this balance was past due as the majority of tenancy agreements state that the rent is due in advance. The age of these arrears was as follows:

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Less than 30 days	9.6	7.7	7.6	6.4
30 to 60 days	4.3	1.9	2.4	1.9
60 to 90 days	1.8	0.9	1.4	1.3
More than 90 days	6.3	6.8	4.4	4.8
Balance as at 31 March	**22.0**	**17.3**	**15.8**	**14.4**

In the Group there is an expected credit loss allowance against £6.7 million (2024: £5.9 million) of this balance leaving a net rental arrears balance of £15.3 million (2024: £11.4 million) (see note 17). In the Association there is an expected credit loss allowance against £3.9 million (2024: £3.8 million) of this balance leaving a net rental arrears balance of £11.9 million (2024: £10.6 million) (see note 17).

Tenant Rental Receivable Arrears Expected Credit Loss

	Group		Association	
	2025 £m	*Restated 2024 £m	2025 £m	2024 £m
Balance as at 1 April	5.9	5.5	3.8	3.7
Acquisition (note 34)	-	0.2	0.3	-
Provided in the year	7.0	5.5	4.1	4.3
Released in the year	(1.6)	(1.5)	(1.0)	(1.1)
Amounts written off	(4.6)	(3.8)	(3.3)	(3.1)
Balance as at 31 March	**6.7**	**5.9**	**3.9**	**3.8**

*Details of restatements are included in note 34.

Under IFRS 9, loss allowances for trade receivables are measured at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are a probability-weighted estimate of credit losses that result from all possible default events over the expected life of a financial instrument.

Other Trade Receivables

Other trade receivables encapsulates all trade receivables other than social tenancy rent and service charges. It includes amounts due in respect of care home fees, student accommodation, supported services and property sales. Gross other trade receivables balances as at 31 March 2025 totalled £31.6 million (2024: £38.2 million) for the Group and £6.5 million (2024: £7.7 million) for the Association. The age of gross other trade receivables balances was as follows:

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Less than 30 days	12.6	19.9	1.0	4.1
30 to 60 days	4.0	5.0	1.0	0.8
60 to 90 days	1.6	3.6	0.6	0.6
More than 90 days	13.4	9.7	3.9	2.2
Balance as at 31 March	**31.6**	**38.2**	**6.5**	**7.7**

In the Group there is an expected credit loss allowance against £9.6 million (2024: £8.4 million) of this balance leaving a net other trade receivables balance of £22.0 million (2024: £29.8 million) (see note 17). In the Association there is an expected credit loss allowance against £2.6 million (2024: £2.1 million) of this balance leaving a net other trade receivables balance of £3.9 million (2024: £5.6 million) (see note 17).

Other Trade Receivables Expected Credit Loss

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Balance as at 1 April	8.4	7.0	2.1	1.8
Provided in the year	3.4	4.2	1.0	0.9
Released in the year	(0.9)	(1.5)	(0.4)	(0.3)
Amounts written off	(1.3)	(1.3)	(0.1)	(0.3)
Balance as at 31 March	**9.6**	**8.4**	**2.6**	**2.1**

The Group provides for specific categories of sundry receivable balances and specific sundry receivable balances where the likelihood of settlement in full or in part is unlikely.

Summary Of Credit Risk

The maximum credit risk at 31 March 2025 and 2024 was as follows:

	Group		Association	
	2025 £m	*Restated 2024 £m	2025 £m	2024 £m
Investments (note 15)	17.0	17.5	15.9	15.9
Derivative financial instruments (note 16)	27.8	26.8	27.8	26.8
Receivables	104.1	131.6	97.1	110.4
Cash and cash equivalents	159.6	141.9	25.5	13.6
	308.5	**317.8**	**166.3**	**166.7**

*Details of restatements are included in note 34.

e) Concentration Risk

Concentration risk is defined as the risk associated with a reliance on transactions that carry a similar risk profile. Management determines concentrations of risk through its standard risk management procedures, as detailed in the Strategic Report.

Management considers the Group's main concentration of risk to be within rent and service charge arrears. The shared characteristic of this concentration is the social demographic of the client base that can be linked to lower credit quality. However, the arrears are from a number of types of tenancy:

- Rental
- Sheltered housing
- Supported housing
- Shared ownership
- Home ownership.

A reduced level of risk is associated with shared ownership and home ownership residents.

The maximum exposure to this risk is equal to the tenant rental arrears balance (net of expected credit loss) at 31 March 2025, £15.3 million (2024: £11.4 million) for the Group and £11.9 million (2024: £10.6 million) for the Association.

Information on the Group's spread of lenders is explained in note 24d.

f) Market Rate Risk

Market risk applies to listed investments. Listed investments are exposed to fluctuations in market values that are outside the Group's control. Listed investments at 31 March 2025 totalled £1.1 million (2024: £1.2 million) in the Group and £1.0 million (2024: £1.0 million) in the Association. The Group mitigates this risk by carrying out credit checks on all counterparties and investing only in those counterparties that achieve the desired credit agency rating. This is also explained in note 24d.

g) Collateral Pledged

The Group holds debt servicing reserves if, and as, required by the various lenders. These are disclosed and described in note 15.

h) Collateral Held

The Group does not hold any significant collateral.

i) Capital

The Group considers its capital balances to be share capital (note 27) and reserves (note 28). The revaluation reserve balance is entirely governed by market rates for listed investments. The revenue reserve is formed of Group surpluses and deficits from each year since the Group's formation and it also contains gains on business combinations that have arisen following the acquisition of subsidiaries. Acquisitions of social housing businesses that are in substance the gift of one business to another are treated as non-exchange transactions. The fair value of the gift of the recognised assets and liabilities is treated as a gain or loss in the Statement of Comprehensive Income.

None of these capital balances has a significant degree of active management, other than in the case of current year Income Statement movement that contributes to revenue reserves. There are restrictions on the Group in the use of £0.2 million (2024: £0.2 million) in relation to Carr-Gomm which was acquired by the Group in 2010 and then transferred its engagements to the Association on 31 March 2011, and £5.0 million (2024: £4.7 million) relating to Voluntary Right to Buy scheme surpluses (see note 28 regarding restricted reserves).

25. Deferred Tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred Tax Assets

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
As at 1 April	5.2	5.4	-	-
Temporary timing differences	2.3	(0.2)	-	-
As at 31 March	**7.5**	**5.2**	**-**	**-**
Comprising:			-	
Trading losses carried forward	7.4	5.1	-	-
Interest rate swap derivative	0.1	0.1	-	-
	7.5	**5.2**	-	**-**

The interest rate swap derivative is held in ASK (Greenwich) Limited. Trading losses are carried across a number of Group subsidiaries.

Deferred tax assets relating to historic losses within certain subsidiaries, amounting to £58.2 million, have not been recognised as the criteria for recognition have not been met.

Deferred Tax Liabilities

A deferred tax liability exists within ASK (Greenwich) Limited, a 100% owned subsidiary of the Association.

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
As at 1 April	0.6	0.6	-	-
Charge/(credit) to Income Statement	0.1	-	-	-
As at 31 March	**0.7**	**0.6**	**-**	**-**

This balance relates to timing differences on taxation of a unitary charge. Unitary charge refers to amounts due from the Royal Borough of Greenwich under the terms of a project agreement.

26. Provisions For Liabilities

Group	Onerous contracts	Property related	Other provisions	Total
	£m	£m	£m	£m
At 1 April 2024 (restated*)	1.0	81.2	45.2	127.4
Provided in the year	-	1.7	0.6	2.3
Discounting**	-	(2.7)	(1.9)	(4.6)
Transfer to assets held for sale	-	(0.7)	-	(0.7)
Utilised during the year	(0.3)	(5.7)	(6.1)	(12.1)
Released during the year	(0.3)	(8.2)	(15.6)	(24.1)
At 31 March 2025	**0.4**	**65.6**	**22.2**	**88.2**
Ageing of provisions – expected utilisation				
At 31 March 2025				
Under one year	0.2	12.3	11.6	24.1
Over one year	0.2	53.3	10.6	64.1
At 31 March 2024				
Under one year	-	3.2	14.7	17.9
Over one year	1.0	78.0	30.5	109.5

Association	Onerous contracts	Property related	Other provisions	Total
	£m	£m	£m	£m
At 1 April 2024	-	0.7	9.5	10.2
Transfer of engagements (note 34)	-	-	0.5	0.5
Provided in the year	-	-	0.3	0.3
Transfer to assets held for sale	-	(0.7)	-	(0.7)
Utilised during the year	-	-	(0.5)	(0.5)
Released during the year	-	-	(4.1)	(4.1)
At 31 March 2025	**-**	**-**	**5.7**	**5.7**
Ageing of provisions – expected utilisation				
At 31 March 2025				
Under one year	-	-	5.7	5.7
Over one year	-	-	-	-
At 31 March 2024				
Under one year	-	-	9.5	9.5
Over one year	-	0.7	-	0.7

*Details of restatements are included in note 34.
**Discounting reflects the impact of reassessment of the expected timing of cash outflows in respect of a number of provisions.

Onerous Contract Provisions

Provisions have been made for two onerous contracts which are being unwound over the remaining contract terms, they have been discounted using a risk-free rate based on UK Gilts.

Property Related Provisions

Property related provisions include a sum of £39.4 million where Swan Housing Association has contractual obligations to external parties to rectify cladding and fire safety issues. The provisions are quantified with an assumed scope of works based on initial third-party estimates, with additional cost indexation to bridge from the date of those estimates, which are several years old, to 31 March 2025. The provisions have been discounted, based on the assumption that minimal work will be performed within the next 12 months and then a period of two years will be required to complete the works from that point. There is the potential, pending the outcome of negotiations, that these obligations will be fulfilled by third-party contractors. However, as at 31 March 2025, there is not yet sufficient certainty to enable the release of these provisions. Should the obligations not be fulfilled by the third-party contractors, a detailed programme of works will need to be established and the initial estimates updated. It is not possible to precisely specify the range of potential outcomes, but it is possible that these may vary materially from the current provision, which represents the directors' best estimate of the potential outflow.

Provisions have been recognised relating to a number of housing developments where defects have been identified on houses previously sold by Swan. Other property related provisions from the Swan acquisition relate to wider obligations arising from property development. The combined value of these provisions is £25.3 million.

Cladding provisions have been discounted using a risk-free rate based on UK Gilts. Other amounts have not been discounted as the impact of discounting would not be material

Other Provisions

Provisions have been recognised for a range of potential legal, contractual or other obligations, of which £16.0 million relates to Swan, arising primarily from development related activities. Insurance recoveries of £4.8 million have been included within debtors, relating to a potential gross obligation of £4.8 million, where there is virtual certainty over reimbursement. No recoveries have been recognised for the other amounts. Where material, these provisions have been discounted using a risk-free rate based on UK Gilts.

27. Share Capital

	Group and Association	
Each member holds one share of £1 in the Association	2025	2024
	£	£
Allotted, issued and fully paid:		
At 1 April	26	28
Issued during the year	2	1
Redeemed during the year	(4)	(3)
At 31 March	**24**	**26**

Each share carries voting rights but not rights to dividends, distributions on winding up or rights of redemption. Share issues and redemptions are as a result of changes to the membership of the Association.

28. Reserves

Group	Revenue reserve	Restricted reserves	Revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2023	1,595.0	4.9	0.1	9.8	(1.0)	1,608.8
Surplus for the year (restated*)	196.0	-	-	-	-	196.0
Actuarial gain on pension schemes	(4.5)	-	-	-	-	(4.5)
Gain/(loss) on hedge instrument	-	-	-	(4.4)	0.7	(3.7)
Transfer of VRTB proceeds	(0.2)	0.2	-	-	-	-
Transfer of gain on disposal of equity investments	-	-	-	-	-	-
At 31 March 2024	1,786.3	5.1	0.1	5.4	(0.3)	1,796.6
At 1 April 2024	1,786.3	5.1	0.1	5.4	(0.3)	1,796.6
Deficit for the year	(28.1)	-	-	-	-	(28.1)
Actuarial gain on pension scheme	22.5	-	-	-	-	22.5
Revaluation of listed investments	-	-	(0.1)	-	-	(0.1)
Gain/(loss) on hedge instrument	-	-	-	2.0	0.3	2.3
Transfer of VRTB proceeds	(0.3)	0.3	-	-	-	-
At 31 March 2025	**1,780.4**	**5.4**	**-**	**7.4**	**-**	**1,793.2**

*Details of prior year restatements are included in note 34.

Association	Revenue reserve	Restricted reserves	Revaluation reserve	Cash flow hedge reserve	Cost of hedging reserve	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2023	1,447.9	4.7	0.1	9.7	(1.0)	1,461.4
Surplus for the year	(9.8)	-	-	-	-	(9.8)
Actuarial gain on pension schemes	(9.9)	-	-	-	-	(9.9)
Gain/(loss) on hedge instrument	-	-	-	(4.4)	0.7	(3.7)
Transfer of VRTB proceeds	(0.2)	0.2	-	-	-	-
At 31 March 2024	1,428.0	4.9	0.1	5.3	(0.3)	1,438.0
At 1 April 2024	1,428.0	4.9	0.1	5.3	(0.3)	1,438.0
Surplus for the year	105.7	-	-	-	-	105.7
Actuarial gain on pension schemes	16.2	-	-	-	-	16.2
Revaluation of listed investments	-	-	(0.1)	-	-	(0.1)
Gain/(loss) on hedge instrument	-	-	-	1.8	0.3	2.1
Transfer of VRTB proceeds	(0.3)	0.3	-	-	-	-
At 31 March 2025	**1,549.6**	**5.2**	**-**	**7.1**	**-**	**1,561.9**

Restricted Reserves

Within both the Group and the Association, £0.2 million (2024: £0.2 million) of the reserves acquired with Carr-Gomm remain restricted in application.

At the year ended March 2025, £5.2 million of revenue reserves (2024: £4.9 million) in the Group and £5.0 million in the Association (2024: £4.7 million) has been restricted relating to surpluses made on asset sales as part of the Voluntary Right to Buy scheme. Funds are made up of the receipts from the discounted sale, plus compensation for the discount given. These funds are restricted in use and must be spent on new supply social housing properties on a one-for-one replacement basis.

Revaluation Reserve

The revaluation reserve comprises cumulative net changes in fair value of equity securities designated at fair value through other comprehensive income (FVOCI).

Cash Flow Hedge Reserve

The cash flow hedge reserve comprises the effective portion of cumulative net changes in the fair value of hedging instruments used in cash flow hedges.

Cost of Hedging Reserve

The cost of hedging reserve reflects gains or losses on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in OCI and accounted for similarly to gains or losses in the cash flow hedge reserve.

29. Retirement Benefits

During the year ended 31 March 2025, the Group participated in 13 (2024: 16) funded defined benefit pension schemes. All schemes' assets are held in separate funds administered by the trustees of each scheme.

Local Government Pension Schemes

Where the underlying assets and liabilities of the defined benefit schemes can be separately identified the Group recognises in full the schemes' surpluses or deficits on the Statement of Financial Position. Where it is not possible to separately identify the share of the underlying assets and liabilities of a defined benefit scheme, or where sufficient information is not available because of the relative size of the membership and contributions to the scheme of the Group, defined benefit schemes are accounted for as defined contribution schemes with an amount charged to the Statement of Comprehensive Income that represents the contributions payable in the year.

The Association and its subsidiaries are admitted bodies into the below local Government pension schemes, participation in which is accounted for on a defined benefit pension scheme basis:

Scheme name	Group admitted body	Employer contributions	Range of member contributions	Liability recognised
London Borough of Greenwich Pension Fund	Sanctuary Housing Association	18.5%	5.5% to 9.9%	Yes
Oxfordshire County Council Pension Fund*	Sanctuary Housing Association	37.3%	5.5% to 9.9%	Yes
Essex County Council Pension Fund*	Sanctuary Housing Association	0.0%	5.5% to 9.9%	Yes
Strathclyde Pension Fund*	Sanctuary Scotland Housing Association	22.5%	5.5% to 11.2%	Yes
North East Scotland Pension Fund*	Sanctuary Scotland Housing Association	23.7%	5.5% to 11.2%	Yes
Cheshire County Council Pension Fund	Sanctuary Housing Association	0.0%	0.0%	Yes

*The Group ceased participation in these local Government pension schemes during the year, further details are included on page 178.

The Cheshire County Council Pension Fund closed to future accrual in January 2022 and a Deferred Debt Agreement was put in place with the scheme. There are no ongoing employee contributions, while the Group makes agreed annual contributions in line with the funding objectives of the scheme.

Participation in the following local Government pension schemes is accounted for on a defined contribution pension scheme basis:

Scheme name	Group admitted body	Employer contributions	Range of member contributions	Liability recognised
Shropshire County Council Pension Fund	Sanctuary Housing Association	11.1%	5.5% to 9.9%	Contributions only
Merseyside Pension Fund	Sanctuary Housing Association	23.3%	5.5% to 9.9%	Contributions only

Social Housing Pension Schemes

During the year, the Group participated in the Swan Housing Association Social Housing Pension Scheme and Johnnie Johnson Housing Association Social Housing Pension Scheme. Both schemes were closed to future accrual and, as such, received no ongoing employee contributions. Monthly contributions were made to both schemes to ensure statutory funding objectives are met.

On 30 September 2024 and 30 January 2025 respectively, the Group ceased participation of the Swan Housing Association Social Housing Pension Scheme and Johnnie Johnson Housing Association Social Housing Pension Scheme, the latter as part of a wider transfer of engagements to Sanctuary Housing Association. Assets and liabilities of the schemes, along with current members have been transferred to the Sanctuary Housing Association Final Salary Pension Scheme.

Sanctuary Housing Association Final Salary Pension Scheme And Sanctuary North West Housing Association Pension Scheme

The Group participates in two further defined benefit pension schemes; the Sanctuary Housing Association Final Salary Pension Scheme (SHAFSPS) and the Sanctuary North West Housing Association Pension Scheme (SNWHAPS). Both schemes are closed to future accrual and, as such, there are no ongoing employee contributions. The Group makes monthly contributions to these schemes to ensure statutory funding objectives are met.

IAS 19 Employee Benefits

The financial assumptions used to calculate scheme liabilities under IAS 19 Employee Benefits in respect of defined benefit schemes at 31 March 2025 are as follows:

	2025	2024
All schemes	%	%
RPI inflation	3.20	3.25
CPI inflation	2.85	2.85
Rate of increase in salaries	2.85	2.85
Rate of increase for pensions in payment	2.85	2.85
Rate of increase for deferred pensions	3.20	3.25
Discount rate	5.85	4.85

The figures shown in the table above are the general financial assumptions applied, however, the application of assumptions can vary between defined benefit pension scheme actuaries.

On 25 November 2020, HM Treasury and the UK Statistics Authority released their joint response to the consultation on reform to retail price index (RPI) methodology. This confirmed that RPI will be aligned with CPIH (consumer price index including owner occupiers' housing costs) from February 2030. To reflect this, the Group has changed the approach to setting the CPI inflation assumption, resulting in a 1.00% per annum deduction to RPI inflation for the period up to 2030 and 0.00% per annum for the period from 2030. This leads to a single equivalent average deduction of 0.35% per annum from the RPI inflation assumption to derive the CPI inflation assumption. Changes in the approach to the setting of RPI and CPI assumptions are reported as a change in financial assumptions in the following tables.

The financial assumptions have been set with reference to the weighted average duration for the various pension scheme participations held by the Company (approximately 16 years).

The assumptions for mortality rates are based on 108% of the Continuous Mortality Investigation of the Institute and Faculty of Actuaries (CMI) S3PA tables (2024: 109% of CMI S3PA tables) with future improvements based on the CMI 2023 model (2024: CMI 2022 model) with a long-term improvement of 1.25% per annum for both males and females. Based on these assumptions, the average future life expectancies at age 65 are:

	Males	Females
Current pensioners	21.0 years	23.6 years
Future pensioners	22.3 years	25.0 years

Changes in mortality assumptions are reported as changes in demographic assumptions in the following tables.

The fair value of assets in the scheme, split between quoted and unquoted investments, is as follows:

Group

	2025	2025	2025	2025	2024	2024	2024	2024
	£m Quoted	£m Unquoted	£m Total	%	£m Quoted	£m Unquoted	£m Total	%
Equities	12.9	3.4	16.3	6.3	22.8	15.1	37.9	11.7
Bonds	135.8	8.5	144.3	56.5	157.4	10.6	168.0	52.0
Property	15.8	0.7	16.5	6.5	16.1	1.0	17.1	5.3
Other	66.0	12.4	78.4	30.7	81.5	18.6	100.1	31.0
Total value of assets	**230.5**	**25.0**	**255.5**	**100.0**	**277.8**	**45.3**	**323.1**	**100.0**

Association

	2025	2025	2025	2025	2024	2024	2024	2024
	£m Quoted	£m Unquoted	£m Total	%	£m Quoted	£m Unquoted	£m Total	%
Equities	12.9	3.4	16.3	6.3	19.9	15.1	35.0	12.8
Bonds	135.8	8.5	144.3	56.5	146.1	10.6	156.7	57.2
Property	15.8	0.7	16.5	6.5	14.7	1.0	15.7	5.7
Other	66.0	12.4	78.4	30.7	56.8	9.7	66.5	24.3
Total value of assets	**230.5**	**25.0**	**255.5**	**100.0**	**237.5**	**36.4**	**273.9**	**100.0**

Reconciliation of the effect of the asset ceiling:

	Group 2025 £m	Group 2024 £m	Association 2025 £m	Association 2024 £m
Net asset ceiling at 1 April	(12.5)	(19.2)	(6.8)	(8.0)
Remeasurement of Strathclyde Pension Fund surplus	3.7	(0.2)	-	-
Remeasurement of Warwickshire County Council Pension Fund surplus	-	4.7	-	-
Remeasurement of North East Scotland Pension Fund surplus	2.0	0.4	-	-
Remeasurement of the Cheshire Pension Fund surplus	-	3.4	-	3.4
Remeasurement of the Essex Pension Fund surplus	2.0	(0.2)	2.0	(0.2)
Remeasurement of the Oxfordshire County Council Pension Fund surplus	4.8	(1.8)	4.8	(1.8)
Remeasurement of Swan Social Housing Pension Fund surplus	-	0.8	-	-
Interest effect of net asset ceiling	-	(0.4)	-	(0.2)
Net asset ceiling at 31 March	**-**	**(12.5)**	**-**	**(6.8)**

Scheme assets/(liabilities) are reflected in the Statement of Financial Position:

	Group 2025 £m	Group 2024 £m	Association 2025 £m	Association 2024 £m
Present value of employer assets	255.5	323.1	255.5	273.9
Present value of funded liabilities	(280.5)	(347.0)	(280.5)	(296.3)
Net funding in funded plans	(25.0)	(23.9)	(25.0)	(22.4)
Present value of unfunded liabilities	-	-	-	-
Pension liability before restrictions	(25.0)	(23.9)	(25.0)	(22.4)
Effect of net asset ceiling	-	(12.5)	-	(6.8)
Recognition of minimum funding requirements	-	(0.6)	-	(0.6)
Net pension liability	**(25.0)**	**(37.0)**	**(25.0)**	**(29.8)**

An analysis of the expense reflected in the Statement of Comprehensive Income:

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Amount charged to operating surplus:				
Current service cost	(0.1)	(0.2)	-	(0.1)
Expenses	(0.6)	(0.6)	(0.6)	(0.7)
Total charged to operating surplus	(0.7)	(0.8)	(0.6)	(0.8)
Amount charged to finance cost:				
Interest income on plan assets	15.2	15.1	13.6	13.3
Interest cost on defined benefit obligations	(16.3)	(15.5)	(14.6)	(13.8)
Interest effect of net asset ceiling	-	(0.4)	-	(0.2)
Total amount charged to finance cost	(1.1)	(0.8)	(1.0)	(0.7)
(Loss)/gain on cessation of defined benefit pension scheme	(7.5)	0.9	(9.0)	2.4
Total amount (charged)/credited to the Income Statement	**(9.3)**	**(0.7)**	**(10.6)**	**0.9**
Amounts recognised in other comprehensive income:				
Remeasurement gains and losses:				
Loss on plan assets excluding interest	(31.7)	(20.3)	(29.5)	(18.9)
Experience (losses)/gains	(0.3)	(5.7)	0.2	(5.7)
Other remeasurement losses	-	(0.6)	-	-
Changes in financial assumptions	45.1	10.7	41.7	9.2
Changes in demographic assumptions	(3.7)	3.5	(3.6)	3.3
Effect of movement in net asset ceiling	12.5	7.1	6.8	1.4
Movement in IFRIC 14 minimum funding obligation	0.6	0.8	0.6	0.8
Total remeasurement gains/(losses)	22.5	(4.5)	16.2	(9.9)
Total amounts recognised in other comprehensive income	**22.5**	**(4.5)**	**16.2**	**(9.9)**

Reconciliation of the opening and closing balances of the present value of scheme liabilities:

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Opening defined benefit obligation	347.0	342.3	296.3	300.3
Acquisitions (note 34)	-	18.7	17.4	-
Revised opening defined benefit obligation	347.0	361.0	313.7	300.3
Current service cost	0.1	0.2	-	0.1
Past service cost	-	-	-	-
Interest cost	16.3	15.5	14.6	13.8
Contributions by employees	-	-	-	-
Experience (gains)/losses	(0.2)	5.7	(0.7)	5.7
Changes in financial assumptions	(45.1)	(10.7)	(41.7)	(9.2)
Changes in demographic assumptions	3.7	(3.5)	3.6	(3.3)
Net benefits paid (including expenses)	(14.7)	(12.3)	(13.1)	(11.1)
Defined benefit obligation before cessation of pension scheme	307.1	355.9	276.4	296.3
Cessation of pension schemes	(26.6)	(8.9)	(13.9)	-
Recognition of liabilities following Swan bulk transfer	-	-	18.0	
Closing defined benefit obligation	**280.5**	**347.0**	**280.5**	**296.3**

During the year ended March 2022, the Trustee of the Sanctuary Housing Association Final Salary Pension Scheme, the Scottish Housing Associations' Pension Scheme, the Swan Housing Association Social Housing Pension Scheme and the Johnnie Johnson Housing Association Social Housing Pension Scheme conducted a review of the application of historic changes to scheme member benefits. The review found that, in some cases, changes to benefits provided by the scheme may have been implemented at a time or in a way that may not be in accordance with scheme rules. In response to the review, the Trustee will be seeking direction from the courts, on behalf of scheme employers, on how to interpret these rules. Should the courts direct that some changes were made in a way not permitted by the scheme rules, this could give rise to an increase in member benefits and an additional liability for the Group. While the likelihood, timing and amount of this additional liability is uncertain, the scheme's actuaries have estimated that any potential additional obligation in respect of this scheme could be material to the Group. Due to the uncertainty surrounding this review, the pension obligations stated in the Financial Statements do not reflect any additional liability that may arise from this review, which is not expected to complete until the summer of 2025.

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Opening fair value of the scheme assets	323.1	333.9	273.9	285.1
Acquisitions (note 34)	-	14.4	14.7	-
Revised opening fair value of the scheme assets	323.1	348.3	288.6	285.1
Expenses	(0.6)	(0.6)	(0.6)	(0.7)
Interest income on plan assets	15.2	15.1	13.6	13.3
Losses on plan assets excluding interest	(31.7)	(20.3)	(29.5)	(18.9)
Other remeasurement gains/(losses)	-	(0.6)	-	-
Experience losses	(0.5)		(0.5)	
Contributions by employer	9.1	7.3	7.8	6.2
Contributions by employees	-	-	-	-
Net benefits paid (including expenses)	(14.7)	(12.3)	(13.1)	(11.1)
Fair value of the scheme assets before cessation of pension scheme	299.9	336.9	266.3	273.9
Cessation of pension schemes	(41.7)	(13.8)	(23.0)	-
Recognition of assets following Swan bulk transfer	-		14.9	
Settlement of SNWHAPS following bulk annuity purchase	(2.7)		(2.7)	
Closing fair value of scheme assets	**255.5**	**323.1**	**255.5**	**273.9**

The total and cumulative remeasurements recognised in other comprehensive income:

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Net actuarial remeasurements recognised in year	9.4	(12.4)	8.8	(12.1)
Net cumulative actuarial remeasurements	(26.0)	(35.4)	(32.1)	(40.9)

Remeasurement gains and losses are broken down as follows:

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Losses return on plan assets excluding interest	(31.7)	(20.3)	(29.5)	(18.9)
Experience (losses)/gains	(0.3)	(5.7)	0.2	(5.7)
Other remeasurement gains	-	(0.6)	-	-
Changes in financial assumptions	45.1	10.7	41.7	9.2
Changes in demographic assumptions	(3.7)	3.5	(3.6)	3.3
Total remeasurement (losses)/gains	**9.4**	**(12.4)**	**8.8**	**(12.1)**

History of consolidated defined benefit schemes in Statements of Financial Position, before recognition of the net asset ceiling or IFRIC 14 minimum funding obligations:

	Group				
	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Defined benefit obligations	(280.5)	(347.0)	(342.3)	(477.3)	(517.8)
Scheme assets	255.5	323.1	333.9	474.4	451.2
Deficit	**(25.0)**	**(23.9)**	**(8.4)**	**(2.9)**	**(66.6)**

	Association				
	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Defined benefit obligations	(280.5)	(296.3)	(300.3)	(446.7)	(485.0)
Scheme assets	255.5	273.9	285.1	438.2	416.6
Deficit	**(25.0)**	**(22.4)**	**(15.2)**	**(8.5)**	**(68.4)**

The Group expects to contribute the following amounts to the defined benefit schemes during the year ended 31 March 2026:

	£m
Cheshire County Council Pension Fund	0.4
Sanctuary Housing Association Final Salary Pension Scheme	4.1
London Borough of Greenwich Pension Fund	-
	4.5

Cessation Of Defined Benefit Pension Schemes

During the year, the Group took advantage of strong asset positions and favourable market conditions to reduce its exposure to risk associated with its defined benefit pension schemes. A number of significant transactions took place as detailed below.

Following a consultation process with members of the following Local Government Pension Schemes: the North East Scotland Pension Fund (NESPF), the Strathclyde Pension Fund (Strathclyde), the Essex County Council Pension Fund (Essex) and the Oxfordshire County Council Pension Fund (Oxfordshire), the Group ceased to be a participating employer in the schemes on 31 December 2024. Exit credits have been received from three of the schemes and the Group has recognised an estimate of the expected final credit from the Oxfordshire County Council Pension Fund.

On 31 March 2025, the trustees of Sanctuary North West Housing Association Pension Scheme (SNWHAPS) completed a buy-in transaction whereby the assets of the scheme were invested in a bulk purchase annuity policy with the insurer Rothesay Life PLC. Under this policy, the benefits payable to defined benefit members are now fully insured. The insurance policy was purchased using the existing assets in the scheme along with a cash contribution from the Group of £1.1 million. It is the intention of the Group, and the trustees, that the plan will move to a full buy-out position as soon as is practical. Once this is achieved, Rothesay Life PLC will become directly responsible for pension payments, and the obligations of the Group in respect of these payments will be extinguished. As the transaction has been structured to enable the plan to move to a buy-out position, and the intention is to proceed on this basis, the buy-in transaction has been accounted for as a settlement. A loss on settlement of £2.7 million has been recognised, resulting from the de-recognition of assets in the scheme, equalising assets and liabilities. This has been recorded within loss on cessation of defined benefit schemes in the Statement of Comprehensive Income. The assets and liabilities of the scheme will be fully de-recognised once the buy-out transaction is complete.

On 30 September 2024, the assets of the Swan Housing Association Social Housing Pension Scheme were transferred to the Sanctuary Housing Association Final Salary Pension Scheme (SHAFSPS). As part of the transfer, the Group agreed to pay a one off contribution to SHAFSPS of £2 million in respect of Swan members joining the scheme. The bulk transfer has been accounted for as a settlement within the individual financial statements of Swan Housing Association, with the Association recognising a loss on recognition of the Swan assets and liabilities of £3.1 million. The Association has recorded this loss on recognition within loss on cessation of defined benefit pension schemes in the Statement of Comprehensive Income.

On 30 January 2025, the assets of the Johnnie Johnson Housing Association Social Housing Pension Scheme were also transferred to SHAFSPS, the transaction taking place as part of a Transfer of Engagements from Johnnie Johnson Housing Association to Sanctuary Housing Association (note 34). The net liability derecognised in Johnnie Johnson as part of the Transfer of Engagements has been accounted for within the net gain on acquisitions line in the Statement of Comprehensive income.

In line with IAS 19 Employee Benefits, the Group has de-recognised the assets and liabilities of the above schemes as required and recognised a loss on cessation in the Statement of Comprehensive Income as follows:

Group 2025	NESPF £m	Strathclyde £m	Essex £m	Oxfordshire £m	Total £m
De-recognition of assets	(9.2)	(9.5)	(4.5)	(18.5)	(41.7)
De-recognition of liabilities	6.3	6.4	1.9	12.0	26.6
Refund received	1.2	3.2	0.8	5.1	10.3
(Loss)/gain on cessation before other pension losses	**(1.7)**	**0.1**	**(1.8)**	**(1.4)**	**(4.8)**
Settlement of SNWHAPS following bulk annuity purchase					(2.7)
Loss on cessation of defined benefit pension schemes					**(7.5)**

Association 2025	Essex £m	Oxfordshire £m	Total £m
De-recognition of assets	(4.5)	(18.5)	(23.0)
De-recognition of liabilities	1.9	12.0	13.9
Refund received	0.8	5.1	5.9
Loss on cessation before other pension losses	**(1.8)**	**(1.4)**	**(3.2)**
Recognition of assets and liabilities following Swan bulk transfer			(3.1)
Settlement of SNWHAPS following bulk annuity purchase			(2.7)
Loss on cessation of defined benefit pension schemes			**(9.0)**

The Group recognised a gain on cessation of defined benefit pension schemes in the prior year of £0.9 million. This resulted from the cessation of a number of schemes as follows:

Group 2024	Warwickshire County Council Pension Fund £m	Scottish Housing Associations' Pension Scheme £m	Cambridge County Council Pension Fund £m	Group Total £m
De-recognition of present value of employer assets	(11.8)	(2.0)	-	(13.8)
De-recognition of present value of funded liabilities	6.7	2.2	-	8.9
Refund from or (debt paid) to scheme	4.2	(0.8)	2.4	5.8
(Loss)/gain on cessation of defined benefit pension scheme	**(0.9)**	**(0.6)**	**2.4**	**0.9**

The Association recognised a gain on cessation of defined benefit pension schemes in the prior year of £2.4 million. This resulted from the cessation of the Cambridge County Council Pension Fund as follows:

Association 2024	Cambridge County Council Pension Fund £m	Association Total £m
De-recognition of present value of employer assets	-	-
De-recognition of present value of funded liabilities	-	-
Refund from o scheme	2.4	2.4
Gain on cessation of defined benefit pension scheme	**2.4**	**2.4**

Assumption Sensitivity Analysis

The impact of a 0.1 percentage point movement in the primary assumptions (longevity: one year) on the defined benefit obligations as at 31 March 2025 is set out below:

	Group Movement £m	Association Movement £m
Discount rate +0.1%	(3.8)	(3.8)
Discount rate -0.1%	3.8	3.8
Rate of inflation +0.1%	2.7	2.7
Rate of inflation -0.1%	(2.7)	(2.7)
Life expectancy +1 year	8.6	8.6
Life expectancy -1 year	(8.6)	(8.6)

The above sensitivity analyses are based on isolated changes in each assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and there is likely to be some level of correlation between movements in different assumptions. In addition, these sensitivities relate only to potential movement in the defined benefit obligations.

The assets, held by the schemes, are to some extent designed to mitigate the full impact of these movements so that the movements in the defined benefit obligations shown above would, in practice, be partly offset by movements in asset valuations.

However, the above sensitivities are shown to illustrate at a high level the scale of sensitivity of the defined benefit obligations to key actuarial assumptions.

The same actuarial methods have been used to calculate these sensitivities as are used to calculate the relevant Statement of Financial Position values and have not changed compared to the previous period. The Group's share of total assets in participating Local Government Pension Schemes ranges from between less than 0.04% to less than 1.00% of fund value.

The asset values of the Group for the Local Government Pension Schemes are reported using estimated asset allocations prepared by each scheme actuary. This asset value is calculated at each triennial valuation per scheme. Thereafter, it is rolled forward to accounting dates using suitable estimates for investment returns, contributions received, and benefits paid out. Each employer's share of the fund is individually tracked.

Contributions which Sanctuary Group pays to the funds are allocated entirely to its identified asset share and are not spread in any way. Asset allocations are also produced using bid values where necessary.

A sensitivity analysis to reflect a plus or minus 5% movement in asset values in Local Government Pension Schemes equates to plus or minus £2.1 million (2024: £4.6 million).

Defined Benefit Schemes – Risk Factors

Through its various post-employment pension schemes, the Group is exposed to a number of risks, the most significant of which are detailed below. The Group's focus is on managing the cash demands which the various pension plans place on the Group, rather than Statement of Financial Position volatility in its own right. For funded schemes, cash requirements are generally determined by funding valuations which are performed on a different basis from accounting valuations.

Asset volatility: Plan liabilities are calculated using discount rates set with reference to bond yields (although the discount rate methodology differs for accounting and funding purposes). If plan assets deliver a return which is lower than the discount rate, this will create or increase a plan deficit.

The Group's various pension plans hold a significant proportion of equities and similar 'growth assets', which are expected to out-perform bonds in the long-term, albeit at the risk of short-term volatility. As the pension schemes mature, with a shorter time horizon to cope with volatility, the scheme trustees and administering authorities will gradually reduce holdings of growth assets in favour of increased matching assets (bonds and similar). In the meantime, the Group considers that equities and similar assets are an appropriate means of managing pension funding requirements, given the long-term nature of the liabilities and the strength of the Group to withstand volatility.

Changes in bond yields: A decrease in bond yields will typically increase scheme liabilities (and vice-versa), although this will be offset partially by an increase in the value of bonds held in the asset portfolios of the various plans. The effect of changes in bond yields is more pronounced in less well funded schemes where there is less potential for offsetting movements in asset values.

Inflation risk: As the Group's pension obligations are linked to inflation, higher inflation expectations will lead to higher liabilities, although caps are in place to protect against unusually high levels of inflation. The asset portfolio includes some inflation-linked bonds to provide an element of protection against this risk.

Member longevity: As the Group's post-employment obligations are generally to provide benefits for the life of the member, increases in life expectancy will result in an increase in scheme liabilities (and vice versa).

The mortality rate is based on publicly available mortality tables for the specific country. Covid-19 has caused a short-term increase in deaths in the UK but the excess deaths to date have not generally had a material impact on UK pension scheme liabilities. The future impact of Covid-19 on long-term mortality improvements is currently uncertain with potential adverse implications of delayed medical interventions and "long Covid", along with potential positive implications if the surviving population is less "frail" or the pandemic causes improved healthcare initiatives and lifestyle changes.

Climate change risk: TPT Retirement Solutions (TPT) is responsible for the investment strategy of the majority of the Group's defined benefit liabilities.

When considering environmental and social issues, TPT believes that climate change presents a material financial risk to the investment assets held, and therefore supports the goals of the Paris Agreement and has signed the Global Investor Statements to Governments on Climate Change. TPT has developed an approach to ensure that climate change risk, including physical, regulatory and transition risks are more explicitly considered through the investment process, from portfolio construction through to asset allocation. TPT's approach to responsible investment in relation to climate change has three pillars:

- Understanding the exposure of investments to climate change;
- Making sure new and existing investments are managed in a way that takes account of climate change risks and opportunities; and
- Actively engaging with the wider investment community and policy makers on climate change.

The Government announced on the 5 June 2025 that it will legislate to allow Section 37 confirmations to be issued retrospectively in order to mitigate the effect of the Virgin Media Section 37 case. There is no timeline for when the Government will introduce the legislation or when it will take effect. The relevant financial impact, if any, will be assessed once the legislation is introduced.

National Health Service Pension Scheme

The Association is a direction body employer of the National Health Service Pension Scheme (NHS Pension Scheme). The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS staff and qualifying employees of other approved organisations.

Employers and employees pay contributions based on a percentage of pensionable pay. Every four years the Government Actuary conducts a full actuarial review and recommends contribution rates in their valuation report to the Secretary of State for Health.

The Association contributes at a rate of 14.3% of pensionable salaries (2024: 14.3%). Members contribute at a rate of between 5.0% and 12.5% of pensionable salary.

Defined Contribution Schemes

The Group participates in defined contribution schemes for members of staff. The cost of the defined contribution schemes amounts to £23.1 million (2024: £14.2 million). As at the year end there was £2.0 million of accrued contributions due for payment after the year end (2024: £1.8 million).

30. Capital Commitments

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Expenditure contracted	209.1	266.6	3.0	11.0
Authorised expenditure not contracted	331.3	344.5	68.6	49.4
Expenditure on existing assets - committed	3.7	2.8	3.5	2.8
	544.1	**613.9**	**75.1**	**63.2**

For the Group, of the £544.1 million (2024: £613.9 million) of capital commitments at 31 March 2025, £135.5 million (2024: £155.2 million) will be financed by grant and other public finance.

For the Association, of the £75.1 million (2024: £63.2 million) of capital commitments at 31 March 2025, £18.4 million (2024: £13.8 million) will be financed by grant and other public finance.

The Group is confident its financial strength will allow it to refinance existing loans and finance the current business plan commitments at competitive rates. The Group anticipates funding this through a mix of fixed and variable interest rate facilities, cash generated from property sales, operating activities and Government grants.

31. Notes To The Statement Of Cash Flows

Cash And Cash Equivalents

	Group		Association	
	2025 £m	*Restated 2024 £m	2025 £m	2024 £m
Cash and cash equivalents per Statement of Financial Position	159.6	141.9	25.5	13.6
Cash and cash equivalents per Statement of Cash Flows	159.6	141.9	25.5	13.6

Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the Statement of Financial Position as shown above.

*Details of prior year restatements are included in note 34.

Reconciliation Of Liabilities Arising From Financing Activities

Group	At 1 April 2024	Cash flows	Non-cash changes Foreign exchange movement	Fair value changes	Other non-cash changes	At 31 March 2025
	£m	£m	£m	£m	£m	£m
Short-term borrowings	(118.3)	378.4	-	-	(408.1)	(148.0)
Long-term borrowings	(3,651.9)	(480.0)	1.3	-	410.1	(3,720.5)
Lease liabilities	(147.2)	4.3	-	-	109.8	(33.1)
Derivative financial instruments	26.5	-	-	1.1	-	27.6
Total liabilities from financing activities	**(3,890.9)**	**(97.3)**	**1.3**	**1.1**	**111.8**	**(3,874.0)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£1.0 million positive movement) and interest rate derivatives (£0.1 million positive movement).

Group	At 1 April 2023	Cash flows	Acquisitions (note 34)	Non-cash changes Foreign exchange movement	Fair value changes	Other non-cash changes	At 31 March 2024
	£m	£m	£m	£m	£m	£m	£m
Short-term borrowings	(236.7)	245.8	(2.4)	-	-	(125.0)	(118.3)
Long-term borrowings	(3,333.0)	(357.0)	(80.3)	1.3	-	117.1	(3,651.9)
Lease liabilities	(189.0)	5.0	-	-	-	36.8	(147.2)
Derivative financial instruments	31.5	-	-	-	(5.0)	-	26.5
Total liabilities from financing activities	**(3,727.2)**	**(106.2)**	**(82.7)**	**1.3**	**(5.0)**	**28.9**	**(3,890.9)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£5.1 million decrease movement) and interest rate derivatives (£0.1 million positive movement).

Other non-cash changes reflect progression in the ageing of borrowings due after more than one year to less than one year, the amortisation of premiums and discounts recognised on issue of bonds and in the case of lease liabilities, the recognition, de-recognition and revaluation of right-of-use assets and corresponding lease liabilities. Foreign exchange movement relates to the retranslation of dollar denominated loan notes at the year end spot rate.

Association	At 1 April 2024	Cash flows	Acquisitions (note 34)	Non-cash changes Foreign exchange movement	Fair value changes	Other non-cash changes	At 31 March 2025
	£m	£m	£m	£m	£m	£m	£m
Short-term borrowings	(77.4)	291.3	(2.4)	-	-	(302.2)	(90.7)
Long-term borrowings	(1,694.5)	(338.0)	(81.6)	1.3	-	302.0	(1,810.8)
Lease liabilities	(136.1)	4.3	-	-	-	112.8	(19.0)
Derivative financial instruments	26.8	-	-	-	1.0	-	27.8
Total liabilities from financing activities	**(1,881.2)**	**(42.4)**	**(84.0)**	**1.3**	**1.0**	**112.6**	**(1,892.7)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£1.0 million positive movement) derivatives.

Association	At 1 April 2023	Cash flows	Non-cash changes Foreign exchange movement	Fair value changes	Other non-cash changes	At 31 March 2024
	£m	£m	£m	£m	£m	£m
Short-term borrowings	(118.0)	261.3	-	-	(220.7)	(77.4)
Long-term borrowings	(1,565.3)	(351.0)	1.3	-	220.5	(1,694.5)
Lease liabilities	(46.0)	2.4	-		(92.5)	(136.1)
Derivative financial instruments	31.9	-	-	(5.1)	-	26.8
Total liabilities from financing activities	**(1,697.4)**	**(87.3)**	**1.3**	**(5.1)**	**(92.7)**	**(1,881.2)**

Non-cash movements on derivative financial instruments relate to the fair value movement of foreign exchange (£5.1 million decrease movement) derivatives.

Other non-cash changes reflect progression in the ageing of borrowings due after more than one year to less than one year, the amortisation of premiums and discounts recognised on issue of bonds and in the case of lease liabilities, the recognition, de-recognition and revaluation of right-of-use assets and corresponding lease liabilities. Foreign exchange movement relates to the retranslation of dollar denominated loan notes at the year end spot rate.

32. Related Party Transactions

Trading

During the year, the Association recharged costs incurred on behalf of other Group undertakings. Such costs include the Group audit fees and the recharging of Central Services costs including finance, information systems, human resources, office costs and management.

These recharges are agreed by management and are based on relevant information such as occupancy of offices, asset base and employee details.

The Association received gift aid and other distributions from its subsidiary undertakings during the year of:

	2025	2024
Entity	**£m**	**£m**
ASK (Greenwich) Limited	0.3	(0.3)
Dornoch Medical Care Limited	0.3	0.4
Gate Healthcare Limited	0.9	-
Glenfairn Limited	0.2	-
Lorimer Care Homes Limited	1.7	0.8
Mull Hall Care Limited	0.6	0.2
Sanctuary Maintenance Contractors Limited	0.1	0.4
Sanctuary Management Services Limited	0.5	-
Sanctuary Care Limited	8.1	3.3
Sanctuary Student Homes Limited	1.9	-
Sanctuary Student Property Limited	1.0	-
Sanctuary Treasury Limited	0.1	0.1
Spiral Developments Limited	-	0.2
Tayside Care Limited	0.2	0.2
The Hertford Housing Company Limited	0.1	-

The Association also receives capital grants on behalf of other Group undertakings. These are transferred through intra-Group transactions into the relevant entity which owns the property the grant relates to.

At the reporting date, the Association had the following trading balances with non-RSH regulated Group undertakings:

	2025	2024
Entity	**£m**	**£m**
ASK (Greenwich) Limited	0.5	1.1
ASK (Holdings) Limited	0.1	-
Avenue Services Limited	0.2	0.2
Beech Grove Homes Limited	(1.3)	(0.5)
Cornwall Care Limited	(2.7)	0.2
Dornoch Medical Care Limited	0.9	0.7
Gate Healthcare Limited	0.8	-
Glasgow Student Village Limited	0.4	-
Glenfairn Limited	0.2	-
Johnnie Johnson Developments Limited	(0.3)	-
Lorimer Care Homes Limited	1.9	0.8
Mull Hall Care Limited	0.3	-
Mull Hall Holdings Limited	(0.3)	(0.3)
Sanctuary Care Limited	7.6	4.2
Sanctuary Care Property (1) Limited	(3.8)	(3.8)
Sanctuary Care Property (2) Limited	0.9	0.3
Sanctuary Care (North) Limited	0.1	0.1
Sanctuary Home Care Limited	(0.1)	0.3
Sanctuary Maintenance Contractors Limited	(7.5)	(6.3)
Sanctuary Management Services Limited	-	(0.2)
Sanctuary (NW Management) Limited	1.9	1.9
Sanctuary Scotland Housing Association Limited	(0.1)	0.7
Sanctuary Student Homes Limited	-	(0.7)
Sanctuary Treasury Limited	(7.0)	-
Spiral Developments Limited	0.7	0.5
Tayside Care Limited	0.5	0.2
The Hertford Housing Company Limited	0.1	-
Swan Commercial Services Limited	-	0.1
Swan New Homes Limited	1.0	0.1
Vivo Support Limited	0.1	-

At the reporting date, the Association had the following trading balances with RSH regulated Group undertakings:

	2025	2024
Entity	**£m**	**£m**
Sanctuary Affordable Housing Limited	0.1	(8.8)
Swan Housing Association Limited	16.2	2.5

Loans

The Association has loan balances with other Group undertakings at the reporting date.

The Association both receives and allocates funds to other Group undertakings. These loans are arranged at commercial terms and, as appropriate, secured against the assets of each entity.

At the reporting date, the Association had the following loan and lease balances with non-RSH regulated Group undertakings:

	2025	2024
Entity	**£m**	**£m**
Loans		
ASK (Holdings) Limited	1.0	1.0
Beech Grove Homes Limited	-	28.0
Sanctuary Care Property (2) Limited	12.1	16.4
Sanctuary Scotland Housing Association Limited	-	0.1
Sanctuary Treasury Limited*	(837.7)	(860.0)

*Sanctuary Treasury Limited raises finance (including bond issues by Sanctuary Capital PLC) for onward lending to Registered Providers within the Group, including the Association.

At the reporting date, the Association had no loan balances with RSH regulated Group undertakings.

Accrued Interest

Related party loan net interest accrued in the Association with non-RSH regulated Group entities at the reporting date is as follows:

	2025	2024
Entity	**£m**	**£m**
ASK (Holdings) Limited	0.1	0.1
Beech Grove Homes Limited	-	0.2
Sanctuary Care Property (2) Limited	0.8	1.0
Sanctuary Treasury Limited*	(7.3)	(10.6)

*Accrued interest payable on loan balances owed to Sanctuary Treasury Limited.

There was no related party loan net interest accrued in the Association with RSH regulated Group entities.

Transactions between the Group and joint ventures and associates are disclosed on the following pages.

Sanctuary North West Housing Association Pension Scheme

The Sanctuary North West Housing Association Pension Scheme is considered a related party to the Group under IAS 19 Employee Benefits. The assets of the scheme for year ended 31 March 2025 were £9.7 million (2024: £12.5 million) and the obligations of the scheme for year ended 31 March 2025 were £9.7 million (2024: £11.4 million), these are included within the consolidated figures in note 29.

33. Investments In Subsidiaries, Associates And Jointly-Controlled Entities

The following table provides information about investments in subsidiaries, joint ventures and associates.

	Group		Association	
	2025 £m	2024 £m	2025 £m	2024 £m
Investments in subsidiaries				
Investment in subsidiaries	-	-	87.7	87.7
	-	-	87.7	87.7
Equity accounted investments				
Joint ventures	0.3	0.8	-	-
Associates	3.4	1.8	-	-
	3.7	**2.6**	**-**	**-**

The Association carries investments in subsidiaries at cost.

Details of the Association's subsidiaries and joint arrangements as at 31 March 2025 are shown below:

Entities registered in England and Wales with registered office at Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ:

Company	Nature of business	RSH regulated	Ownership (direct and indirect)
Subsidiaries			
ASK (Greenwich) Limited	Care home development and management	Non-RSH regulated	100%
ASK (Holdings) Limited	Holding company	Non-RSH regulated	100%
Astraline JJ Limited	Non-trading at year end	Non-RSH regulated	100%
Astraline TEC Limited	Non-trading at year end	Non-RSH regulated	100%
Avenue Services (NW) Limited	Property maintenance services	Non-RSH regulated	50%
Bateman Memorial Almshouses Charity	Registered almshouse	Registered Charity	100%
Beech Grove Homes Limited	Property development	Non-RSH regulated	100%
Cornwall Care Limited	Care home management	Registered Charity	100%
Cornwall Care Property Limited	Care home management	Non-RSH regulated	100%
Cornwall Care Services Limited	Non-trading at year end	Non-RSH regulated	100%
Hera Management Services Limited	Non-trading at year end*	Non-RSH regulated	100%
Johnnie Johnson Developments Limited	Property development	Non-RSH regulated	100%
Riverside Apartments Management Limited	Property management	Non-RSH regulated	78%
Sanctuary Affordable Housing Limited	Supplier of social housing	Registered Provider	100%
Sanctuary Capital PLC	Group financing	Non-RSH regulated	100%
Sanctuary Care (North) Limited	Care home management	Non-RSH regulated	100%
Sanctuary Care Limited	Care home management	Non-RSH regulated	100%
Sanctuary Care Property (1) Limited	Care home development and management	Non-RSH regulated	100%
Sanctuary Care Property (2) Limited	Care home development and management	Non-RSH regulated	100%
Sanctuary Home Care Limited	Domiciliary care	Non-RSH regulated	100%
Sanctuary Maintenance Contractors Limited	Property maintenance services	Non-RSH regulated	100%
Sanctuary Management Services Limited	Management services	Non-RSH regulated	100%
Sanctuary (NW Management) Limited	Provider of market rented property	Non-RSH regulated	100%
Sanctuary Treasury Limited	Group financing	Non-RSH regulated	100%
Spiral Developments Limited	Property development	Non-RSH regulated	100%
Spon Lane Trust Almshouses	Registered almshouse	Registered Charity	100%
St Albans Mount Management Limited	Property management	Non-RSH regulated	66.7%
Swan Commercial Services Limited	Property development	Non-RSH regulated	100%
Swan Housing Association Limited	Supplier of social housing	RSH regulated	100%
Swan Housing Capital PLC	Financing	Non-RSH regulated	100%
Swan Housing Finance Limited	Non-trading at year end*	Non-RSH regulated	100%
Swan New Homes Limited	Property development	Non-RSH regulated	100%
The Hertford Housing Company Limited	Provider of market rented property	Non-RSH regulated	100%
Vivo Support Limited	Non-trading at year end**	Non-RSH regulated	100%

*Dissolved April 2025, **Active proposal to strike off

Entities registered in Scotland with registered office at Sanctuary House, 7 Freeland Drive, Glasgow, G53 6PG:

Company	Nature of business	RSH regulated	Ownership (direct and indirect)
Subsidiaries			
Dornoch Medical Care Limited	Care home management	Non-RSH regulated	100%
Gate Healthcare Limited	Care home management	Non-RSH regulated	100%
Glasgow Student Villages Limited	Student accommodation	Non-RSH regulated	100%
Glenfairn Limited	Care home management	Non-RSH regulated	100%
Lorimer Care Homes Limited	Holding company	Non-RSH regulated	100%
Mull Hall Care Limited	Care home management	Non-RSH regulated	100%
Mull Hall Holdings Limited	Holding company	Non-RSH regulated	100%
Sanctuary Homes (Scotland) Limited	Supplier of mid-market rent housing	Non-RSH regulated	100%
Sanctuary Scotland Housing Association Limited	Supplier of social housing	Registered Social Landlord (Scotland)	100%
Tayside Care Limited	Care home management	Non-RSH regulated	100%

These entities are controlled or wholly-owned subsidiaries of wholly-owned subsidiaries of the Association.

Non-Controlling Interests

The following parties have interests in the entities not wholly-owned by the Association or its subsidiaries:

- Avenue Services (NW) Limited – 50% owned by Cheshire West and Chester Council.
- Riverside Apartments Management Limited – 22% owned by the tenants of the Company.
- St Albans Mount Management Limited – 33.3% owned by the tenants of the Company.

Joint Ventures

The Group has the following investments in joint ventures which are registered in England and Wales with registered offices at 11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY:

Name	Country of incorporation	Date of incorporation	Nature of incorporation	Voting rights	Carrying amount Group 2025 £m	Carrying amount Group 2024 £m
Linden (Biddenham) LLP	England	24 June 2015	Limited Liability Partnership	50%	0.2	0.2
Linden (Brampton) LLP	England	27 July 2016	Limited Liability Partnership	50%	-	-
Linden (Avery Hill) LLP	England	1 August 2016	Limited Liability Partnership	50%	-	0.2
Europa Way JV LLP	England	7 December 2017*	Limited Liability Partnership	50%	0.1	0.4
Glen Parva JV LLP	England	7 December 2017**	Limited Liability Partnership	50%	-	-
					0.3	0.8

*Spiral Developments Limited was appointed as a member on 20 December 2018.
**Spiral Developments Limited was appointed as a member on 28 June 2019.

The Group controls 50% of the joint ventures via Spiral Developments Limited, a wholly-owned subsidiary of the Association. The remaining 50% is controlled by Vistry Linden Limited, a wholly-owned subsidiary of Vistry Group PLC.

The joint ventures have been established to acquire, develop, manage and dispose of properties on specific development sites, including an element of affordable housing.

The Association and Vistry Linden Limited have provided equal amounts of loan finance to the joint ventures; these loans are on an arm's length basis at a commercial rate of interest. Amounts due to the Association, including capitalised interest, at 31 March 2025 totalled £5.7 million (2024: £10.2 million), see note 17. The recoverability of the loans is supported by the appraisal work performed by the Group prior to entering into the joint ventures.

The following table summarises the financial information of the joint ventures as included in their own Financial Statements:

	2025 £m	2024 £m
Cash and cash equivalents	2.1	2.7
Other current assets	12.7	24.0
Loans and borrowings – short-term	(8.7)	(13.8)
Other current liabilities	(6.4)	(12.2)
Net assets 100%	**(0.3)**	**0.7**
Net assets 50%	(0.1)	0.4
Losses not recognised	0.4	0.4
Group's recognised share of net assets	**0.3**	**0.8**
Revenue	22.0	25.7
Cost of sales and other operating costs	(21.4)	(23.1)
Interest income	0.3	-
Interest expense	(0.6)	(1.8)
Profit 100%	**0.3**	**0.8**
Profit 50%	0.2	0.4
Losses not recognised	-	0.3
Losses not previously recognised	(0.7)	-
Group's recognised share of profits	**(0.5)**	**0.7**
Dividends received by the Group	**-**	**2.5**

The acquisition of Swan Housing Association in 2023, included the following joint ventures which are incorporated in England and Wales:

- Purfleet Centre Regeneration Limited – 49.9% owned by Swan New Homes Limited (50% of voting rights) – property development.
- PCRL 1A Limited – 100% owned subsidiary of Purfleet Centre Regeneration Limited – property development.

The acquisition date fair value of the equity investments in the joint ventures was determined to be nil. Consequently, no balance was recognised in the Group Financial Statements. Post acquisition PCRL 1A Limited and Purfleet Centre Regeneration Limited have not traded.

Associates

The acquisition of Swan Housing Association in 2023, included the following associates which are incorporated in England and Wales:

- Linq Investors Limited – Swan New Homes Limited owns 408 shares with voting rights in Linq Investors Limited, representing 25% of the Company's voting share capital.
- Linq Housing PLC – 100% subsidiary of Linq Investors Limited – buying and selling of real estate.

A market approach was used to determine the acquisition date fair value for the Linq investment of £1.8 million. Post acquisition a share of profits of £1.6 million has been recognised.

	2025 £m	2024 £m
Fair value of acquired associates	**3.4**	1.8

34. Acquisitions

Transfer Of Engagements

Johnnie Johnson Housing Association

On 31 January 2025 the assets, liabilities and engagements of Johnnie Johnson Housing Trust Limited (Johnnie Johnson) were transferred to Sanctuary Housing Association in line with the provisions of the Co-operative and Community Benefit Societies Act 2014.

Due to the relative size of the two housing associations and the post transfer board arrangements, the transfer of engagements has been deemed an acquisition under IFRS 3 Business Combinations (IFRS 3).

In accordance with the measurement principles of IFRS 3, all identifiable assets acquired and liabilities assumed have been measured at their fair values at the date of transfer of engagements. As this is an internal transfer, the fair value adjustments detailed below have had no impact on the results or net asset position of the Group.

Johnnie Johnson Housing Trust	Book value	IFRS policy alignment	Fair value adjustments	Fair value
	£m	£m	£m	£m
Assets				
Intangible assets	1.4	-	(1.4)	-
Property, plant and equipment (including AUC)	154.4	(6.4)	90.6	238.6
Investments	0.1	-	(0.1)	-
Trade and other receivables	3.4	-	(0.9)	2.5
Inventory	0.6	-	(0.2)	0.4
Cash and cash equivalents	1.7	-	-	1.7
Liabilities				
Trade and other payables	(7.1)	-	-	(7.1)
Grants	(6.4)	6.4	-	-
Loans and borrowings	(85.8)	-	1.8	(84.0)
Retirement benefit obligations	(2.7)	-	-	(2.7)
Provisions	-	-	(0.5)	(0.5)
Net assets	**59.6**	**-**	**89.3**	**148.9**
Consideration				-
Net gain from acquisition				**148.9**

Existing intangible assets within Johnnie Johnson's books were considered to have nil value.

Property fair values have been determined by independent valuers in accordance with RICS Valuation Professional Standards 'Red Book'. Social housing properties have been valued at Existing Use Value - Social Housing (EUV-SH).

The fair value of trade and other receivables was determined to be £2.5 million, gross amounts receivable totalled £2.8 million, with cash flows not expected to be collected estimated at £0.3 million.

Fair value of inventory work in progress has been determined by reference to finished selling prices, less the sum of costs to complete, costs to sell and a reasonable profit allowance for completion and selling effort. Valuations were carried out by independent valuers in accordance with RICS Valuation Professional Standards 'Red Book' for the acquisition inventory value, with these valuations being updated internally to reflect the fair value at the transfer date.

Fair value of loans and borrowings has been determined by independent valuers by discounting cash flows with reference to a yield curve covering the maturities in Johnnie Johnson's portfolio.

Retirement benefit scheme assets and liabilities have been valued by an independent actuary in accordance with IAS 19. Further details are given in note 29.

Provisions of £0.5 million have been recognised for obligations previously held at Group level following acquisition fair value adjustments, but are expected to be utilised in Sanctuary Housing Association.

Acquisitions In The Prior Year

Johnnie Johnson Housing Association

In the prior year, on 29 February 2024, Johnnie Johnson Housing Trust Limited (Johnnie Johnson) became a wholly owned subsidiary of Sanctuary Housing Association following formal completion of the business combination which was approved by the boards of both organisations. The substance of this transaction was the gifting of control of Johnnie Johnson and as such no consideration was transferred.

In accordance with the measurement principles of IFRS 3 Business Combinations (IFRS 3), all identifiable assets acquired and liabilities assumed were measured at their fair values at the date of acquisition.

Post-acquisition there followed a measurement period that ran until 28 February 2025. During this time, the provisional fair values were reassessed based on new information obtained about facts and circumstances that existed at the acquisition date, that if known at the time would have affected measurement amounts recognised at that date.

The proximity of the Johnnie Johnson acquisition to the year end meant that several adjustments to the original fair values arose as a result of the measurement period assessment. This is illustrated in the following table.

Johnnie Johnson Housing Trust	Book value	IFRS policy alignment	Fair value adjustments	Provisional fair value	Final adjustments	Final fair value
	£m	£m	£m	£m	£m	£m
Assets						
Intangible assets	1.6	-	(1.6)	-	-	-
Property, plant and equipment (including AUC)	150.8	(6.2)	106.6	251.2	(8.6)	242.6
Investments	0.2	-	-	0.2	-	0.2
Trade and other receivables	0.9	-	(0.2)	0.7	2.2	2.9
Inventory	1.2	-	-	1.2	(0.2)	1.0
Cash and cash equivalents	3.5	-	-	3.5	(2.4)	1.1
						-
Liabilities						-
Trade and other payables	(6.2)	-	(0.5)	(6.7)	(0.6)	(7.3)
Grants	(6.3)	6.2	-	(0.1)	-	(0.1)
Loans and borrowings	(83.5)	-	0.8	(82.7)	-	(82.7)
Retirement benefit obligations	(2.7)	-	(1.5)	(4.2)	-	(4.2)
Provisions	-	-	-	-	(1.1)	(1.1)
Net assets	**59.5**	**-**	**103.6**	**163.1**	**(10.7)**	**152.4**
Consideration						-
Gain from acquisition						152.4
Acquisition costs recognised as an expense						(0.4)
Net gain from acquisition						**152.0**

Property, plant and equipment has reduced in value by £8.6 million to reflect further information obtained about the condition of certain properties during the measurement period, along with the re-evaluation of the market value of a development site following further information being received about expected costs to complete. This has also resulted in a decrease of £0.2 million in the fair value of inventory. Additional adjustments to fair value have been made to operating assets that, once full information was received following acquisition, were deemed to have no value.

The fair value of trade and other receivables has increased by £2.2 million. £2.4 million relates to a reclassification of receivables that were previously held within cash and cash equivalents in the books of Johnnie Johnson, partially offset by an increase of £0.2 million in expected credit loss against tenant receivables.

Trade and other payables and provisions have been increased by £0.6 million and £1.1 million respectively to recognise acquisition date financial obligations identified during the measurement period.

The impact of these adjustments on the primary statements as a whole is shown in the following table.

Year ended 31 March 2024 - Group	As reported	Acquisition adjustment	Restated
	£m	£m	£m
Statement of Financial Position			
Non-current assets:			
Property, plant and equipment	5,064.2	(8.6)	5,055.6
Current assets:			
Trade and other receivables	153.7	2.2	155.9
Inventory	209.5	(0.2)	209.3
Cash and cash equivalents	144.3	(2.4)	141.9
Current liabilities:			
Trade and other payables	(360.5)	(0.6)	(361.1)
Non-current liabilities:			
Provisions	(108.4)	(1.1)	(109.5)
Equity attributable to owners of the parent:			
Retained earnings	(1,797.0)	10.7	(1,786.3)
Statement of Comprehensive Income			
Net gain/(loss) from acquisitions	162.7	(10.7)	152.0

35. Events After The Reporting Period

On 4 April 2025, the Group, via Sanctuary Capital PLC, published the Programme Admission Particulars in relation to its inaugural £2.5 billion Note Programme. The Note Programme will enable the Group to access the capital markets efficiently and in a timely manner and support its continued investment in both existing and new homes. The Note Programme also provides the Group the ability to issue both secured and unsecured notes.

Resident Lauren, with her sons

Other Information

Appendix 1

Prepared to meet the requirements of The Accounting Direction for Private Registered Providers of Social Housing 2022.

Turnover, Cost Of Sales, Operating Costs And Operating Surplus - Group

	2025 Turnover £m	2025 Cost of sales £m	2025 Operating costs £m	2025 Operating surplus/ (deficit) £m	*Restated 2024 Operating surplus/ (deficit) £m
Social housing lettings					
Housing accommodation	457.0	-	(300.1)	156.9	151.6
Sheltered and supported housing	174.7	-	(157.6)	17.1	8.5
Keyworker accommodation	11.7	-	(5.7)	6.0	7.1
Shared ownership	15.7	-	(2.6)	13.1	10.7
	659.1	**-**	**(466.0)**	**193.1**	**177.9**
Other social housing activities					
Development administration	0.3	-	(8.9)	(8.6)	(7.9)
Social housing contracts	7.5	-	(5.5)	2.0	1.3
Home ownership and managed properties	13.1	-	(8.5)	4.6	4.0
Supported registered services	14.5	-	(14.5)	-	-
Supporting People contract income	12.4	-	(12.4)	-	-
Shared ownership first tranche sales	13.7	(12.9)	-	0.8	2.2
Community/neighbourhood services	-	-	(1.4)	(1.4)	(1.5)
Other	12.6	-	(12.6)	-	-
	74.1	**(12.9)**	**(63.8)**	**(2.6)**	**(1.9)**
Non-social housing activities					
Student accommodation and market rented	71.2	-	(52.5)	18.7	20.0
Care homes	290.3	-	(285.9)	4.4	4.0
External maintenance services	2.4	-	(2.3)	0.1	0.2
Domiciliary care	3.8	-	(5.6)	(1.8)	(2.4)
Non-social housing property sales	76.2	(60.3)	-	15.9	13.3
Development write down	-	(15.0)	-	(15.0)	-
Non-social housing development	-	-	(0.2)	(0.2)	
Development administration (non-social housing)	-	-	(2.7)	(2.7)	(5.1)
Restructuring and integration costs	-	-	(1.9)	(1.9)	(4.1)
Cladding recoveries	-	-	-	-	5.0
Other	2.2	-	(2.2)	-	-
	446.1	**(75.3)**	**(353.3)**	**17.5**	**30.9**
Totals	**1,179.3**	**(88.2)**	**(883.1)**	**208.0**	**206.9**
Other gains and losses (note 7)				6.6	7.6
Share of profit of joint ventures				1.1	0.7
Operating surplus				**215.7**	**215.2**
(Loss)/gain on cessation of pension schemes				(7.5)	0.9
Net gain from acquisitions				-	152.0
Finance income				6.0	6.3
Finance costs				(183.6)	(171.8)
Loss on disposal group				(3.1)	-
Loss on refinancing				(10.8)	(8.2)
(Loss)/gain on fair value of investment property				(60.4)	0.3
Gain on fair value of financial instruments				14.0	1.6
(Deficit)/Surplus for the year before taxation				**(29.7)**	**196.3**
Taxation				1.6	(0.3)
(Deficit)/Surplus for the year after taxation				**(28.1)**	**196.0**

*Details of prior year restatements are included in note 34.

Turnover, Cost Of Sales, Operating Costs And Operating Surplus - Association

	2025 Turnover £m	2025 Cost of sales £m	2025 Operating costs £m	2025 Operating surplus/ (deficit) £m	2024 Operating surplus/ (deficit) £m
Social housing lettings					
Housing accommodation	313.0	-	(211.7)	101.3	95.4
Sheltered and supported housing	133.2	-	(128.4)	4.8	2.6
Keyworker accommodation	4.4	-	(3.6)	0.8	1.0
Shared ownership	6.1	-	(2.4)	3.7	2.9
	456.7	**-**	**(346.1)**	**110.6**	**101.9**
Other social housing activities					
Development administration	0.1	-	(6.2)	(6.1)	(3.7)
Home ownership and managed properties	8.8	-	(5.8)	3.0	2.1
Supporting People contract income	4.7	-	(4.7)	-	-
Shared ownership first tranche sales	-	-	-	-	-
Community/neighbourhood services	-	-	(1.4)	(1.4)	(1.5)
Other	7.0	-	(7.0)	-	-
	20.6	**-**	**(25.1)**	**(4.5)**	**(3.1)**
Non-social housing activities					
Student accommodation and market rented	62.4	-	(50.5)	11.9	7.1
Non-social housing property sales	6.2	(3.4)	-	2.8	3.5
Development administration (non-social housing)	-	-	0.1	0.1	(2.2)
Management recharges	37.0	-	(37.0)	-	-
Restructuring and integration costs	-	-	(1.9)	(1.9)	(2.0)
Other	6.8	-	(6.8)	-	-
	112.4	**(3.4)**	**(96.1)**	**12.9**	**6.4**
Totals	**589.7**	**(3.4)**	**(467.3)**	**119.0**	**105.2**
Other gains and losses (note 7)				5.0	5.2
Other income				16.0	5.3
Operating surplus				**140.0**	**115.7**
(Loss)/gain on cessation of pension schemes				(9.0)	2.4
Loss on disposal group				(3.1)	-
Gain on business combinations				148.9	-
Finance income				4.1	11.8
Finance costs				(104.3)	(98.2)
Loss on refinancing				(10.8)	(29.2)
Loss on fair value of investment property				(60.1)	(12.3)
Surplus/(Deficit) for the year before taxation				**105.7**	**(9.8)**
Taxation				-	-
Surplus/(Deficit) for the year after taxation				**105.7**	**(9.8)**

Appendix 2

Prepared to meet the requirements of The Accounting Direction for Private Registered Providers of Social Housing 2022.

Income And Expenditure From Social Housing Lettings

Group	Housing accommodation	Sheltered and supported housing	Key worker accommodation	Shared ownership	2025 Total	*Restated 2024 Total
	£m	£m	£m	£m	£m	£m
Income from lettings						
Rents	427.5	91.5	11.6	13.4	544.0	486.5
Service charges	27.6	60.1	-	2.3	90.0	78.1
Total rent and service charge income	455.1	151.6	11.6	15.7	634.0	564.6
Other social income	1.9	23.1	0.1	-	25.1	7.7
Turnover from social housing lettings	**457.0**	**174.7**	**11.7**	**15.7**	**659.1**	**572.3**
Expenditure on lettings						
Management	(75.1)	(24.0)	(0.3)	(0.4)	(99.8)	(75.4)
Services	(33.5)	(72.9)	(3.3)	(1.0)	(110.7)	(104.8)
Routine maintenance	(102.1)	(36.1)	(0.6)	(0.5)	(139.3)	(119.7)
Planned maintenance	(43.6)	(10.7)	(0.8)	(0.2)	(55.3)	(45.3)
Rent losses from bad debts	(4.3)	(1.8)	0.2	-	(5.9)	(3.9)
Depreciation of properties	(41.5)	(12.1)	(0.9)	(0.5)	(55.0)	(45.3)
Operating costs from social housing lettings	**(300.1)**	**(157.6)**	**(5.7)**	**(2.6)**	**(466.0)**	**(394.4)**
Operating surplus from social housing lettings	**156.9**	**17.1**	**6.0**	**13.1**	**193.1**	**177.9**
Voids	**(3.7)**	**(6.5)**	**(1.0)**	**-**	**(11.2)**	**(9.8)**

*Details of prior year restatements are included in note 34.

Income And Expenditure From Social Housing Lettings

Association	Housing accommodation	Sheltered and supported housing	Key worker accommodation	Shared ownership	2025 Total	2024 Total
	£m	£m	£m	£m	£m	£m
Income from lettings						
Rents	293.5	72.2	4.4	5.2	375.3	345.7
Service charges	18.4	42.7	-	0.9	62.0	56.2
Total rent and service charge income	311.9	114.9	4.4	6.1	437.3	401.9
Other social income	1.1	18.3	-	-	19.4	6.9
Turnover from social housing lettings	**313.0**	**133.2**	**4.4**	**6.1**	**456.7**	**408.8**
Expenditure on lettings						
Management	(52.6)	(25.6)	(0.8)	(1.9)	(80.9)	(68.5)
Services	(23.0)	(53.3)	(1.3)	(0.5)	(78.1)	(75.9)
Routine maintenance	(74.9)	(30.9)	(0.6)	-	(106.4)	(90.9)
Planned maintenance	(30.8)	(9.2)	(0.6)	-	(40.6)	(39.0)
Rent losses from bad debts	(2.0)	(1.5)	0.1	-	(3.4)	(3.1)
Depreciation of properties	(28.4)	(7.9)	(0.4)	-	(36.7)	(29.5)
Operating costs from social housing lettings	**(211.7)**	**(128.4)**	**(3.6)**	**(2.4)**	**(346.1)**	(306.9)
Operating surplus from social housing lettings	**101.3**	**4.8**	**0.8**	**3.7**	**110.6**	**101.9**
Voids	**(2.4)**	**(4.9)**	**(0.2)**	**-**	**(7.5)**	**(7.1)**

Appendix 3

Alternative Performance Measures

In the reporting of financial information, the Group uses various Alternative Performance Measures (APMs). These measures are not defined under IFRS and therefore may not be directly comparable with the APMs of other businesses reporting under IFRS.

APMs are not intended to be a substitute for, or superior to, IFRS measurement, but are included to provide additional useful information on the underlying trends, performance and position of the Group.

APMs are used for the following reasons:

- Where metrics have been defined by the Regulator of Social Housing (RSH) and are a compulsory requirement within the Financial Statements of a housing association.
- Where metrics are not defined by the RSH but are commonly used within the sector and so their use aids comparability with peers.
- Where adjustment for events outside normal operations aids users of the Financial Statements in understanding the Group's underlying performance.

In determining whether events outside normal operations should be adjusted for, the Group considers whether these items are significant either because of their size or their nature. An item will be considered for adjustment if it meets one of the following criteria:

- It is directly incurred as a result of an acquisition.
- It arises from a major business change or restructuring programme.
- It relates to a major refinancing of loans and borrowings.
- It is unusual in nature, e.g. outside the normal course of business.

Further information about the specific APMs used by the Group is shown below, including reconciliations to line items within the primary Financial Statements and accompanying notes.

Value For Money Metrics

In April 2018, the Regulator of Social Housing introduced a new Value for Money Standard and accompanying Code of Practice. The Standard introduced a requirement for providers to publish performance against their own Value for Money targets, and a series of common metrics with which to measure economy, efficiency and effectiveness set by the Regulator. The Regulator defined these metrics in the publication Value for Money metrics – technical note feedback and responses. These seven metrics remain the most appropriate set of measures to capture performance across the sector in a fair and comparable way.

The seven metrics, which are analysed in the Value For Money report on pages 58 to 73, are:

- Metric 1 – Reinvestment %
- Metric 2 – New supply delivered (social and non-social)
- Metric 3 – Gearing %
- Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %
- Metric 5 – Headline social housing cost per unit
- Metric 6 – Operating margin % (social housing and overall)
- Metric 7 – Return on capital employed (ROCE) %

Current guidance on these metrics (published April 2024), which includes details of how they are calculated, can be found at:

https://www.gov.uk/government/publications/value-for-money-metrics-technical-note

Segmental Reporting

The Group's operating segments are defined and reconciled in note 6 to the Financial Statements on page 136.

Analysis of these operating segments, referred to as operating divisions, is included in the business reviews on pages 46 to 55. This analysis includes reference to divisional EBITDA and divisional EBITDA percentage, which are key measures of operational performance for the Group and are regularly monitored by senior management.

Divisional EBITDA is calculated by taking divisional revenue and deducting costs directly attributable to the division as well as an apportionment of central costs. It is presented before interest, tax, depreciation and, amortisation and also excludes other adjusting items including impairment of property, write down of inventory, unallocated corporate central overheads, costs associated with integration and restructuring and other gains and losses. See note 6 for further details.

Total divisional EBITDA (as disclosed in the five-year summary on page 45) is the sum of the EBITDA of all individual divisions. See note 6 for further details.

Other Metrics (Included In Five-Year Summaries On Page 44)

Profitability – Measurement Of Financial Performance

Underlying Operating Surplus

Operating surplus, excluding integration and restructuring costs, building safety contractor recoveries, write down of development site and other gains and losses.

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Operating surplus	215.7	215.2	205.3	178.6	170.1
Adjust for:					
Integration and restructuring costs	1.9	4.1	-	-	1.8
Building safety contractor recoveries	-	(5.0)	-	-	-
Write down of development site	15.0	-	-	-	-
Other gains and losses (note 7)	(6.6)	(7.6)	(10.9)	(6.4)	(5.2)
Underlying operating surplus	**226.0**	**206.7**	**194.4**	**172.2**	**166.7**

Other gains and losses relate to surpluses on sales of property, plant and equipment and other non-current assets. It is common within the sector for these items to be excluded when calculating operating surplus and therefore this adjustment aids peer comparability, as well as avoiding the potential distortion caused by large one-off asset sales. Integration and restructuring costs have arisen as a result of acquisitions and are considered to be outside of normal operations, which is also the case for building safety contractor recoveries.

Underlying Operating Surplus Margin

Underlying operating surplus as a percentage of revenue.

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Revenue	1,179.3	1,085.4	943.8	812.5	765.4
Underlying operating surplus	226.0	206.7	194.4	172.2	166.7
	19.2%	**19.0%**	**20.6%**	**21.2%**	**21.8%**

Operating Surplus Margin (Excluding Development Sales And Other Gains And Losses)

Operating surplus as a percentage of revenue (excluding development sales and other gains and losses)

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Revenue	1,179.3	1,085.4	943.8	812.5	765.4
Adjust for:					
Development sales	(89.9)	(90.3)	(118.2)	(56.8)	(37.0)
Revenue (excluding development sales)	**1,089.4**	**995.1**	**825.6**	**755.7**	**728.4**
Operating surplus	215.7	215.2	205.3	178.6	170.1
Adjust for:					
Surplus on development sales	(16.7)	(15.5)	(24.5)	(4.3)	(3.7)
Other gains and losses (note 7)	(6.6)	(7.6)	(10.9)	(6.4)	(5.2)
Operating surplus (excluding development sales)	**192.4**	**192.1**	**169.9**	**167.9**	**161.2**
	17.7%	**19.3%**	**20.6%**	**22.2%**	**22.1%**

Excluding surpluses from the sale of property, plant and equipment and development sales surpluses presents operating margin arising from services only.

Operating Costs As A Percentage Of Revenue

Operating expenditure as a percentage of revenue (excludes cost of sales, other gains and losses and joint venture income).

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Revenue	1,179.3	1,085.4	943.8	812.5	765.4
Operating expenditure	883.1	803.7	659.9	593.6	572.6
	74.9%	**74.0%**	**69.9%**	**73.1%**	**74.8%**

Underlying Surplus For The Year

Surplus for the year before tax excluding restructuring costs, write down of development site, other gains and losses, net gain from acquisitions and other items outside of normal business operations.

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
(Deficit)/surplus before tax	(29.7)	196.3	81.8	58.6	46.9
Adjust for:					
Restructuring and integration costs	1.9	4.1	-	-	1.8
Building safety contractor recoveries	-	(5.0)	-	-	-
Other gains and losses (note 7)	(6.6)	(7.6)	(10.9)	(6.4)	(5.2)
Write down of development site	15.0	-	-	-	-
Loss/gain on refinancing	10.8	8.2	-	(2.7)	-
Pension scheme cessation	7.5	(0.9)	6.2	-	-
Net gain from acquisitions	-	(152.0)	(21.1)	(2.3)	(4.5)
Loss on disposal group	3.1	-	-	-	-
Loss/gain on fair value of investment property	60.4	(0.3)	7.8	-	-
Loss/gain on fair value of financial instruments	(14.0)	(1.6)	(1.1)	(1.3)	(0.7)
Underlying surplus for the year	**48.4**	41.2	**62.7**	**45.9**	**38.3**

Other gains and losses relate to surpluses on sales of property, plant and equipment and other non-current assets. It is common within the sector for these items to be excluded and therefore this adjustment aids peer comparability, as well as avoiding the potential distortion caused by large one-off asset sales. Integration and restructuring costs have arisen as a result of acquisitions and are considered to be outside of normal operations, which is also the case for building safety contractor recoveries. Other activities considered to be outside the normal course of business are the loss on refinancing relating to the restructure of the student portfolio, pension scheme cessation gains/losses and gains from acquisitions. Gains and losses from fair value movements of investment property and financial instruments have been excluded as they are driven by external market factors rather than being representative of the underlying trading performance of the Group.

Underlying Net Margin

Underlying surplus for the year as a percentage of revenue.

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Revenue	1,179.3	1,085.4	943.8	812.5	765.4
Underlying surplus for the year	48.4	41.2	62.7	45.9	38.3
	4.1%	**3.8%**	**6.6%**	**5.6%**	**5.0%**

Debt – Ability To Service Debt And Secure Funding

Interest Cover/Interest Cover (Excluding Loan Break Costs)

Operating surplus plus depreciation and impairment divided by net interest payable, excluding pension finance costs, loan break costs and gains on refinancing.

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Operating surplus	215.7	215.2	205.3	178.6	170.1
Add back depreciation and impairment (note 4)	102.8	83.9	74.0	78.1	78.6
	318.5	299.1	279.3	256.7	248.7
Finance income	(6.0)	(6.3)	(3.9)	(2.2)	(2.9)
Finance costs	183.6	171.8	135.6	124.5	130.6
Add back pension finance costs (note 9)	(1.1)	(0.8)	(0.4)	(1.3)	0.1
	176.5	164.7	131.3	121.0	127.8
Add back loan break costs	-	-	-	-	-
Add back gain on refinancing	-	-	-	2.7	-
	176.5	164.7	131.3	123.7	127.8
Interest cover	**1.80**	**1.82**	**2.13**	**2.12**	**1.95**
Interest cover (excluding loan break costs)	**1.80**	**1.82**	**2.13**	**2.08**	**1.95**

This metric has been adjusted to ensure only finance costs attributable directly to borrowings have been included.

Gearing

Net Debt/Properties Depreciated Cost

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Liabilities from financing activities (note 22)	3,901.6	3,917.4	3,758.7	3,074.9	3,377.3
Less cash and cash equivalents	(159.6)	(141.9)	(180.1)	(102.1)	(494.7)
	3,742.0	3,775.5	3,578.6	2,972.8	2,882.6
Property (PPE) cost – land and buildings (note 13)	7,404.3	7,283.3	6,807.1	5,851.8	5,688.7
Property (PPE) accumulated depreciation – L&B (note 13)	(565.5)	(492.7)	(438.5)	(403.8)	(366.3)
Property (PPE) cost – under construction (note 13)	259.5	290.7	276.3	263.9	229.4
Investment property valuation/cost (note 14)	78.8	588.5	564.1	346.5	344.0
Investment property accumulated depreciation (note 14)	-	-	-	(89.6)	(87.5)
	7,177.1	7,669.8	7,209.0	5,968.8	5,808.3
	52.1%	**49.2%**	**49.6%**	**49.8%**	**49.6%**

*Details of prior year restatements are included in note 34.

Methodology Statement For Streamlined Energy And Carbon Reduction (SECR) Declaration

In this carbon emissions declaration, we report emissions from gas and electricity consumption, fleet fuel consumption, and private business mileage.

Energy consumption relates to company buildings where Sanctuary pays the bills through our Group gas and electricity contracts. This includes:

- 111 care homes (including Cornwall Care)
- 34 student accommodation complexes
- 22 key office locations
- Communal heat and power at housing and supported living schemes

Transport energy consumption relates to 1,345 commercial vans, 332 company cars, 39 minibuses, 25 trailers, and 2 plant vehicles. We also include business mileage carried out by 1,276 staff in personal vehicles.

Our baseline year for these emissions is financial year 2019/2020, our first year of publishing carbon emissions for the Group. Data for this year was validated by the Carbon Trust.

Greenhouse gas emissions were then calculated using the Department for Business, Energy, and Industrial Strategy's 2024 Conversion Factors.

Since 1 October 2021, the Group has procured renewable electricity, resulting in electricity being certified as carbon-neutral and a conversion factor of zero being used for carbon calculations.

Advisers And Other Information

Independent statutory auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH
Internal auditor	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX
Bankers	Barclays Bank PLC Barclays Corporate Social Housing Team Level 27 1 Churchill Place London E14 5HP
Legal adviser	Gowling WLG (UK) LLP Two Snowhill Birmingham B4 6WR
Registered office	Chamber Court Castle Street Worcester WR1 3ZQ

Registration Numbers

Regulator of Social Housing	L0247
Registered Society	19059R

Sanctuary Housing Association is an exempt charity under the Charities Act 2011

Accessibility

If you require this document in an alternative format or language, please email communications@sanctuary.co.uk.

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اگر آپ کو یہ دستاویز کسی متبادل صورت یا زبان میں درکار ہے، تو بر ائے کرم communications@sanctuary.co.uk. پر ای میل کریں۔

Sanctuary Group

Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ
01905 334000 **www.sanctuary.co.uk**

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Registered office: Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ
Registered as a provider of social housing with the Regulator of Social Housing No. L0247
Registered Society No. 19059R

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