

Stonewater Limited

Annual Report & Accounts

For the year ended 31 March 2025



Our Vision

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

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About Stonewater

Stonewater is one of the UK's largest social housing providers, dedicated to creating places that people can truly call home.

With 40,000 homes, we proudly serve more than 93,000 customers from diverse backgrounds across the country.

At the core of our mission as a registered social landlord is the commitment to safe, affordable housing for people of all ages and backgrounds. Guided by our Vision - that everyone should have the opportunity to have a place that they can call home - we offer homes for rent, shared ownership, and purchase. Our specialised services include retirement and supported living schemes for older and vulnerable people, safe spaces for the LGBTQ+ community, domestic abuse refuges, and young people's foyers.

Our approach is rooted in becoming a truly customer-driven organisation, building relationships founded on respect, honesty, transparency, and a commitment to equality, diversity, and inclusion.

With an annual turnover of £306million and £3.1billion in fixed assets, Stonewater holds a strong credit rating from S&P Global Ratings and maintains top G1/V1 rankings for governance and viability.

The Stonewater Group, which encompasses both commercial and not-for-profit subsidiaries, engages in a range of commercial activities to fuel our mission of providing homes for those who need them most. Stonewater is more than a housing provider, we're building foundations for futures.

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

Our customers

- A considerable proportion (38.6%) of our general needs customers are families with dependent children.
- 22.7% of our customers are older people (55+).
- 63.8% of our tenancies last for five years and longer.
- Our specialist housing provides support for many vulnerable groups within our society, this includes young people, young families, those with mental health issues and learning disabilities, and those suffering domestic abuse.
- We also provide accommodation on behalf of a number of support agencies across the country, who use our properties to deliver services to people including those who are homeless, suffering domestic abuse, have mental or physical support needs, young people, drug and alcohol recovery, and ex-offenders.

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

Over the past year, we have built 1,029 homes (2024: 1,185), which is broken down into:

- 751 affordable rent, social rent, rent to buy
- 278 shared ownership.

During 2024/25, 30 (2024: 26) void properties were sold. These are typically properties with limited stock in the vicinity or perhaps require some modernisation or hold a low EPC rating which we do not want to retain. 90 units were sold via staircasing where shared owners chose to buy a further proportion of the property. 13 units were sold through the Right to Buy and Right to Acquire schemes. Two units were former rent-to-buy sales sold to the sitting customer.

About Stonewater

Everything we do is guided by our Vision, Mission and Values.

Our Vision

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



Our Mission

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

Our Values

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



We believe that in order to be successful, we have to build our foundation on strong values:

Ambitious

We are driven and competitive, always seeking the best solutions for our organisation and our customers.

We aim to be a landlord, partner and employer of choice.

Passionate

We genuinely care and are committed and motivated to always do the best we can.

Our enthusiasm and energy at every touchpoint inspires us to be an organisation everyone can be proud to be associated with.

Agile

By being adaptable and open-minded, we proactively make the most of opportunities.

Our innovation and collaboration helps drive continuous improvement.

Commercial

We are an efficient and astute organisation with a clear focus on delivering value for money.

Organisational efficiency translates into more homes for those who need them and improved choice and services for our customers.

Ethical

We take responsibility and are accountable for our decisions.

When we make a promise, we keep it.

We are inclusive, professional and honest.

Board members, chief officers and advisors

The Board



Sheila Collins

Chairman of the Board

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

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

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



Nicholas Harris

**Chief Executive
(Until 23 June 2025)**

Nicholas became Stonewater's CEO in 2016, having been CEO of Raglan Housing Association since January 2010.

Prior to this, he held the CEO position at Raven Housing Trust for seven years and Group Operations Director for the Swaythling Housing Group for seven years.

He has extensive experience in both the social housing sector and local authorities, and considerable knowledge in socio-economic regeneration matters.



Jennifer Bennett

Chair of Nominations and Remuneration Committee, Chair of Governance and Assurance Challenge and Assurance Panel

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

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

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



Jane Scott

Chair of Technology and Data Challenge and Assurance Panel (appointed 01 October 2024)

Jane is an experienced business leader with a specialism in information technology and digital transformation.

Her career has focused on fast moving consumer goods companies at which she has led large-scale transformational projects to support optimal customer service, business growth and operational excellence.

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

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



Heather Bowman

Heather is an experienced executive and non-executive director having worked in social housing and the third sector for over 35 years. Most recently she was Chief Operating Officer at Sovereign, one of the largest Housing Associations, and is currently a Board member with Raven Housing Trust and the Housing Plus Group.

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



Juliana Crowe

Senior Independent Director, Chair of the Customer Experience Challenge and Assurance Panel

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

She is a Board member of Nehemiah Housing and has previously been the Chair of the Chartered Institute of Housing (CIH) West Midlands Board and a Trustee of HACT (the charity of the social housing sector).

The Board



Andrew Lawrence

Chair of the Risk and Assurance Committee

Andrew is a chartered accountant with a special interest in corporate governance, strategic leadership, risk management, cultural change and innovation. Formerly a finance director in the commercial and international development sectors, he now has a portfolio of non-executive director roles in organisations whose purposes he feels passionate about.

Andrew is a board member of the Salvation Army Housing Association and the Intellectual Property Office and a Director of New Wine Cymru Limited.



Chris Edis

Chair of the Finance Challenge and Assurance Panel, Chair of Stonewater Funding PLC

Chris is a chartered accountant with extensive experience in top tier financial services institutions, bringing experience in strategy, treasury, liquidity, and capital management.

An experienced executive and finance director, Chris is currently the Finance Director for Finance Transformation & Sustainability Reporting, Lloyds Banking Group.



Angus Michie

Chair of Assets and Development Challenge and Assurance Panel, Chair of Stonewater Developments Limited, Chair of Stonewater Commercial Limited, Chair of Stonewater Procurement Limited

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

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



Hursh Shah

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

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



Barry Hoffman

Barry is an experienced FTSE group HR director with an MBA and corporate governance expertise. With a track record in change management and HR, both in the UK and globally, he has developed a strong focus on delivering shareholder value and driving transformational change.

Barry is also an experienced non-executive director, having supported boards on governance, executive succession, remuneration and organisational change.



Martin Large

Chair of Mount Green Housing Association Limited

Martin is the chair of the Board for Mount Green Housing Association. He holds significant senior management and board experience in the housing sector.

This includes his work as the former CEO of GLE Group (London Local Authorities' regeneration and business investment, development and services group), former non-executive director roles at Pocket Living Ltd and Selwood Housing Society Ltd, and as the former vice-chair at Hexagon Housing Association.



Claire Kearney

Chair of Technology and Data Challenge and Assurance Panel (retired 30 September 24)

After more than 20 years' experience in publishing and education, Claire now works as an independent technology consultant, championing a user-centric approach to the provision of digitally enabled products and services. She has significant experience in the creation and implementation of digital solutions that align with strategic aims, promoting high standards of technology governance through committee experience.

Board members, chief officers and advisors

Chief Officers' Group



Nicholas Harris

Chief Executive (Until 23 June 2025)

Prior to becoming Stonewater's Chief Executive Officer (CEO) in 2016, Nicholas worked as CEO at Raglan Housing from 2010 and previously Raven Housing Trust. He has extensive experience in both the social housing sector and local authorities and considerable knowledge in socio-economic regeneration matters.



Jonathan Layzell

**Chief Executive (appointed 24 June 2025)
Former Chief Development and Growth Officer**

A respected sector leader with over 20 years' experience, Jonathan brings deep expertise in affordable housing, customer service transformation, and strategic growth.

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

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

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



Anne Costain

Chief Financial Officer

Anne is a qualified chartered accountant and corporate treasurer. Before transitioning to the housing sector, she held finance leadership roles across various manufacturing organisations, ranging from SMEs to Fortune 500 and FTSE 250 companies.

With a strong focus on efficiency and financial sustainability, she has supported organisations in strengthening their financial stability and long-term resilience.



Gareth Lloyd

Chief Information & Transformation Officer

Gareth joined Stonewater in 2023, bringing extensive leadership experience as a CIO, COO and CDO in both the private and public sectors, working in the UK and internationally.

He has previously served as a non-executive director for a social housing group in the South West. His experience includes high profile data programmes, sustainable digital transformation, Internet of Things programmes and mergers and acquisitions. He has a keen interest in using tech and data for social good.



Patrick Chauvin

Chief Officer Safety, Assets and Sustainability

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

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



David Ripley

Chief Operations Officer (appointed 1 May 2025)

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

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

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

Secretary and registered office

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Our Mission

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



Berry Croft, East Sussex

Chairman's statement

On behalf of the Board, it was my pleasure in June to share the news that Jonathan Layzell has been appointed as the next Chief Executive of Stonewater. Set against the achievements and challenges of the past year, the selection panel unanimously agreed that Jonathan was the right person to lead Stonewater into the next stage of its journey. Under his leadership, we are confident that Stonewater will continue to thrive, with our purpose firmly held at the heart of all we do.



As Chair for the past six years, I've seen the organisation grow in maturity and impact. I've witnessed a deepening commitment to customers and communities, and a Board focused on strong governance, long-term sustainability and meaningful social impact.

Stonewater's work goes far beyond housing. This year, we delivered over £28 million in measured social impact – through hardship grants, wellbeing support, and partnerships that change lives. The Lingleigh Foundation continues to play a vital role in this, offering financial, mental and physical support to customers facing hardship.

Supporting vulnerable and marginalised groups is something I care deeply about, and it remains a central part of what we do. Whether through specialist schemes or wider customer and community services, we're helping older people, survivors of domestic abuse, and others facing complex challenges live safer, more independent lives.

The UK continues to face an acute shortage of affordable housing. At Stonewater, we're committed to being part of the solution – building the homes that are urgently needed, and investing in sustainable, thriving communities.

We proudly supported the successful integration of Mount Green Housing Association – a move that strengthens our position and supports our ambition to manage 50,000 homes by 2030. Strong governance and shared values were at the heart of this partnership.

As Stonewater marks its 10th anniversary, I've reflected on just how far we've come. In a decade, we've grown into a resilient, respected provider with a clear social purpose. It's been a privilege to witness that journey and to chair a board so committed to making a difference.

I'd like to thank Nicholas Harris for his outstanding leadership over the last 15 years. His legacy is clear, and he leaves Stonewater in a strong position. The Board is confident that Jonathan Layzell will build on this platform and lead us into the next phase of our journey with ambition and fresh perspective.

I also want to thank the Chief Officer Group and all our colleagues for their care, professionalism and unwavering commitment to our mission.

The Board remains focused on governing with purpose, supporting a strong leadership team, and helping Stonewater grow its impact in the years ahead.

A handwritten signature in black ink that reads "Sheila Collins". The signature is written in a cursive, flowing style.

Sheila Collins

Chairman of the Board

Chief Executive's statement

Stonewater's 10th anniversary has been a particularly poignant one for me as I reflect on our journey so far from my new perspective as Chief Executive. I've been part of Stonewater's journey for a long time, but being CEO gives me a new vantage point. From our formation to becoming one of the UK's leading social housing providers – owning and managing over 40,000 homes for more than 93,000 customers – our purpose remains clear: for everyone to have the opportunity to have a place that they can call home.



Stonewater's 10th anniversary has been a particularly poignant one for me as I reflect on our journey so far from my new perspective as Chief Executive.

I've been part of Stonewater's journey for a long time, but being CEO gives me a new vantage point. From our formation to becoming one of the UK's leading social housing providers – owning and managing over 40,000 homes for more than 93,000 customers – our purpose remains clear: for everyone to have the opportunity to have a place that they can call home.

In a year marked by economic pressures, regulatory change, and greater scrutiny across the sector, we've responded with focus and resilience. Strong governance, sound financial management and a deep commitment to our customers have underpinned everything we've done.

This year's milestones include:

- Completing our 8,000th new home since formation.
- Handing over 1,029 new energy-efficient homes.
- Securing £18m in Warm Homes funding to improve 1,600 homes.
- Successfully integrating Mount Green Housing Association into the group.

We continue to reinvest our surplus into improving existing homes, building new ones, and supporting customers to thrive. Our ambition to grow to 50,000 homes by 2030 is well under way, supported by strong partnerships such as those with Mount Green and Greenoak, the latter of which helped establish our Centre of Excellence for zero-carbon innovation.

Sustainability is embedded in our approach. We completed our Gold SHIFT accreditation for the third consecutive year and planted over 30,000 trees in partnership with the Community Forest Trust. Being named Client of the Year at the Construction Excellence South West awards reflects our commitment to innovation, quality and sustainability in every development.

We've also embraced change through the introduction of Tenant Satisfaction Measures. While there's more to do, we're already seeing positive results from improvements we've introduced – including repairs, customer feedback, and smarter service integration. We'll continue to deliver these reforms into 2025 and beyond.

Above all, it's the commitment and care shown by the people who make Stonewater what it is – our customers, colleagues, Board and partners – that powers our impact. And above all, I'm proud of the culture we've built – inclusive, customer-focused, and grounded in our values. That recognition continued this year with a top 10 placement in the Investing in Ethnicity Awards.

Taking on the role of Chief Executive at this point in Stonewater's journey is a great privilege. Stonewater is in a strong position – stable, ambitious, and ready for the future. I'm excited about what we will achieve together next as we continue to deliver on our vital mission and long-term plans.

Jonathan Layzell
Chief Executive

Report of the Board of Management and Strategic Report

Strategic Plan 2022-30

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

Looking forward to 2030, this sets out a range of ambitious targets including our aspiration to build 12,000 new affordable homes and to have reached one of our environmental milestones with 100% of our homes achieving at least Energy Performance Certificate band 'C'.

We will review the plan annually to ensure that we continue to focus on the things that will add most value for our customers and that we adapt to changes in our operating environment.

We continue to operate amidst a sustained period of multiple challenges for our customers and society as a whole.

In navigating these challenges, we have made significant enhancements to our operating model, enabling us to continue to develop and provide quality services to our customers.

We have re-evaluated how we work, what matters to our customers and partners, the value we bring as a provider of safe and secure affordable homes, and the responsibility we have to minimise our environmental impact.

It has been a team effort and colleagues have adapted to the challenges faced, embodying our values and ensuring customers are at the heart of all we do.

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

- **Provide customer-centred services** that are proactive and efficient, and that help us to retain and attract customers.
- **Supply, manage, and maintain homes and neighbourhoods** that are safe, connected, efficient, affordable, and flexible.
- **Maximise the value** we provide to our customers and communities through decision-making and initiatives that support environmental and social sustainability.

The delivery of our objectives is supported by a number of strategic enablers that provide the tools, principles, and practices required to succeed.

Governance and Viability

- We will practice strong governance and we will continue to deliver our legal and regulatory responsibilities through effective performance and assurance frameworks.
- Our financial viability will enable us to respond to our operating environment and deliver our Mission of offering quality homes and services for people whose needs are not met by the open market.

People and Culture

- As an exceptional place to work, we will have the organisational capability required to deliver our strategic objectives. Our organisational design will enable agility, responding effectively to an ever-changing operating environment and embracing the opportunities offered through innovation and new technology.
- Our values-based culture will be embedded across all areas of operations, ensuring our Customer Promise and Values are at the heart of decision making.

Data and Technology

- Technology will continue to play a pivotal role in delivering consistently good services and a great customer experience.
- Our homes, old and new, will benefit from the use of technology to increase environmental sustainability and customer wellbeing.
- Data will support effective decision making and actions that enhance the homes and services we provide to our customers.

Partnerships and Innovation

- We will develop sustainable, value adding partnerships across all areas of our business based on a culture of mutual trust and collaboration.
- As thought leaders, we will continue to innovate with partners across the housing sector and beyond.

Performance against these objectives is set out in the Value for Money and performance sections of this report.

Group financial performance

The Group has faced a particularly challenging year, with our financial position affected by continued economic pressures and sector-specific challenges. Despite some improvement in the wider economy, we have experienced persistently high operational costs and increased investment to ensure our homes are safe and meet new regulatory standards.

Consolidated statement of comprehensive income	2025 £'000	2024 £'000
Turnover	306,113	271,155
Cost of sales	(32,155)	(31,734)
Operating costs	(216,065)	(187,230)
Surplus on disposal of fixed assets	12,165	8,356
Operating surplus	70,058	60,547
Operating margin (excluding surplus on disposal of fixed assets)	18.9%	19%
Acquisition of business	3,607	121,715
Share of gain from joint venture	190	(162)
Net interest	(62,994)	(51,979)
Movements in fair value of non hedging instruments	1,106	1,268
Surplus for the year	11,967	131,389
Actuarial losses on defined benefit pension schemes	2,322	(3,124)
Amounts recycled (to)/from Cashflow hedge reserve	(618)	(420)
Year end revaluation of hedging financial instruments	3,196	3,522
Total comprehensive income for the year	16,867	131,367

Group turnover increased to £306.1m (2024: £271.2m). This £34.9m increase was primarily due to a £34.7m rise in rental income, alongside £0.4m from service charges, £0.6m from amortised grant income, and £1.0m from shared ownership first tranche sales. This was partially offset by the decrease in other income by £1.8m. The growth in turnover was driven by strong property sales, the acquisition of new properties and rent increases.

Rental income grew by 17.5% (2024: 14.0%), supported by the handover of 1,029 new homes (2024: 1,185), a rent increase of 7.7% (2024: 7.0%), and the addition of homes from Bristowe (Fair Rent) Housing Association, which joined Stonewater on 30 September 2024.

Bristowe (Fair Rent) Housing Association brought 75 properties, primarily one- and two-bedroom flats in the greater Bristol area, along with some three-bedroom units.

Operating costs rose to £216.1m (2024: £187.2m), largely due to increased repairs and maintenance activity. These costs reflect higher volumes of responsive and planned maintenance, ongoing investment in our existing homes, and continued spending on our transformation programme to improve future efficiency.

The £12.2m surplus on disposal of fixed assets mainly relates to staircasing proceeds, where shared owners purchase additional equity in their homes. Total staircasing proceeds were £10.9m, up from £8.0m in 2024.

The operating margin, excluding gains on asset disposals, remained stable at 18.9%, broadly in line with the previous year (2024: 19.0%). This margin provides a clear picture of the profitability of core operations, excluding income that can vary year-on-year.

The Group recorded a surplus for the year of £12.0m, significantly lower than the prior year's £131.4m, which included a one-off gain of £121.7m related to a business acquisition.

The acquisition gain is recognised as a donation in the income and expenditure account. It represents the fair value of Bristowe's assets and liabilities, as there was nil consideration.

The surplus generated will be reinvested into our development programme, digital transformation, and delivering high-quality services for our customers.

The Group's liquidity remains strong. At 31 March 2025, Stonewater had £334.2m of available but undrawn bank facilities (2024: £353.1m). We continue to deliver our significant ongoing development programme while maintaining a resilient balance sheet. Cash and cash equivalents have increased by £22.2m versus 2023/24 predominantly due to the receipt of a Homes England grant on 31 March 2025.

Net assets increased to £628.3m (2024: £611.4m). Our housing property portfolio grew by £170.7m to £3,070.0m (2024: £2,899.3m), with £157.5m (2024: £248.1m) invested in new development and £46.1m (2024: £35.5m) in existing stock. These investments were supported by £77.8m in grant income (2024: £44m). While investment remains a priority, we anticipate a moderation in development spend in the coming year.

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

As of 31 March 2025, Stonewater's deficit in SHPS decreased to £12.5m (2024: £17.3m). The fair value of scheme assets was £73.9m (2024: £75.6m), and liabilities totalled £86.5m (2024: £92.0m).

Report of the Board of Management and Strategic Report

Treasury management

Treasury management policy

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

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

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

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

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

As at 31 March 2025, 77.8% (2024: 78.6%) of borrowings were at fixed interest rates or hedged by floating to fixed interest rate swaps.

Sustainable finance

As part of our aspiration for a more sustainable future, Stonewater has established a Sustainable Finance Framework (SFF), which sets out the work carried out on sustainability. Stonewater publishes an Environmental, Social and Governance (ESG) report annually.

The framework enables Stonewater to attract new efficient funding and to broaden its investor base. Stonewater issued its debut sustainability bond in September 2021. Proceeds from the issue were allocated in accordance with the SFF which aligns with internationally recognised principles and outlines how our bonds will be entered into.

We recognise the importance of supporting the vision put forward by the United Nations Sustainable Development Goals (SDG) and the SFF enables us to improve our transparency to stakeholders and, where we believe to be possible, align debt instruments to specific SDGs relevant to our business.

During the year, Stonewater has converted one existing loan facility to a Sustainability-Linked Loan (SLL). These facilities include a reduction in the margin payable if agreed ESG Key Performance Indicators (KPIs) are met.

We have committed to investing in retrofitting existing homes – which can reduce the amount of energy a home uses – to ensure our stock exceeds the current minimum regulations and achieves EPC C earlier than the 2030 milestone.

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

Currently rated as 'Gold' in the Sustainable Homes Index for Tomorrow (SHIFT) sustainability framework, an amalgamation of 21 separate ESG KPIs into one overarching score, we hope to enhance our SHIFT score year-on-year, with the aim of achieving SHIFT 'Platinum'. Our performance on these KPIs can be found on page 22.

Debt structure

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

During the year, the Association increased borrowing with one existing bank counterparty.

Total loan facilities and bond debt, excluding adjustments of £7.7m for fair value on acquisition, at 31 March 2025 amounted to £2,016.1m (2024 restated: £1,965.2m) of which £334.2m was undrawn (2024: £353.1m).

Cash flows

Net cash from operating activities for the year was £117.2m (2024: £119.6m), a decrease of £2.4m compared with the previous year.

Stonewater continued to invest in existing and new homes with net cash outflow from investing activities of £97.0m (2024: £291.9m).

Liquidity

The Group maintains a list of investment limits for authorised organisations with which it will place deposits based on short-term credit ratings.

As at 31 March 2025, cash balances were £72.0m (2024: £49.7m) and the balance of restricted cash was £5.9m (2024: £6.7m).

Operational cash balances are kept at low levels to reduce cost of carry. Cash and committed facilities, excluding restricted cash, exceeded the Group's contracted obligations for the next 18 months less grant by £205.0m (2024: £192.9m).

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

As at 31 March 2025, the exposure position with counterparties on standalone derivatives was £3.9m (2024: £7.6m) and after the use of unsecured thresholds £0.0m (2024: £0.0m).

Loan covenants

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

	Covenant	Performance
Interest cover*	Must be > 120%	156%
Gearing	Must be < 70% of assets	49%

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

	Covenant	Performance
Interest cover*	Must be >= 100%	143%
Gearing	Must be < 70% of assets	48%
Net book value of properties that are owned by non-guarantors or non-borrowers	Must be < 25%	7%

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

Report of the Board of Management and Strategic Report

Value for Money (VfM) and performance against our strategic objectives

Stonewater's approach

Creating value for customers is at the heart of Stonewater's services and projects. The Board's approach to Value for Money reflects our Vision 'For everyone to have the opportunity to have a place that they can call home' and our Customer Promise: 'We're proud to make things personal. If it matters to our customers, it matters to us'. This means we go beyond monetary savings to deliver social value through the investment of our resources. In doing so, we seek to maximise gains for customers through all strands of our activities and operations.

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

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

This has been another year of considerable change as society and the economy deals with the challenging macroeconomic outlook. Despite the inevitable impact on activities, Stonewater has continued to embed the move from traditional Value for Money towards broader value maximisation across all aspects of the business. This cultural change continues to be supported through organisational structures, the internal control framework, the decision methodology for new projects and opportunities, and learning and development for colleagues.

Value maximisation for customers



Measuring Value for Money

Our Strategic Plan 2022-30 objectives flow from the Vision and support our Mission of offering quality homes and services for people whose needs are not met by the open market. As part of the annual review of the plan, the Board sets measurable outcome targets for each objective, against which we assess value for money gains.

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

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

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

In addition to the Strategic Plan outcome targets, the Board sets value for money targets, which cover the seven metrics included in the Value for Money Standard published by the Regulator of Social Housing on 1 April 2018. These include social housing cost per unit, which is based on the management, service charge, maintenance, major repair, and other social housing costs that a registered provider incurs divided by the number of properties to which these costs relate.

Social housing cost per unit compared to our peer group (based on Global Accounts) is used as a 'broad brush' measure for demonstrating economy in the delivery of our strategic objectives. Where possible, we benchmark our performance for our outcome targets against a Housemark peer group of registered providers, which is based on our size and geographical spread. We also benchmark against our own

past performance, through regular KPI reporting to the Board, committees and panels and the executive team. We review these KPIs annually and the Board sets targets for each which drive further value for money gains across the business.

Demonstrating efficiency is the most complex of the three Es to measure as it looks at the relationship between the outcomes achieved compared to the cost incurred in doing so. We use benchmarking against a suitable peer group of registered providers to measure whether we are efficient in the delivery of our strategic objectives. If our baseline costs, measured by the social housing cost per unit, are lower than, or in line with, those of our peer group and the outcome achieved is the same as, or better than, that of our peer group, we have demonstrated efficiency.

Assessing performance

The Board monitors progress towards achieving our strategic objective outcome targets during the year. Reporting against these targets has been expanded this year to demonstrate the extent to which value maximisation is being achieved through each objective. The Board gains assurance on the delivery of economic gains through the work of the Finance Challenge and Assurance Panel.

Report of the Board of Management and Strategic Report

Performance against Strategic Plan objectives – 2024/25

Customer-centred services

This objective works to ensure we effectively engage with our customers, developing universally good services that are built around them, flexible, and tailored to their needs. It sets out our approach to delivering more proactive services and facilitating and signposting support for customers where it's needed. It outlines our aspirations to deliver efficient, consistent, and reliable services that improve the customer experience: Maximising the resolution of enquiries at the first point of contact, increasing the provision of digital services, and being underpinned by streamlined processes.

The actions towards meeting this objective.

Strategic objective	Outcome measure	Target 2025	Result 2025	2024 Benchmark (peer group)	Demonstrates VFM		
					Ec	Effic	Effec
Provide customer-centred services that are proactive and efficient to help us retain and attract customers	Overall satisfaction with services (transactional)	84%	85.7%	n/a	✓	✓	✓
	% of tenancies terminated within two years	0.9%	0.3%	n/a		✓	✓
	Avoidable contact	10%	15.2%	n/a		✓	✓
	First-time resolution of customer enquiries	80%	80.7%	n/a		✓	✓
	% of transactions via our digital channels	50%	41.7%	n/a	✓	✓	✓
	Housing Ombudsman determinations found against Stonewater (% of total stage 1 complaints)	0.9%	2.0%	n/a		✓	✓
	Responsive repairs customer satisfaction (transactional)	85%	84.4%	n/a	✓	✓	✓

Key: Ec - Economy Effic - Efficiency Effec - Effectiveness

Overall satisfaction with services (transactional)

Customer satisfaction with Stonewater's services is at 85.7%, which is above our 84% target. The rating reflects customers' satisfaction across a number of services, with the majority of replies reflecting satisfaction with repairs and our Customer Service Centre services.

Responsive repairs continue to be a key driver in customer satisfaction and the focus on Work in Progress (WIP). Ensuring effective communication to customers awaiting repairs remained critical through the year. It has been reassuring to see consistently good performance in the Customer Service Centre with customers being delighted with shorter queue times. We're also pleased to see satisfaction with complaints rise to 62%, ahead of our 60% target for the first time, reflecting progress throughout 2024/25.

Customer demand for support around the cost-of-living crisis, repairs and rent and service charges remained high during the financial year. Improving the customer journey for customers reporting anti-social behaviour, alongside satisfaction with the standards of our relets, are priorities as we head into 2025/26.

Mount Green plans to gradually integrate with Stonewater's customer feedback program in 2025/26 to ensure a unified view of customer experience performance.

Tenancies terminated within two years

This is at 0.3% which is favourable to our target of 0.9%. We continue to refer new customers to internal and external support based on their needs upon sign-up. We are able to provide all customers with a dedicated tenancy sustainment service which includes advice on budgeting, grants, benefits, employability and making referrals to the Longleigh Foundation and Circles of Support.

Our specialist tenancy sustainment team supported more than 779 households to secure grant funding from external partners and over 333 households to access specialist fuel and energy saving advice. Stonewater has also partnered with LEAP, a free service, which is helping people keep warm and reduce their energy bills without costing them any money. The tenancy sustainment team were responsible for securing £307,000 in overall grants for our customers. Stonewater's income team has also been successful in securing £178,913 in Discretionary Housing Payments for our customers and more than 350 customers have been referred for debt advice and support through Cleanslate in 2024/25.

Avoidable contact

Avoidable contact, which measures the percentage of inbound contact classified as service failure, was outside our target of 10%. The Customer Service Centre continues to work with various departments to drive down avoidable contact, this will become an objective for 2025/26 for each department. Normal variations across the year with higher rates seen over Quarter 1 and 2 for Estate Management e.g. grounds maintenance and then chasing repairs across Quarter 3 and 4.

First-time resolution of customer enquiries

This was 80.7 % against a target of 80%. Our service model continues to support delivering services right first time; enhancing digital services; and evolving a national specialist approach to provide expert support for customers where they need it.

Transactions via our digital channels

This is 41.7% against a target of 50%. We continue to develop our online platforms so even more customers can have their say. Customers are members of our Customer Hubb (Help Us Be Better) online community – a place where our customers can come together to ask questions, feedback about our services, have conversations, share information, discuss hobbies and post pictures. It is also where we come together with our customers to celebrate and mark important equality, diversity and inclusion days such as Pride, Black History Month and International Women's Day.

Our online quarterly newsletter, Here to Help, has been read more than 7,000 times and our Customer Annual Review for 2023/24 has been viewed more than 3,000 times. We use these publications to make the customer voice heard.

Housing Ombudsman determinations found against Stonewater (% of total complaints)

Performance is at 2.0% compared to our target of 0.9%. During the first nine months of 2024/25, the Housing Ombudsman Service (HOS) reported a 91% increase in the volume of complaints referred by customers sector-wide for investigation. This reflects a shift in customers' expectations of social housing landlords, an increase in customer awareness of the HOS and landlords' active promotion of complaints services required by the new Consumer Standards. As a result, the volume of Group complaints investigated by the Ombudsman increased from 43 to 93 in 2024/25 compared with the previous year. However, our maladministration rate remains consistent with the previous year at estimated 68% compared with 66% in 2023/24 and ahead of the sector average in Quarter 3 2024/25 of 72%.

Pleasingly, we can also report a reduction in the volume of stage 1 complaints of c.7% year on year, reflecting improvements in services informed by learning from complaints. We also received no HOS Complaint Handling Failure Orders in 2024/25, which underpins our commitment to meeting the HOS and Regulator's high standards for complaint management.

Responsive repairs customer satisfaction (transactional)

Responsive repairs customer satisfaction (transactional) is at 84.4% which is slightly below our target of 85%. The slight decline in satisfaction is attributed to the recovery of the aged Work in Progress (WIP). Communication has improved, informing customers of the timescales for repair works but further improvements are required when follow-on works are needed, which is what we see driving down customer satisfaction. We are addressing this with our partnering contractors.

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Quality homes and neighbourhoods

This objective sets out our aspiration to continue to grow and maximise our capacity to provide quality affordable homes to those in need. It outlines planned investment in our homes ensuring their ongoing safety, efficiency and suitability for our customers. It also sets out our commitment to continue to work with our customers and partners to enable happy and healthy neighbourhoods.

Strategic objective	Outcome measure	Target 2025	Result 2025	Demonstrates ViM			
				2025 Benchmark (peer group)	Ec	Effic	Effec
Supply, manage and maintain homes that are safe, connected, efficient, affordable and flexible and support happy and healthy neighbourhoods	Gas compliance	100%	99.82%	99.98%	✓	✓	✓
	Number of outstanding fire risk assessments	0	0	n/a		✓	✓
	Emergency repairs completed on time	97%	99%	n/a	✓	✓	✓

Key: Ec - Economy Effic - Efficiency Effec - Effectiveness

Gas compliance and fire risk assessments

The number of our homes with a valid landlord's gas safety certificate was 99.82%, slightly behind our target of 100%. This was caused by 32 homes for which access could not be gained to service gas components. Appropriate action is under way to access these properties.

There has been an increase in spend on compliance, as new regulations have come in, and Stonewater has kept up to date with those. Fire Risk Assessment was 100% complete at year end.

Emergency repairs completed on time

99% of emergency repairs were completed within 24 hours, significantly ahead of the target of 97%.

Maximising value for money

This objective sets out our approach to delivering value, in its broadest sense, in all we do. This means delivering value for our customers in terms of the services they receive and the quality of their homes, as well as our ability to continue to grow so that more people can benefit from affordable housing. It sets out the additional work we will continue to invest in to generate social value through support to our customers and beyond. We recognise the importance of environmental sustainability for our customers and future generations and this objective sets out challenging targets to achieve this.

Strategic objective	Outcome measure	Demonstrates VfM					
		Target 2025	Result 2025	2024 Benchmark (peer group)	Ec	Effic	Effec
Maximise the value we provide to our customers and communities through decision making and initiatives that support environmental and social sustainability	Average re-let time for all homes (days)	19.0	18.1	n/a		✓	✓
	% gross arrears	5.0%	4.0%	n/a	✓	✓	✓
	Income collected as a percentage of total due	99.5%	100.8%	n/a	✓	✓	✓
	% of shared ownership homes void for more than six months	5.0%	4.8%	n/a	✓	✓	✓
	Average sales time from handover to sale completion (weeks)	15	18	n/a	✓	✓	✓

Key: Ec - Economy Effic - Efficiency Effec - Effectiveness

Average re-let time for all homes (days)

Our average re-let time of 18.1 days was slightly better than our target of 19 days. We continue to work with colleagues to incentivise the letting of homes where we have multiple void homes in addition to utilising local agents and other platforms. At Stonewater we believe that everyone should have the opportunity to have a place that they can call home and in Lettings, this Vision runs through everything we do.

Gross arrears

Gross arrears ended the year at 4% inside our target of 5%, which is a positive result against the backdrop of worsening economic conditions presented by increased rent and service charge costs and the cost-of-living crisis for residents.

Income collected as a percentage of total due

The overall rent collection rate finished the financial year at 100.8% against a target of 99.5%.

Shared ownership homes void for more than six months

Shared ownership homes void after more than six months ended the year at 4.8% which was within our target of 5%. At the end of the financial year, there were 15 properties void for longer than the 26-week sales period allowed in our appraisal model. Of the 15 properties, 12 are currently reserved with the rest to complete later in 2024/25.

Average sales time from handover to sale completion (weeks)

We ended the year below target at 18 weeks. Stonewater implemented a much-delayed digital progression system (Salesforce) in financial year 2024/25 to manage the sales process from the enquiry stage to completion. Due to the implementation only taking place in Sept/Oct 24, the improvements from it are only just beginning to be realised. However, while we are below target for the year as a whole, the period from Oct 2024-March 2025 saw significant improvement with average sales time at 13 weeks, and we expect this improvement to show in Q3 and Q4 of FY 2025/26.

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Economy gains

As part of our approach to ensure we are demonstrating economy in the delivery of our strategic objectives, we set targets for Value for Money (VfM) cash savings for each Stonewater directorate as part of our annual budget setting process.

We monitor and report on progress against these targets every quarter to our Finance Challenge and Assurance Panel. Savings include other grants received for investment in our homes, contract negotiations, procurement savings and use of internal resources to deliver services rather than outsourcing.

Savings are calculated using internal methodologies which include measuring how much less has been spent in a period with any adverse budget variances being offset against savings.

Other measures include identifying cash savings resulting from the re-procurement of goods and services, grants received for investment in our homes and renegotiation of existing contracts.

Our performance against our target for 2024/25 is set out in the table below.

£'000	2025 Target	2025 Result	2024 Result
Value for Money cash savings	7,200	11,800	9,000

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

- £6.0m savings from the use of Social Housing Decarbonisation Fund (SHDF) funding
- £1.8m savings on negotiated land acquisitions and build contracts
- £1.3m reduction on gross arrears from automated management of debt cases
- £1.0m procurement savings on the boiler replacement programme
- £0.7m savings on technology, data and people efficiency across the organisation
- £0.4m savings on the average sales time against appraisal parameters for shared ownership sales
- £0.4m of savings in professional fees from bringing special project design in house
- £0.2m additional rental income from early completions

Regulatory Value for Money (VFM) metrics

The Regulator for Social Housing (RSH) has outlined what it expects registered providers to deliver in relation to Value for Money (VFM) in its VFM Standard 2018. The VFM Standard requires that an organisation understands its costs and the outcomes of delivering specific services, and the underlying factors which impact these costs.

The Regulator has defined seven metrics which enable us to compare against the whole global accounts sample.

Metric	Stonewater 2024/25 Actual	Stonewater 2024/25 Target	Global Accounts		
			Global Accounts 2023/24 Median	Stonewater 2023/24 Actual	Stonewater 2023/24 Quartile
1. Reinvestment %	7.4%	8.6%	7.7%	9.5%	UQ
2a. New supply delivered % (social housing units)	2.8%	2.5%	1.4%	3.4%	UQ
2b. New supply delivered % (non-social housing units)	n/a	n/a	n/a	n/a	n/a
3. Gearing %	51.9%	47%	45.6%	53.2%	UQ
4. EBITDA MRI interest cover %	69.0%	105.2%	122.0%	79.3%	LQ
5. Headline social housing cost per unit £	£5,425	£4,844	£5,136	£4,663	LQ
6a. Operating margin % (social housing lettings only)	20.1%	25.8%	20.4%	21.0%	MQ
6b. Operating margin % (overall)	18.9%	24.8%	18.5%	19.3%	MQ
7. Return on capital employed (ROCE)	2.3%	2.8%	2.8%	2.2%	LQ

Reinvestment

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. New development expenditure has decreased from £248.1m to £157.5m reflecting the planned reduction in development spend.

New supply delivered % (social and non-social)

These metrics set out the number of new units (social or non-social) that have been acquired or developed in the year as a proportion of the total units owned at period end. The number of social units delivered this year is 1,029 compared to 1,185 in the previous year, reflective of a healthy pipeline activity.

Gearing

This metric measures net loans (incl. finance lease obligations) as a percentage of the value of housing properties. Gearing decreased slightly in the year from 52.9% to 51.9% reflecting a growth in assets funded by operating surpluses whilst maintaining net debt levels. We remain within our lender covenant and risk appetite set by the Board.

EBITDA MRI

This measures the level of operating surplus (including expenditure on capitalised major repairs and excluding depreciation and amortisation) compared to total interest payable. It also includes profits on first tranche and outright sales, which can be more volatile. This metric is currently showing 69.7% compared to a target of 105.2% and is a result of lower operating surplus, higher capitalised interest and higher investment in properties.

Headline social housing cost per unit

Assesses the costs that Stonewater incurs to manage social housing properties divided by the number of units managed. Our headline social housing operating cost per home increased by 16.3% compared with last year, primarily due to an increase in responsive maintenance, housing management service charge repair costs, insurance and legal and professional charges.

Operating margin (overall)

The operating margin demonstrates the profitability of operating assets. Our operating margin was slightly lower than last year by 0.3% and did not meet our target for the year. This was due to costs associated with increased responsive repairs and demand-price increases of building materials and trade-labour markets. This is representative of sector-wide pressure across the cost base while maintaining service levels.

Return on capital employed (ROCE)

This metric compares operating surplus to total assets less current liabilities and is used to assess the efficient investment of capital resources. Our ROCE was broadly in line with the previous year.

Environmental, Social and Governance (ESG) Reporting

We are continuing to increase our ESG reporting across key metrics and are now in our fifth year reporting against the Sustainability Reporting Standard (SRS). ESG reporting provides access to funding opportunities from investors and ensures our goals between ESG, VfM and social value initiatives are aligned. Stonewater's sustainability strategy and sustainable finance framework illustrate our long-term VfM commitment to deliver safe, affordable and sustainable housing for future generations to enjoy. Stonewater issued a £250m sustainability bond in September 2021.

The key performance indicators for 2024/25 are shown here:

Key performance indicator	2024/25	2023/24
Increase the percentage of existing homes that are EPC C or above	79.7%	77.0%
Improve SHIFT score annually	71.3%	65.3%
Increase the percentage of land and build homes that are SAP 86 or above	53.7%	27.6%

Stonewater has successfully achieved the first KPI through our retrofit works and improving our data in our carbon calculating software, Parity. Retrofit works have been completed on 391 properties this year, and a further 658 have been started. Improvement measures include insulation, low carbon heating systems including heat pumps, solar PV and more. Stonewater has successfully achieved and exceeded our target for SHIFT this year. We maintained our gold accreditation and increased our overall score by 6.04%. This is largely due to improving our data in key areas such as biodiversity, and significantly improving our SAP ratings in new build homes, which is recognition of the work of development over the last two years.

Asset management

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

We continuously assess and invest in our properties to ensure they always meet current and future regulatory standards, as well as the changing expectations of our customers. This includes proactive maintenance, timely repairs, and planned improvements that enhance the energy efficiency, safety, and overall quality of our homes. Through data-driven decision-making, we make informed investments that prioritise the most effective areas for improvement while maintaining the financial sustainability of the Association. Our asset management strategy also supports our commitment to environmental sustainability by aligning investments with our Environmental Strategy 2021-25, ensuring that homes remain affordable, energy efficient, and resilient in the face of climate change.

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

Building safety and compliance

During 2024/25 we have continued to work with customers to ensure our buildings are safe.

We have awarded new contracts for fire risk assessments, asbestos surveys and removals, ensuring suppliers are competent.

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We have progressed our mid-rise external wall survey programme and completed PAS9980 assessments for all buildings over 11m in height and our priority 1 blocks below this height where high pressure laminate or metal composite cladding is present.

We have achieved substantial assurance audit outcomes on water safety, lift safety, gas safety and asbestos management, from our independent internal auditors and a year-end TSM performance level of 99% compliance (or higher) across all compliance measures.

Sustainability

Stonewater has an ambitious environmental strategy. As part of this, we are continuously developing our plan to reduce the organisation's carbon emissions, supporting the government's target to become net zero by 2050. We have long-term targets in place to enhance the efficiency of new and existing homes as well as mitigating the impact of climate change on our homes and customers.

Our biggest emissions as a housing organisation come from our existing homes and construction activity. It is our ambition to upgrade all of our homes to a minimum energy efficiency rating of EPC Band C by 2030. Our retrofit programme is continuing with retrofit being completed to over 700 homes as part of our Social Housing Decarbonisation Fund Wave 2 project. As part of our ongoing SHDF Wave 2.1 project, we have installed 200 air source heat pumps and more than 115 solar panel systems

More recently we have provisionally secured more than £18.7m in funding to make energy efficiency improvement works to more than 1600 homes across England. The funding from the Department for Energy Security and Net Zero (DESNZ)'s and Warm Homes: Social Housing Fund Wave 3 will improve energy efficiency and reduce running costs for customers, contributing to lowering the carbon footprint.

We continue to build as environmentally sustainably as possible as well as ensuring our homes are affordable to live in. To help this all our Land and Build developments approved from April 2021 include space and water heating provided by non-fossil fuel solutions. We are also well advanced in delivering homes utilising Modern Methods of Construction. In 2024/25 over 30% of our new homes were built to EPC A.

With the energy crisis having a huge effect on households, it has never been more pressing to involve customers in conversations about energy efficiency and their environmental impact. We have used digital methods to support customers throughout the energy crisis.

We harnessed social media to engage with as many people as possible, and organised Facebook Live events, featuring expert panel discussions and customer Q&A sessions, focused on energy and the cost-of-living crisis.

These included our digital Customer Energy Hub, providing a wealth of the most up-to-date information and advice on how to reduce energy consumption and bills. We also created a series of accompanying online videos around the subject.

The hub provides information on cutting energy consumption and CO₂ emissions, using heating systems efficiently, financial support available from the government and other agencies, how to use smart meters to monitor energy use and much more.

Stonewater holds a gold rating in its Sustainable Homes Index for Tomorrow (SHIFT) accreditation. SHIFT is an independent assessment and accreditation scheme that demonstrates organisations are delivering against challenging environmental targets. The SHIFT assessment measures organisations against 21 environmental criteria, including CO₂ emissions, water use, landfill waste and response to climate change risks. Stonewater is committed to improving our SHIFT rating year on year and achieving a Platinum accreditation by 2030.

Responsive repairs and planned maintenance

Given the scale of Stonewater's repairs and maintenance services, we adopt a tiered approach to contract procurement and associated management. Within our Homes (Asset Management) directorate this includes several high value, high impact 'Tier One' responsive repairs contractors.

In the main, these contractors are engaged through a Price Per Property (PPP) / Price Per Void (PPV) solution; with an agreed list of included and excluded works. Another Tier One contractor, Platform Property Care, is unique to this; with Stonewater being part of a Cost Sharing Vehicle (CSV) through which we pay for the actual cost of delivery of the works and associated resources. To assess the delivery of Stonewater's Tier One repairs and maintenance contracting partners a number of KPIs are reviewed on an ongoing basis; both daily / weekly on an informal basis and formally on a monthly basis via our embedded Contractor Management Framework (the framework).

Not only does the framework assist in ensuring robust and consistent contract management arrangements undertaken by dedicated Strategic Partnership Managers attached to each contract, it also ensures objective peer reviews are regularly undertaken by our dedicated Contract Management and Support team. This provides third party validation of contract management and identifies opportunities for continuous improvement and knowledge share. This team also comprises several Cost Managers (quantity surveyors) who assist operational colleagues in the validation and reconciliation of order volumes, included and excluded works as per the associated contracts, and actual costs compared with budget and quarterly forecasts.

Furthermore, a Strategic Core Group (SCG) is held quarterly with senior representatives attending from Stonewater and the Tier One contractors (excluding Platform Property Care due to the alternative governance arrangements relating to the CSV status of this contract); with the SCG facilitated by a third party consultant to ensure challenge and assurance from an objective party (Echelon).

Our contractors provide a customer-centric service for both responsive repairs and planned investment programmes through which they provide valued insight into the needs of our homes to ensure they are safe and well maintained. By working closely with Partnering contractors in relation to priority times and improved communication we have seen significant improvements with many of our contractors with many key performance indicators now being met and indeed exceeded.

Throughout 2024/25 we have continued to deliver our robust, data led Damp, Mould and Condensation Strategy (and associated policy); using a range of customer insight and property information to risk stratify our stock base and proactively engage with those households who are most likely to be experiencing or at risk of experiencing damp, mould and condensation. A plethora of customer facing communication tools have been developed to support this.

In addition, to further strengthen our services we have procured a number of national specialist damp and mould contractors to ensure respond to customer requests and property remedial works at the earliest opportunity. We continue to review and evolve our approach to DMC ensuring that we encompass best practice and IT solutions at every stage. This ensures we are aligned with the requirements of Awaab's Law as a minimum. We responded to the formal consultation on Awaab's Law supporting key recommendations made and have adapted our approach in readiness. We have been assured of this approach via external audit (receiving substantial assurance with no associated management actions).

Progress with this service and others is routinely reported to our Customer Scrutiny Panel, Customer Experience Challenge and Assurance Panel, Homes and Development Challenge and Assurance Panel, Chief Officer Group and the Stonewater Board.

In relation to disrepair claims, Stonewater has implemented a robust Part 36 approach, meaning that any reported claim is addressed in as timely manner as possible; with legal recourse sought immediately if access to a Stonewater property proves difficult. This has enabled us to reduce significantly the number of open disrepair claims across our portfolio, alongside the associated settlement costs.

Procurement and outsourcing

The Procurement team is coming to the end of the successful delivery of their three-year strategic plan. Significant improvements have been made in terms of business engagement and compliance with governance requirements, which have in turn delivered improvements to the contracts and services that have been sourced. The data held within the team, on both suppliers and contracts has improved exponentially, enabling five-year forward plans to be developed for each business area. This data will form the foundation to drive forward a new five-year strategic plan for

the team, which is due to go live in the autumn of 2025.

The Procurement team has been restructured and has grown in the past 12 months to account for the increase in demand from colleagues on a variety of projects and contracts. With all positions now filled, and more resources assigned to each directorate area, it is hoped that a significant number of projects can be delivered and a host of benefits realised for Stonewater in the coming year.

The team has also overseen the implementation of governance changes, brought about by the Procurement Act 2023. While it is too early to see the benefits of these changes from a project delivery perspective, the opportunities afforded by the new regulations will contribute significantly to the new procurement strategy, with a focus on proactive sourcing, backed up by thorough market analysis.

By continuing to monitor risks through Dun & Bradstreet, the team receives real-time updates on a daily basis regarding the financial stability of all recognised and live suppliers.

Support is also available to colleagues managing contracts to raise concerns with their suppliers and to manage all known risks.

Customer satisfaction

We use Rant & Rave's fast feedback platform to measure the customer experience and understand how we are performing against our Customer Promise. The feedback received is used by our operational teams to remove any areas of frustration and dissatisfaction from our services, ultimately improving the customer experience. During 2024/25, 85.7% of our customers told us that they were satisfied with the service they had received from Stonewater. The key drivers of satisfaction for our customers were the quick and easy resolution of requests, an efficient and professional service, along with helpful and polite colleagues.

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External Environment

Over the last year we have settled into a new political climate, with Labour having been in government for almost a year. While the Government's ambitions on housing and development are very welcome, and will hopefully pay dividends in the coming years, the global environment also means that we need to have an eye on the challenges facing the UK, Stonewater and our sector.

As ever, we are alert to how societal challenges – the economy, housing crisis, energy security and more – affect our customers and employees, and will always put their needs at the centre of what we do. We provide support where we can enable them to live and work as they want.

Reform and focus on delivery

Labour was elected with an ambition to 'Get Britain Building', and housing has become a central tenet of the Government's agenda for growth. Since the election we have already seen reforms to the National Planning Policy Framework with the reintroduction of mandatory housing targets, proposed changes to the way that planning committees work, and the beginning of a devolution agenda that will overhaul how housing is delivered in local areas.

Funding and regulation

While there has been much focus on new reforms to support delivery, the sector is also managing the implementation of the Social Housing Regulation Act, including key measures that will have a major impact on our service to customers. Among them are:

- The implementation of 'Awaab's Law', which requires landlords to fix reported health hazards within specified timeframes.
- Timeframes on how long landlords will have to investigate and make repairs, which will be written into tenancy agreements.
- Instructions by the Housing Ombudsman on service measurement and guidance on a variety of issues such as damp and mould.
- Requirements for all senior social housing managers to gain a housing management qualification.

The long-awaited Future Homes Standard and Decent Homes Standard 2, along with the Government's Housing Strategy and details of the Future Homes Standard will have significant implications for the business in terms of the standards expected of both existing and new homes, but also for customers in terms of the level of quality they will be entitled to expect.

For Stonewater and the sector, the big question will be about funding and whether additional grant funding will be made available from the Government to allow the sector to meet these new requirements. Beyond this, long-term rent settlements and the grant funding replacement for the Affordable Homes Programme have given the sector some certainty over funding for the next few years. However, we need to ensure that we watch the national and global economy – the sector's financial sustainability has long been affected by inflation and interest rates, but we will also need to be aware of the impacts that global tariffs might have on the availability of supplies. We not only need grant funding to deliver, we also need the Government to stabilise the economy to keep inflation under control and foster an environment which allows interest rates to fall, giving us greater flexibility with the finances we have. With this in mind, Stonewater will continue to engage with government and opposition parties so that policy and legislation can benefit our customers and communities.

Registered providers have long demonstrated their value in serving those in society who need it most, and we are confident we will continue to do so, but we will need to remain aware of the impact of these uncertain times.

Environment and sustainability

Sustainability and decarbonisation remain key issues for the sector – specifically how to fund the retrofit of social housing – and are central to the new Government's ambitions. The cost-of-living crisis has heightened the importance of this, something that our Greenoak Centre of Excellence will continue to emphasise and address, as it brings the sector together to share best practices.

As well as the Centre of Excellence, Stonewater has been active in campaigning and advocacy, having a significant impact on government and opposition policies. We welcome the Government's emphasis on decarbonisation and cheaper energy and hope that future plans will continue this focus. Considering that energy bills are one of the most significant contributors to the cost-of-living crisis, it is more important than ever to find solutions that work for our customers.

Organisational structure, governance and risk management

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

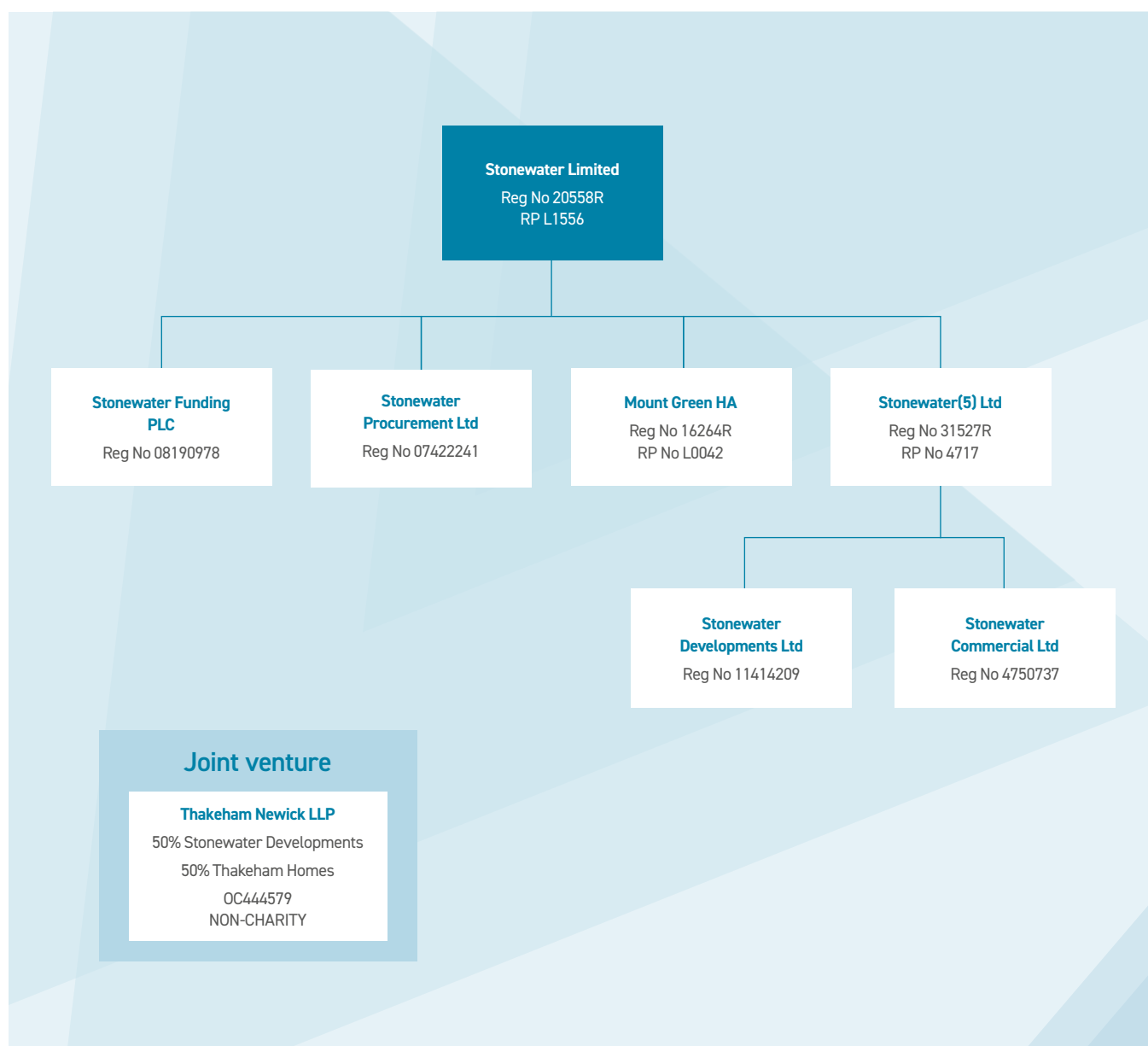
On 31 March 2025, Stonewater Limited has two registered provider subsidiaries:

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

Stonewater also has four wholly owned commercial subsidiaries:

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

Greenoak Housing Association Limited was previously a separate subsidiary registered provider entity. It transferred engagements to Stonewater (5) Limited on 30 September 2024 as part of a group restructure. Bristowe (Fair Rent) Housing Association Limited transferred engagements to Stonewater (5) Limited on 30 September 2024 (see note 36).



Report of the Board of Management and Strategic Report

Board

The parent Board has responsibility for setting Stonewater's strategic direction and ensuring that the organisation meets its strategic aims and objectives. The delegation and control framework established by the Board includes accountability to customers and other stakeholders, such as funding providers and partner local authorities. The Board comprised 12 members on 31 March 2025, including one executive member, as set out on page 6.

There is a common board membership for Stonewater Limited and Stonewater (5) Limited.

Mount Green Housing Association has a separate board, which oversees the Mount Green operations.

Current obligations of board members to the Board and the company

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

Governance arrangements

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

Nominations and Remuneration Committee

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

Risk and Assurance Committee

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

Customer Experience Challenge & Assurance Panel

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

Finance Challenge & Assurance Panel

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

Governance and People Challenge & Assurance Panel

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

Homes and Development Challenge & Assurance Panel

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

Technology and Data Challenge & Assurance Panel

Oversees the implementation of Stonewater's digitalisation programme.

Chief Officer Group

Stonewater has an experienced Chief Officer Group which manages the day-to-day running of the business.

The Chief Officer Group consists of the Chief Executive and five Chief Officers.

The details of the Chief Officer Group are disclosed on page 8.

Skills, qualities and experience required by the parent Board

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

In addition, the parent Board seeks to reflect the diversity of Stonewater's customers and the communities in which Stonewater works. The Board has set targets for improving diversity across the governance structure. On 31 March 2025, the Board comprised 42% (2024: 42%) female members,

17% (2024: 17%) from a Black, Asian or minority ethnic background, and two members (2024: two members) who identify as disabled. The Board consists of members whose ages span four decades.

The parent Board undertakes an annual collective review of its performance, culminating in the identification of priorities for the year ahead. Progress against these targets is monitored through quarterly reporting against sub-targets and the final position is assessed through the annual collective Board review at the end of the year. For the year 2024/25 the Board agreed that their focus should be on delivery of the three strategic objectives: Customer-centred Services, Quality Homes and Neighbourhoods and Value Maximisation, performance against which is reported above.

Risks and uncertainties

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

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

In addition to the overarching risk appetite, the Board monitors the risks arising from the volatile operating environment. During the last year these have covered the impact of movements in the financial markets, global unrest; the cost of living and the availability of operatives and the supply chain. This has been informed by bespoke risk parameters on the impact on Stonewater's customers, employees, contractors and suppliers and their financial status.

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

Key strategic risks

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

Report of the Board of Management and Strategic Report

Area of risk	Risk responses	
	Example of control in place	Actions during the year to strengthen controls
Financial capacity limits the delivery of growth and business transformation	- Treasury management strategy monitoring. - Regular stress testing. - Monitoring the metrics that are used in the credit rating process.	- Stress testing demonstrates ability to withstand various economic stresses. - Mid-year review of business plan. - Budget reviews to balance competing demands on resources.
The governance structures and processes are not aligned to the evolving regulatory environment	- Board succession plan. - Annual Board, panel and committee review process. - Regular Board review and stress testing of operating environment. - Policy and strategy review framework.	- In-year review of the operating environment as part of monitoring and reporting progress on delivery of the strategic plan. - Independent governance review and implementation of actions arising. - Implementation of Board succession plan. - Participation in national interest groups and at national political and sector conferences.
Customer insight is not embedded in business design and service review processes	- Voice of the Customer strategy. - Customer engagement toolbox. - Dedicated customer insights team. - Independent methodology for customer satisfaction. - Dedicated team managing complaints process.	- Self-assessment against the Housing Ombudsman Service (HOS) Complaints Handling Code. - Learning from complaints and Ombudsman cases - Customer communications action plan implemented. - Actions to comply with new consumer regulatory standards. - Piloting a new, localised, service delivery model.
Stonewater does not meet its health and safety obligations as a landlord, employer, developer and provider of care and support services	- Specialist team in place with subject experts embedded across the business. - KPIs monitored by the Board and Homes & Development Panel. - Compliance issues monitored by the Risk and Assurance Committee. - Oversight of activity by strategic health and safety board and operational group. - Management plans in place for key risk areas, eg fire, asbestos etc.	- OHSAS accreditation being pursued. - Work towards BS9997 certification. - Actions to comply with new legislation on building safety and fire safety. - Learning from regulatory consumer (C') ratings and HSE determinations.
Stonewater's damp and mould strategy is not implemented effectively	- Overarching Health and Safety Policy. - Damp, Mould and Condensation Policy. - Full stock survey identifying Category 1 and 2 risks. - Mandatory DMC learning and development programme for relevant colleagues and e-learning module available to all colleagues.	- Full and timely engagement with the Regulator of Social Housing with regards to DMC. - DMC reporting. - Specialist DMC resources to ensure dedicated focus. - Learning from regulatory inspection reports and Ombudsman determinations.
Strategic planning is impeded by uncertainty about government priorities and evolving regulatory expectations	- Compliance with regulatory and government guidance. - Regular review of operating environment supported by specialist agencies on public affairs and public relations. - Stress testing. - Future funding in place for forthcoming expenditure. - Bespoke risk appetite measures for risks arising from operating environment.	- Implementation of 10-year strategic plan. - Non-executive and executive away days with focus on operating environment and strategic priorities. - Inorganic growth opportunities pursued. - Development plan implemented.
Investment decisions do not give appropriate weight to competing strategic agendas e.g. environment, safety, growth, digitalisation	- Strategic plan monitoring. - Growth strategy monitoring. - Regular stress testing. - Environmental strategy. - Environmental Sustainable Homes Index for Tomorrow (SHIFT) 'gold' status. - Value for money strategy.	- Delivery of strategic plan objectives. - Level 2 status achieved against Portfolio, Programme, and Project Management Maturity Model. - Implementation of requirements of Social Housing Act. - Implementation of a new modelling system.
Failure to embrace new technology and to invest in appropriate technological solutions	- IT strategy in place. - Specialist consultants engaged to advise on strategic implementation. - IT investment supporting delivery of future operating model. - Business Design and Technology Group provide oversight of strategy, availability, security and risks.	- Review of digitalisation programme. - Implementation of new finance system. - Implementation of data management strategy. - Work on implementing a repairs booking system.
Failure to meet environmental objectives or mitigate the impact of climate change upon Stonewater and customers	- Environmental accreditation for SHIFT – 'gold' status. - Environmental social governance framework. - Environmental strategy and action plan. - Fuel engagement strategy and action plan.	- Work towards establishing a long-term carbon reduction and net zero target. - Development of new Sustainability Management System. - Retrofit project. - Work towards achieving minimum EPC band C rating on all homes.
Resilience of Stonewater's IT systems to cyber attacks	- Operational and governance oversight of IT Strategy. - Cyber essentials plus accreditation. - Modern security appliances and systems to protect against cyber attack. - Cyber security strategy – aligned to National Institute of Standards and Technology Cyber Security Framework.	- Enhancement of all third-party access controls Security policy formulated. - Review process of digital classification of data. - Cyber insurance market tested.

Area of risk	Risk responses	
	Example of control in place	Actions during the year to strengthen controls
Partnerships and supply chain relationships do not deliver objectives	• Procurement procedures and contract management system. • Contracts managed by nominated managers, with regular partnership management meetings. • Regular Dun and Bradstreet checks undertaken on main contractors to ensure early visibility of any financial challenges. • Value maximisation strategy.	• Regular monitoring of supply chain and implementation of actions as needed to address issues arising with quarterly reports to the Board. • Review of procurement policies and procedures in compliance with new legislation. • Work on scope for direct procurement of materials and supplies. • Regular monitoring of financial status of key partners and suppliers with quarterly reports to the Board. • Work with contractor partners to secure supply chains.
Stonewater's leaders do not have the capacity to set and deliver the strategic plan and/or the supporting staff team does not have capacity to undertake the full range of responsibilities delegated to them	• Board succession plan. • Chief Officer succession plan. • Digitalised recruitment processes. • Specialist recruitment team and employer branding supported by recruitment advertising specialist. • Learning and development programme. • Comprehensive benefits package for employees. • Board role description including key competencies. • Specialist recruitment agency retained for non-executive and executive vacancies. • Bespoke leadership development programme undertaken by all people managers. • Non-executive learning & development plan supported by budget.	• Implementation of Board succession plan. • Work on Chief Officer succession. • Development of succession planning tool. • Strategic Resource Planning to identify capacity issues and opportunities for next 12 months. • Resource capacity monitored by the Board monthly against bespoke risk appetite parameters. • Focus on reducing turnover.

Report of the Board of Management and Strategic Report

Effects of material estimates and judgements upon performance

The following are the material judgements and estimates affecting performance.

Impairment

Whether there are indicators of impairment of the Group's tangible assets. Management assesses the housing properties for indicators of impairment at each balance sheet date.

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

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

What constitutes a cash-generating unit when indicators of impairment require there to be an impairment review. Judgements in assessing the level of cash generating units and the recoverable amounts could lead to increases or decreases in the impairment provision.

Consideration of property development costs

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

Useful lives of depreciable assets

We set out the expected useful lives of our assets in the accounting policies in note 2. Management reviews its estimate of the useful lives of depreciable assets periodically, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and information and communication technology (ICT) equipment, changes to decent homes standards which may require more frequent replacement of key components and changes to the ability to let the property which may reduce the economic life of the property. Our policies are well developed.

Accumulated depreciation at 31 March 2025 was £457.4m (2024: £429.2m), with the total charge in year of £39.6m (2024: £35.3m). Defined benefit pension scheme obligations.

Defined benefit pension scheme obligations

At 31 March 2025, we had two defined benefit pension schemes, both closed to new members, the Social Housing Pension Scheme (SHPS) and the Dorset County Pension Fund defined benefit pension scheme (DCPF). Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Management estimates these factors, using qualified actuaries, in determining the net pension obligation in the balance sheet (see note 32). Variations in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses (as analysed in note 32). The net liability of both schemes at 31 March 2025 was £13.1m (2024: £18.3m).

Valuation of swaps

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

People Strategy

Our People Strategy 2023-2028 set out our ambition to become an Exceptional Place to Work. We have identified 10 cultural accelerators to enable us to go further, quicker towards delivering our organisational goals.

Leadership and management development remain a key priority, with our 'Learning Leader' approach for managers at all levels delivering key skills, alongside our Step Up to Manager programme.

Equality, Diversity, and Inclusion continues to be central to all that we do. Our EDI Strategy sets out our commitment to creating and sustaining an environment free from discrimination, harassment, and victimisation. We are focused on identifying key measures to monitor our progress and ensure that customers and colleagues are treated with respect and where necessary, we can make reasonable adjustments.

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

Where candidates meet the criteria for senior roles, we ensure candidates from under-represented groups are interviewed. Alongside our many other Colleague Volunteer roles, our four colleague Employee Networking Groups make a significant contribution to our EDI agenda and colleague experience. These are 2GeTher – our ethnicity network, Spectrum – LGBTQ+ network, Inspire – disability network and Alliance – gender equality network. We also have a number of listening groups for topics that really matter to colleagues such as Menopause, Men's Health, Carers and Neurodiversity. These groups ensure that colleagues have an opportunity to use their voice to effect change and play a huge part in our organisation's commitment to be a diverse and inclusive place to work. We were proud to achieve Top 10 Employer once again at the Ethnicity Matrix Awards.

Our in-house recruitment team works closely with our recruitment advertising partner, to ensure that we recruit people who share our values. We are continuing to make the most of digitalisation by developing our HR & L&D systems to enable colleagues to self-serve more and automate products and services to improve the colleague experience.

We continue to work in partnership with the Information & Participation Association, who are experts in the field of employee relations. We continuously develop the skills and contribution of our colleague representatives and are looking to strengthen the links between this group and our EDI networking groups. Our regular 'Colleague Voice' meetings

are chaired by our Chief Executive and other senior leaders, to ensure the colleague voice is heard and people are involved in decisions that affect them. This cross-company group widely consult, inform, and engage with colleagues.

Our unique approach to hybrid working is popular and most colleagues are home based with some working in schemes, foyers, and refuges. We are proud of the range of benefits we provide to support this way of working and the ability to offer truly flexible working arrangements to support people with diverse needs. We provide bespoke online training, which is developed in-house on a range of topics for colleagues and customers, ranging from reasonable adjustments (to remove or reduce any disadvantage related to someone's disability), to safeguarding, domestic abuse and resilience. Our regular manager briefings enable us to keep managers and colleagues up to date.

We are reviewing our Reward Strategy and continue to offer a unique suite of benefits such as the employee assistance programme, healthcare, our myOwnHome supported housing scheme, Home Work Space and Environmental loans and our Wellbeing Toolkit (mind, money, munch, move).

Our People Strategy is designed to:

- Deliver our Strategic Plan objectives and long-term vision to be an exceptional place to work.
- Ensure that colleagues are engaged, developed and equipped to deliver excellent services to customers.
- Continuously improve employee engagement so that colleagues feel proud, committed and are advocates for our organisation.
- Offer a best-in-class employee offer, designed to attract and retain a talented and motivated workforce.
- Develop the skills, knowledge and confidence of our workforce to ensure colleagues feel empowered to make decisions on behalf of our customers and are digitally confident and capable, in order to deliver our Customer Promise.
- Ensure that colleagues have the tools to deliver great services to customers and can work anywhere, as long as it suits them, their customers and each other.

We monitor the success of our People Strategy through employee engagement surveys and focus groups, called Job House sessions with colleagues from cross-functional groups. We carry out a regular Wellbeing Survey for line managers. We keep in touch with colleagues via a host of events throughout the year such as our annual Company Day Roadshows and monthly Team Talks to give people the opportunity to connect, stay informed and get involved.

Report of the Board of Management and Strategic Report

Relationships

We work alongside our Charity Partner, the Longleigh Foundation to support our customers to thrive in their homes and communities. This partnership enables us to support customers through individual and crisis grants, with customers receiving a total of £554k in grants over the year. In addition, through the Longleigh Foundation, customers have access to a range of specialist organisations providing support in relation to financial and mental wellbeing.

In addition to Longleigh, we work with charities and businesses across the country to create a growing database of organisations which can offer support and grants to our customers. Our specialist tenancy sustainment team supported more than 740 households to explore grant funding from external partners and over 321 households to access specialist fuel and energy saving advice. Stonewater has also partnered with LEAP, a free service, which is helping people keep warm and reduce their energy bills without costing them any money.

We continue to work with our established partnerships such as Provision House in Dudley and the British Heart Foundation. During 2024/25 we have established a number of new partnerships, one of these being an organisation called E-vouchers. Working with contractor donations we have been able to develop a quick response service that enables customers in crisis to access food and fuel vouchers.

We have continued to develop our stakeholder relationships with local authorities (LAs) and ensuring we remain a responsive, proactive partner. We have launched our local authority SPOC scheme which has assigned a senior colleague to 43 key strategic areas to lead in communication and partnership development. With new development schemes, we work with our LA partners in ensuring that our schemes are addressing local needs and that we form effective letting strategies to develop sustainable communities.

In the last year we have been working hard to improve and build on our relationships with our external managing companies, agents and freeholders. We are now meeting regularly with some key stakeholders which is giving us valuable oversight and influence for some of our more complex schemes. This focus will continue into the new financial year. We continue to work with our established LA partnerships and continue to acquire properties through this. In the last year we have entered into new management arrangements with Bristol City Council as well as lease arrangements with Herefordshire Council.

On employability, training and volunteering, we have established partnerships with various training providers as well as employers through attending careers fairs in priority areas. We promote our employability offer through a variety of channels, including our customer hubb, newsletter, targeted

emails and via our customer-facing colleagues. Some of the support customers have received included CV and interview support, digital upskilling, volunteering placements and more. We also have strong partnerships with training providers who can deliver various upskilling opportunities. For example, in Swindon we partnered with Young Enterprise – which delivered two-day sessions with more than 10 Supported Living customers attending.

The Domestic Abuse Team continues to utilise and develop relationships with key partners to ensure a community co-ordinated response to recovery for survivors. This year some key achievements include a streamlined approach with various housing and benefits teams, whereby we have designated officers who attend the services and oversee applications and move-on options to ensure better understanding and more timely processes. These initiatives have achieved a significant reduction in application delays, opened up more options for survivors and created an overall more positive move-on experience, which is vital for those moving into this next stage of their recovery.

Partnership working is essential to our Supported Housing services. We engage with 11 key local authorities to provide our Supported Housing and Domestic Abuse services. Our support services are developed in conjunction with the commissioning local authority, ensuring that we effectively meet the needs of young people, those with mental health needs, and survivors of domestic abuse. We prioritise building robust relationships with key stakeholders in local authorities, allowing us to respond to local demands and adjust our services as necessary.

For example, in Bedfordshire, Herefordshire, and Swindon, we participate in the local authority's Domestic Abuse Partnership Board. Following the government's allocation of New Burdens funding to local authorities for compliance with the Domestic Abuse Act, we collaborated with these authorities to create a tailored dispersed accommodation service for domestic abuse survivors. This initiative leverages Stonewater's general needs housing stock and provides specialised outreach support through our experienced Domestic Abuse teams within the community. In 2023/24, these services supported 17 survivors and their 34 children.

Customer engagement

We believe in the power of customer-led change and our customer engagement offer means that customers can get involved in improving our services in a way that suits them. Our Customer Engagement Guide features a menu of activities that customers can join to make a difference.

Our customer engagement work is driven by our Customer Voice policy. The policy was revised in 2024 in consultation with customers, and emphasises how we will promote accessibility; communicate lessons learned and service improvements to customers; and measure performance in line with the Tenant Satisfaction Measures.

Leading this work, our Customer Communications and Engagement team makes sure that all Stonewater customers have meaningful ways to engage and have the information they need to understand how customer engagement makes a difference.

In the last year we received more than 2,000 responses to surveys, covering topics that are important to customers such as how we communicate with them, the financial support we offer, employment support, and our grounds maintenance and repairs services.

Our Customer Scrutiny Panel forms a key part of Stonewater's governance, they undertake evidence-led detailed reviews into our services and make recommendations on how we can improve and learn from our success. The Panel is a great example of effective partnership between Stonewater and customers. We were delighted that our approach to Scrutiny was given substantial assurance following an internal audit.

In 2024/25 they made 32 recommendations covering damp and mould, responsive repairs and our Somerset pilot project. The team also took the opportunity to work with the Scrutiny Panel to turn the spotlight on themselves, undertaking a review into engagement at Stonewater. We'll work with the panel to implement their 10 recommendations and ensure our engagement offer continues to be as inclusive and accessible as possible.

Looking forward, we'll be working with all our customer panels and groups to increase their impact by bringing together all the evidence, research and reviews they undertake to support each other's work. Through strategic collaboration we hope to see a greater diversity of customers' voices heard through each engagement activity.

2024/25 was the first full year of operation for our Customer Complaints Learning Panel, a group designed to help Stonewater improve services through learning from complaints. The Panel has reviewed complaints relating to anti-social behaviour and communications and we're working with them to make positive changes in these areas.

Our Community Champion cohort has grown from 23 to 30 members across the country, working with us to improve grounds maintenance and communal cleaning in their areas and making community investment suggestions to add value to their neighbourhoods. Together they've completed 105 walkabouts in their areas, proving themselves to be an invaluable set of eyes and ears on the ground.

Our Ageing Well Board has given insights into how we can support customers aged 55+ across general needs and retirement living to live well in their homes for longer. Our newly formed online Inclusion Group has used their lived experience helped us to review key projects like the census and our complaints communications through the lens of accessibility.

Customers across our engaged groups and wider community have helped us to review eight key Stonewater policies including our hoarding policy, income management policy and access to housing policy.

Our mystery shopping programme has helped us to review the customer journey for key services like parking requests, queries about our pet policy and CCTV enquiries.

We have introduced locality working across our most high demand schemes – the focus being a coproduced action plan with customer priorities, a community day and intense communication via newsletters, visits and texts to improve engagement and implement change. Last year we spoke to over 200 customers, actioned 111 individual enquiries, worked with 12 external partners and had 9 customers interested in volunteering for Stonewater.

We have continued a pilot in Somerset throughout 2024 and into 2025 to evolve the housing operational delivery model and build a greater sense of local presence (an issue of concern highlighted in customer feedback). A team of specialists work to solve customer and community issues, ensuring co-ordination and avoiding pass off, deploying colleagues to site as appropriate. Communication is a critical element of this model, communicating to customers and other stakeholders the details of what the team do, who they are and how to make contact. In addition, regularly to customers via localised newsletters and text messaging. This approach was scrutinised this year by our Customer Scrutiny Panel and received positive feedback and a recommendation which has been agreed to scale the model. To date this team has resolved 564 cases. We have strengthened our partnerships in the area, particularly with our statutory partners the police and social services and have seen a step change in customer satisfaction through the Tenant Satisfaction measures (TSMs).

During the year we completed 44 area improvement projects, delivering transformation to bin store areas, car parks, scheme signage and bike store facilities. Improving areas in communities that matter most to our customers.

Through our Community Investment grant we've issued over 200 grants, from 400 applications to the fund, spending over £100k. This has enhanced customer experience and added significant value to communities. We've also given sim cards to customers with limited or no connectivity providing access to free texts, calls and data for six months.

Our Neighbourhood Partners have been effective and efficient in providing an on-site presence and ensuring that our schemes are maintained and compliant in terms of health and safety. Over the year they have carried out over 3,083 scheme inspections and over 4,452 site visits. We've continued to develop our Neighbourhood Partners through bespoke training on compliance, health and safety, and safeguarding, to ensure that they have the skills to deliver a responsive and effective housing management service while on site.

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Over the past year, our specialist teams have managed and completed 4,905 cases, addressing issues such as anti-social behaviour, domestic abuse, safeguarding, communal nuisance and environmental issues within communities, helping to make them happier and healthier places to live.

We continue to be a credible and influential presence in the areas that we service, actively consulting on various strategies, attending awareness raising and other community events, as well as offering training to key professionals to ensure that domestic abuse, and the needs of those we serve remains central.

The recommendations from the Safe Haven by the Sea report, launched in August 2024, are steadily progressing with the recommendations for the Brighton & Hove Housing team being complete or nearing completion. These include an awareness-raising campaign on the work of the Private Rented Team within refuges and beyond, a new allocations policy that prioritises domestic abuse survivors, a formal agreement on a temporary accommodation scheme for families leaving refuge, and the appointment of nominated housing officers as SPOCs for domestic abuse survivors.

Work continues on the introduction of a Sussex-wide Reciprocal Arrangement, with an in-person event bringing together key stakeholders from across the region. Stonewater remains an active member of the working group for national arrangements, which are gaining momentum with support from the Domestic Abuse Commissioner's Office, the Chartered Institute of Housing, and other key partners.

Connecting digitally

Our online quarterly newsletter, Here to Help, has been read over 7,000 times and our Customer Annual Review for 2023/24 has been viewed more than 4,000 times. We use these publications to make the customer voice heard and ensure customers have the information they need to live successfully in their homes and communities.

Our Facebook Live series continues to be popular with customers. We have held nine events, which have received over 11,000 views. The series allows our customers to ask live questions on topics they have told us are important to them, including damp and mould, antisocial behaviour and financial support.

We continued to provide more informal opportunities to engage – such as our customer hubb – an online community of more than 1,000 Stonewater customers. Customers are encouraged to share their views and ideas on Stonewater services, improving their communities and enjoying their homes.

We have a partnership with the Llonglegh Foundation and Vodafone that allows us to provide support to customers to allow them to become digitally enabled. Through this and our Community Investment Grants we are able to provide customers with access to devices as well as sim cards that provide free data, texting and calls.

We offer free digital on-line training and access to IT equipment. In last year, we had 43 customers with training and devices.

Customer insight

Our approach to customer insight allows us to have a better understanding of who our customers are and what they expect of our services.

Our approach tells us a lot of what we need to know about our customers and is obtained from a wide variety of sources of information, such as demographic data, customer feedback through surveys, complaints and involvement, operational data, external intelligence and staff knowledge. It allows us to understand our customers better, who they are and what their expectations of our services are. It enables us to demonstrate our customers' needs, opinions and aspirations. It's a great way for us to tailor how we develop and deliver our services so that they are cost effective and provide great customer experiences.

We use Tenant Satisfaction Measures to gain valuable customer insights, collecting data through tenant surveys and management information. This data is analysed to identify trends and areas needing improvement, helping us to understand our customer needs and expectations better. The insights gained from TSMs enable us to make informed decisions to enhance services, such as allocating more resources to areas where customers report dissatisfaction.

We also use transactional surveys to provide customer insight by capturing immediate feedback after specific interactions or transactions. This real-time data helps us to understand customer satisfaction at particular touchpoints, such as after a repair has been completed. This immediacy allows us to address concerns promptly, enhancing the overall customer satisfaction and fostering trust.

We currently license Household Acorn data from Consolidated Analysis Centre Incorporated (CACI), which is a powerful geodemographic segmentation that classifies and describes every UK household by factors such as demographic data, affluence, life stage, and property characteristics. This insight helps us to enhance our services and improve the customer experience. For example, the information has been used to give us an insight into our customers' financial circumstances. This allows us to understand better the impact of increases in housing costs arising from the annual rent and service charge review. This enables our Board to make informed decisions and for us to work proactively to ensure we are supporting those customers most impacted.

Customers may not always contact us if they are struggling and therefore, we use our data to reach out to 'silent customers'. Using 'contact volume information' the team will proactively contact customers we have not heard from to check on wellbeing and to arrange appropriate support as necessary. Year to date, we have attempted 558 silent call/visit attempts.

We have used our customer data to inform our overcrowding project. We have identified customers who may be overcrowded and have then overlaid damp, mould and condensation information to prioritise contact and identify how we may help. Since launching the project, we have supported over 200 households to improve their situation. This year, we have:

- Completed moves for 113 existing overcrowded homes.
- Completed one extension, with a further four in progress, for existing overcrowded households.
- Completed seven open-market purchases, with a further three purchases approved.
- Provided eight storage solutions.
- 34 moves are in progress.

The 2023/24 EDI data report and analysis into Stonewater Domestic Abuse Services highlighted continued needs for those from marginalised communities and the additional barriers which they face.

Positively, Stonewater services measure above average for the specialist and bespoke accommodation and support available, although we continue to recommend and strive to increase this offer. An example of positive progression is our increased capacity to support survivors who cannot access traditional refuges, as well as a new dispersed accommodation model for the LGBTQ+ Safe Space.

Customer and community feedback highlighted barriers to some survivors from BAME communities being unable to access DA services. In response, we have delivered more services within settings which are 'generic' such as Job Centres, education establishments and GP surgeries. This enables a wider reach and ability for anonymised and safe access to services.

Retirement Living

We have completed a survey with our Retirement Living customers regarding aspects of our service. A total of 792 responses were received. The main themes were security, safety, and satisfaction with the current level of support provided.

The Ageing Well Board helped review communications that we sent to Retirement Living customers regarding the survey. The Board is also reviewing a draft mobility scooter procedure and our guest room procedure, based on this survey. An action plan has been created to help the Board focus on future work and topics that the Board want Stonewater to focus on.

Customer insights gathered from our Retirement Living survey indicated that our job titles were perceived as confusing and unhelpful. Additionally, respondents expressed concerns regarding the reliance on a single worker per scheme, particularly when that individual was absent due to illness or departure. This issue was echoed in customer complaints, highlighting instances where essential tasks were overlooked because of staff shortages. In response to this feedback, we restructured our Retirement Living service by implementing clearer job titles, creating smaller operational clusters, and adopting a true cluster model. This approach allows a team of local staff to collaborate across multiple schemes within their vicinity, resulting in enhanced familiarity with our properties and customers, improved adaptability to staffing and customer needs, and strengthened teamwork and peer support within a more localised area.

To enhance our new operating model, we reviewed how retirement living staffing costs were incorporated into service charges. Historically, these costs had been calculated on a scheme-by-scheme basis, resulting in varying amounts based on the number of properties and staffing hours at each location. After a thorough review of the existing costing model, we standardised this approach across all schemes, establishing a single fixed price for all customers. We believe this change will promote fairness and transparency in the calculation of service charges moving forward.

Over the past year, we have consistently gathered feedback from survivors accessing our specialist Domestic Abuse services to assess what's working and where we can improve. Survivors provide feedback at key points—after four weeks, at three months, and on leaving. They also have access to a QR code throughout their stay, enabling them to share their experiences anytime, alongside regular coaching sessions and house meetings. At four weeks, 89.3% of survivors were aware of their support plan, demonstrating clear communication and structured care. At three months, 100% felt they had the right support in place, reinforcing the impact of tailored support plans, and on leaving the service, 84% felt that refuge was a safe space for them, and 80% felt ready for independent living.

Report of the Board of Management and Strategic Report

Suppliers

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

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

Homes England

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

Stonewater has a Strategic Partnership with Homes England to deliver two programmes; the Strategic Partnership Programme (SPP1) in partnership with Guinness, for which Stonewater will deliver 1,731 homes by March 2026 with grant funding of £89m, and SPP2 to solely deliver 2,680 homes by March 2029 with grant funding of £229m.

Funders

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

Equality, diversity and inclusion

Stonewater maintains its commitment to ensure that EDI underpins all of our work. We continue to use the Social Housing Equality Framework (SHEF) and the Investing in Ethnicity Maturity Matrix to support embedding EDI into our service delivery and our colleague lifecycle. Stonewater has retained a Level Four Exceptional Employer (the highest level) in the Investing in Ethnicity Maturity Matrix accreditation and for the past four years, the organisation has been named a Top 10 employer at the Ethnicity Awards.

We recognise that it is our colleagues' dedication that drives our successes, and we have set out our ambition to become an Exceptional Place to Work. Our aim is to create a culture where everyone can bring their whole self to work at Stonewater and we are committed to ensure that all of our colleagues feel proud to be themselves at work, and proud to say #iAMStonewater.

Gender and Ethnicity Pay Gap

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

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

Following the equal pay review in 2023, we do not believe that the gender pay gap reported is attributable to paying men and women differently for the same or equivalent work, and we continue to regularly monitor our practices to ensure this remains the case.

Proposed legislation under the Labour Government is to make Ethnicity Pay Gap reporting mandatory, however, as yet there are no confirmed timescales and reporting the ethnicity pay gap is still voluntary.

Our mean Ethnicity Pay Gap has increased this year to 7.07% from 5.08% in 2024. We have continued to encourage colleagues to input their ethnic data on myPOD so that the data is more accurate, however, this is still voluntary. The Ethnicity Pay Gap is therefore not as accurate due to the data as our Gender Pay Gap.

A huge amount of work has been going on to support the bridging of our pay gaps and to support our People Strategy and we are pleased to see that set against a time of growth we have started to see a reduction in our gender pay gap, albeit marginal.

We know we can do more, and we are committed to building a sustainable long-term change to drive down our pay gaps. This will take time, and it remains a key priority in our wider People Strategy. During 2024 we have had a real focus on talking and engaging with our colleagues to enable us to build strong tailored people policies. In the national Ethnicity Awards, we also placed in the top 10 in the Network Group of the Year.

These awards and the feedback from our employees are incredibly important, but we know there is more to be done. We continue to listen, learn, implement and monitor our pay gap action plans alongside our wider people strategy to drive continual positive change, and we look forward to reporting our progress over the next 12 months.

Modern slavery and human trafficking

Stonewater's Modern slavery and human trafficking statement, under the Modern Slavery Act 2015, for the financial year ending 31 March 2025, is available via our website.

Financial Inclusion

We have continued to develop a customer focused, flexible approach through our Income Maximisation Strategy which enhances our support offer for customers due to the cost of living placing more challenges on limited resources. We're able to support customers with short-term 'flexible' payment arrangements to help them through unexpected circumstances, as well as offering advice, support and guidance for those struggling with the challenges of general everyday costs.

During the year, our specialist income team secured over £178,000 in Discretionary Housing Payments for customers. They also continued to work in partnership with StepChange Debt Charity and Cleanslate to provide enhanced support on debt, budgeting, benefits and ensuring all customers have access to financial guidance when they need it.

Further to the introduction of Voicescape, Caseload Manager, Stonewater has been able to prioritise speaking to those customers who need us most, based on a data-led approach on how they are managing their rent account. As a result of this earlier intervention, we have successfully reduced gross arrears by 1% over the year to 4.0%.

We've continued to work closely with the Longleigh Foundation on key initiatives designed to support customers experiencing financial hardship. We have referred customers for individual grants and helped customers cope with the impact of difficult, unexpected and unknown crisis situations. We have also supported when there are known situations that are about to happen, that will cause financial hardship, such as moving home.

Our kickstart project was established in October 2022, designed to re-engineer our onboarding process to better support new customers with the emotional and financial pressures of moving home and increase tenancy sustainability. This project provided a dedicated specialist resource to avoid new customer debt and minimise low-level debt through prevention, enhanced monitoring and early intervention. Since its formation, this project enabled

Stonewater to increase tenancy sustainment with the number of tenancies ending in the first two years reducing from 0.9% to 0.3%.

Additionally, we have provided three specialist roles in our frontline customer-facing teams focused on employability, grants, other third sector support and fuel poverty. These roles are able to work directly with customers, signposting and facilitating them to access support to improve financial circumstances, living environments and emotional wellbeing.

In October 2024, we contacted all customers to remind them of our financial inclusion offer and that we are here to help them navigate the cost-of-living crisis and collect their views on the financial support we offer. The insight gathered informed our 2025/26 annual Rent Review and enhanced our support offer and communications.

We've provided a dedicated triage service and have spoken to over 975 customers to answer queries, with over 428 of these being given one-to-one support. This has included advice on budgeting, grants, benefits, employability and making referrals to the Longleigh Foundation, Cleanslate and StepChange as appropriate.

We continue to seek to influence national policy; campaigning for better support for Heat Networks customers, promoting social tariffs, improving connectivity within homes. We also link customers to opportunities to work with partners locally to better support new ways of working.

Report of the Board of Management and Strategic Report

Future prospects

The key assumptions included in the business plan are:

Year 1 of the plan, 2025/26, is based on the approved budget.

Rents

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

Inflation – Consumer Price Index (CPI)

1.7% for 2025/26, 2.5% in 2026/27, 2.25% in 2027/28 and 2.0% thereafter.

SONIA (Sterling Overnight Index Average)

4.75% in 2025/26, falling to 4.0% by 2027/28, further decreases to 3.5% by 2031/32 and then the long-term rate of 3.0% from 2033/34.

Earnings

CPI only throughout the plan.

Maintenance and development costs

CPI + 1.0% until 2034/35, CPI only thereafter.

Other costs

CPI + 0.5% throughout.

Voids and bad debts

Voids and bad debts both at 1.0% throughout the plan.

Pension contributions

SHPS annual recovery payments per latest review schedule.

The 2025 forecasts cover the challenging economic climate of continuing high interest rates and the uncertainty of how global factors will impact the UK economy.

Development over the next five years is planned to total 4,000 social rent, affordable rent, shared ownership and Rent to Buy units. This period covers the end of the initial Strategic Partnership Programme (SPP) with Homes England covering the delivery of 1,731 homes, and the continuation of the second SPP approved in September 2021, in which Stonewater was successful in securing further grant funding. The second SPP programme will deliver 2,680 high-quality affordable homes by 2029 with grant funding of £229m.

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

The stress testing of the plan considers more extreme economic scenarios than that usually expected.

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

Expected income and expenditure	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Turnover	321.0	337.1	345.7	361.4	365.5
Cost of sales	(29.3)	(30.0)	(21.6)	(22.4)	(13.3)
Operating costs	(229.5)	(243.6)	(254.4)	(265.6)	(274.9)
Surplus on disposal of fixed assets	17.2	14.0	14.9	16.6	17.6
Operating surplus	79.4	77.5	84.6	90.0	94.9
Net interest	(63.5)	(66.5)	(73.7)	(79.5)	(78.8)
Movement in fair value of non-hedging financial instruments	0.3	0.2	0.2	0.2	0.2
Surplus for the year	16.2	11.2	11.1	10.7	16.3
Capitalised components	41.6	52.6	53.0	54.1	57.0

Before disposals, the base plan shows a flat operating margin for the first few years. Margin growth is slow with assumed rent increases being offset by the increase in maintenance costs and overheads. Expenditure on development is higher than prior year business plans due to strong build cost inflation. The increase in debt (mainly at fixed rates) leads to a higher interest charge over the five years although the SONIA benchmark rate is starting to reduce from highs of 2023/24.

Business planning, risk and internal controls assurance

Purpose

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

Responsibility

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

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

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

- **Identification and evaluation of key risks**

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

- **Monitoring and corrective action**

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

- **Control environment and control procedures**

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

- **Information and financial reporting systems**

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes; and also progress in achieving and retaining recognition for quality management systems.

Stonewater's operations have continued to evolve during 2024/25 in response to the changing operating environment. The Board has received regular reports on key risk areas, including global conflicts and the financial markets and their impact on our customers and business costs. Bespoke risk indicators enable the Board to ensure that operations remain within the risk appetite.

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

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

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

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

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

Report of the Board of Management and Strategic Report

Compliance with the regulatory standards

The regulatory judgement issued by the Regulator of Social Housing in November 2024 confirms that Stonewater meets the requirements set out in the Governance and Financial Viability standard of the 2015 Regulatory Framework with the top ratings of G1 (The provider meets the requirements on governance set out in the Governance and Financial Viability standard) and V1 (The provider meets the requirements on viability set out in the Governance and Financial Viability Standard and has the capacity to mitigate its exposures effectively). Since then, the Board has undertaken a self-assessment of compliance with the Governance and Viability standard, taking account of the Code of Practice, and confirms that Stonewater remains compliant with the standard.

Going concern

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

In May 2025, the Board reviewed an updated long-term financial plan, focusing on the next five years. This plan incorporated stress testing against adverse macroeconomic scenarios and assessed potential mitigations. The results confirmed that the Group and Association could continue to operate within all banking covenants and maintain sufficient cash and debt facilities under these conditions.

As part of its ongoing oversight, the Board obtains assurance of financial strength through a rolling programme of budgeting, reforecasting, and long-term planning. This includes regular stress testing of funding availability, liquidity, and covenant compliance, with reference to the expectations of external stakeholders such as regulators and credit rating agencies.

The Board concluded that current and foreseeable economic conditions, including downside scenarios, do not materially affect the Group and Association's ability to operate. It is confident in the robustness of the business and the availability of liquidity and mitigating actions if required.

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

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

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

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

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers (2018) have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Group and Association, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Disclosure of information to auditors

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

BDO LLP were appointed as Stonewater's external auditors on 27 November 2024 for 2024/25.

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

The report of the Board was approved on 28 May 2025 and signed on its behalf by:



Sheila Collins

Chairman of the Board

Independent auditor's report to the members of Stonewater Limited

Opinion on the financial statements

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 and the Association's surplus for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Stonewater Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2025, which comprise the Consolidated statement of comprehensive income, the Association statement of comprehensive income, the Consolidated statement of financial position, the Association statement of financial position, the Consolidated statement of changes in reserves, the Association statement of changes in reserves, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Risk and Assurance Committee.

Independence

Following the recommendation of the Risk and Assurance Committee, we were appointed by the Board on 6 October 2015 to audit the financial statements for the year ending 31 March 2016 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 10 years, covering the years ending 31 March 2016 to 31 March 2025.

We remain independent of the Group and the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Association.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Association's ability to continue to adopt the going concern basis of accounting included:

- Assessment of the internal forecasting process to confirm the projections are prepared by appropriate personnel who are aware of the detailed figures in the forecast but also have a high-level understanding of the entity's market, strategy and profile in the customer base.
- Obtaining and assessing the availability of financing facilities, including the nature of facilities, repayment terms and financial covenants.
- We considered management's financial covenant compliance calculations through to December 2027 and concluded on the consistency of such calculations with the ratios stated in the relevant lender agreements.
- Consideration of the forecasts prepared by management and challenge of the key assumptions based on our knowledge of the business. As referred to in the going concern accounting policy note, management have performed stress testing on the financial plan. We have reviewed the stress testing scenarios modelled by management, which covered the impact on the business of key economic factors, increases in capital and revenue works to achieve EPC C and B, increase in rent arrears and bad debts, loss of rental income due to delayed handovers, temporary inability to sell new shared ownership properties and adverse movements in inflation and interest rates
- We did not note any significant omissions in the stress testing performed.
- We challenged management on the suitability of the mitigating actions identified in their assessment and the quantum and period ascribed to these mitigating actions. We reviewed the reasonableness of the proposed mitigations and whether the mitigations were entirely in the control of management to action.

- We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Association's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Overview

Key audit matters		2025	2024
		☒	☒
Materiality	The recoverable amount of property developed for sale		
	Group financial statements as a whole £49m (2024: £43m) based on 1.5% of total assets		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework, country of operation and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements, including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by management that may have represented a risk of material misstatement.

Independent auditor's report to the members of Stonewater Limited

Components in scope

There are seven entities within the Group, including the Association. In addition, there is a joint venture, in which the Group has a 50% share. The nature of the other entities in the Group is as follows:

- Three of these entities are Charitable Registered providers of social housing, including the Group's main operating entity Stonewater Limited;
- One entity is the funding vehicle, which borrows externally and on lends to Group members;
- One entity is the development vehicle, which provides services to Group members only;
- Two entities are dormant and have no financial impact on the financial statements.

We performed risk assessment procedures to identify areas in the Group's financial statements that may be at risk of material misstatement. We used both qualitative and quantitative factors to perform this assessment including evaluating the size, complexity, and nature of each entity's activities, reviewing significant transactions or estimates and any changes in the business environment. The Group is centrally managed, with the Group Finance team controlling the processes and controls for all entities within the Group

We identified the specific areas that could lead to a material misstatement at Group level. As part of our Group audit, we assessed each component against the risks of material misstatement identified.

The two dormant entities and the joint venture, which have limited financial impact on the consolidated financial statements, have not been considered as components.

Procedures performed at the component level

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence to support the Group opinion. We performed procedures to respond to group risks of material misstatement at the component level that included the following:

Component	Component Name	Entity	Group Audit Scope
1	S1	Stonewater Limited	Statutory audit and procedures on the entire financial information of the component.
2	S5	Stonewater 5 Limited	Procedures on one or more classes of transactions, account balances or disclosures
3	SF	Stonewater Funding PLC	Procedures on one or more classes of transactions, account balances or disclosures
4	SD	Stonewater Development Limited	Procedures on one or more classes of transactions, account balances or disclosures
5	MG	Mount Green Housing Association	Procedures on one or more classes of transactions, account balances or disclosures

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls as well as similarity of the group's activities in relation to:

- impairment of housing assets;
- recoverable amount of inventory;
- tax balances;
- consolidation, financial statement preparation and cash flow statement;
- going concern; and
- laws and regulations

We therefore designed and performed procedures centrally in these areas.

The group operates a centralised IT function that supports IT processes for certain components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

The Group engagement team has performed all procedures and had not involved component auditors in the Group audit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
The recoverable amount of property developed for sale. This relates to items included in note 18 of the financial statements. This area also represents a key judgement made by management as described on page 64.	As explained in the accounting policies, properties developed for sale, which are shared ownership first tranches, are measured at the lower of cost and expected sales proceeds less costs to complete and sell, resulting in an amount recognised in the balance sheet of the Group of £54m (2024: £56m) and of the Association of £38m (2024: £55m). For properties held for sale including completed and those under construction at the balance sheet date, an assessment is needed of an expected selling price and costs to complete and sell. Due to the volume of properties under construction and the level of judgement involved in estimating both selling price and costs to complete, we considered there to be a significant risk that the carrying amount of properties developed for sale is misstated and this was therefore a key audit matter.	Our response included the following: Having obtained management's assessment of the recoverable amount of properties developed for sale, we selected a sample on which to perform detailed testing. Our samples were chosen from the populations of items that represented shared ownership properties both completed and under construction schemes at year-end. For the schemes selected, we performed one or a combination of the below, based on the risk attached to each scheme selected: - For forecast sales price: - Completed units sold after the year end – we agreed proceeds to completion statement. - Completed units not sold after year end and schemes still under construction – we obtained one or more of: third party formal valuation of the property; sales prices achieved for similar units in the year; or valuation of properties for marketing purposes. We enquired and assessed what management plans are for unsold properties. - Land bank – we obtained one or more of: third party formal valuation of the property; sales prices achieved or paid for land in the year; or other management valuation. We enquired and assessed what management plans are for the site. - For costs to complete (performed one or a combination of the following): - Obtained the latest cost consultant report or build contractor's invoice and compared construction costs against total contract value, taking into account latest contract variations. - Obtained details of the expected costs to complete from the scheme budget and agreed the budgeted contract costs of the development to the latest contract documentation and considered the appropriateness of any estimates used. - Assessed the accuracy of cost forecasting by looking at the outturn of costs compared to budget on schemes completed in the year. - For development schemes in progress, discussed with the development manager whether there was any indication of any potential cost issues in relation to: - Price inflation - Contractor solvency - Variations, including contractor requests to increase the price of a fixed price contract. - For costs to sell – reviewed computations of selling costs and compared against known selling costs that were incurred in the year.

Key observations:

Based on the evidence obtained we did not identify any indications that the assessments of the recoverable amount made by management were inappropriate.

Independent auditor's report to the members of Stonewater Limited

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Association financial statements	
	2025	2024	2025	2024
Financial statement materiality				
Materiality	£49.0m	£43.0m	£45.0m	£42.0m
Basis for determining materiality	1.5% of total assets	1.5% of total assets	1.5% of total assets	1.5% of total assets
Performance materiality	£36.8m	£32.3m	£33.8m	£31.5m
Basis for determining performance materiality	75% of materiality	70% of materiality	75% of materiality	70% of materiality
Specific materiality				
Specific materiality	£6.0m	£5.3m	£5.7m	£5.1m
Basis for determining specific materiality	2% of revenue	2% of revenue	2% of revenue	2% of revenue
Specific performance materiality	£4.5m	£4.0m	£4.3m	£3.8m
Basis for determining specific performance materiality	75% of materiality	70% of materiality	75% of materiality	70% of materiality

Rationale for the benchmarks applied

A registered provider of social housing's key stakeholders are primarily focused on the value of the stable, rented asset portfolio, as their debt is secured on these assets. Total assets is therefore considered to be the appropriate benchmark for determining overall materiality. However, we also determined that for those classes of transactions within the statement of comprehensive income that are used in covenant calculations and sector benchmarking metrics, as well as other financial statement areas, such as property for sale and rent arrears, that are subject to greater scrutiny by key stakeholders, a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of the users of the financial statements. As a result, we applied a specific materiality calculated using revenue as the benchmark to these balances and transactions.

We have determined that 75% of materiality is an appropriate basis for performance materiality based on our previous experience of the audit and factors such as the low levels of misstatements previously identified, partially offset by some areas of the financial statements being subject to significant estimation uncertainty. We increased performance materiality to reflect our updated assessment of risk, and the limited errors identified in the prior year and expected in the current year.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £900k (2024: £860k) in relation to financial statement materiality and £120k in relation to specific materiality (2024: £102k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the Association has not kept proper books of account;
- the Association has not maintained a satisfactory system of control over its transactions;
- 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.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- our understanding of the Group and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations,

We considered the significant laws and regulations to be the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be employment law, tax legislation, the Regulator of Social Housing's Regulatory Standards, data protection, building safety and health and safety legislation.

Our procedures in respect of the above included:

- review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation;
- involvement of tax specialists in the audit; and
- review of legal expenditure accounts to understand the nature of expenditure incurred;

Independent auditor's report to the members of Stonewater Limited

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group's policies and procedures relating to:
 - detecting and responding to the risks of fraud; and
 - internal controls established to mitigate risks related to fraud;
- review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these; and

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, including the posting of inappropriate journals to manipulate financial results, and management bias in accounting estimates.

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year that met defined risk criteria, as well as a random sample, by agreeing to supporting documentation; and
- assessing significant estimates made by management for bias recoverable amount of properties developed for sale (see Key audit matters) and impairment of tangible fixed assets by challenging estimates made by management;

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were all deemed to have appropriate competence and capabilities, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent

limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

E Kulczycki

Elizabeth Kulczycki (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income for the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Turnover	4	306,113	271,155
Cost of sales	4	(32,155)	(31,734)
Operating costs	4	(216,065)	(187,230)
Surplus on disposal of fixed assets	4,11	12,165	8,356
Operating surplus	7	70,058	60,547
Gain on acquisition of business	36	3,607	121,715
Share of gain/(loss) made by joint venture	17	190	(162)
Interest receivable and similar income	12	3,221	3,212
Interest payable and financing costs	13	(66,215)	(55,191)
Movement in fair value of non-hedged financial instruments	13	1,106	1,268
Surplus for the year before Tax		11,967	131,389
Taxation	14	-	-
Surplus for the year		11,967	131,389
Actuarial gains/(losses) on defined pension schemes	32	2,322	(3,124)
Amounts recycled from Cashflow hedge reserve	27	(618)	(420)
Movement in fair value of hedged financial instruments	27	3,196	3,522
Total comprehensive income for the year		16,867	131,367

All amounts relate to continuing activities.

The notes on pages 58 to 96 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 6 August 2025.



Sheila Collins
Chairman of the Board



Andrew Lawrence
Chair of the Risk and Assurance Committee



Anne Harling
Secretary

Association statement of comprehensive income for the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Turnover	4	283,866	257,763
Cost of sales	4	(32,531)	(31,705)
Operating costs	4	(191,941)	(175,206)
Surplus on disposal of fixed assets	4,11	8,625	7,403
Operating surplus	7	68,019	58,255
Interest receivable and similar income	12	4,549	2,148
Interest payable and financing costs	13	(60,654)	(50,396)
Movement in fair value of non-hedged financial instruments	13	1,106	1,268
Surplus for the year before Tax		13,020	11,275
Taxation	14	-	-
Surplus for the year		13,020	11,275
Actuarial gains/(losses) on defined pension schemes	32	2,243	(3,124)
Amounts recycled from Cashflow hedge reserve	27	(618)	(420)
Movement in fair value of hedged financial instruments	27	3,196	3,522
Total comprehensive income for the year		17,841	11,253

All amounts relate to continuing activities.

The notes on pages 58 to 96 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 6 August 2025.



Sheila Collins
Chairman of the Board



Andrew Lawrence
Chair of the Risk and Assurance Committee



Anne Harling
Secretary

Consolidated statement of financial position as at 31 March 2025

	Note	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Fixed assets					
Tangible fixed assets housing properties	15		3,069,784		2,899,323
Other fixed assets	16		19,876		16,133
Investments	17		-		19
Share of assets/(liabilities) in joint venture	17		10		(180)
			3,089,670		2,915,295
Current assets					
Properties held for sale	18	37,584		56,204	
Debtors	19	45,981		73,375	
Restricted cash	20	5,897		6,693	
Cash and cash equivalents		71,978		49,741	
		161,440		186,013	
Creditors: amounts due within one year	21	(166,657)		(127,026)	
Net current assets			(5,218)		58,987
Total assets less current liabilities			3,084,452		2,974,282
Creditors: amounts falling due after more than one year	22	(2,442,183)		(2,343,595)	
Provisions for liabilities					
Provisions	28	(886)		(305)	
Pension liability	32	(13,118)		(18,983)	
			(14,004)		(19,288)
Net assets			628,266		611,399
Capital and reserves					
Cashflow hedge reserve			(9,213)		(11,791)
Income and expenditure reserve			637,479		623,190
			628,266		611,399

The notes on pages 58 to 96 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 6 August 2025.

Sheila Collins
Chairman of the Board

Andrew Lawrence
Chair of the Risk and Assurance Committee

Anne Harling
Secretary

Association statement of financial position as at 31 March 2025

	Note	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Fixed assets					
Tangible fixed assets housing properties	15		2,814,484		2,671,655
Other fixed assets	16		16,868		12,965
Investments	17		50		50
			2,831,402		2,684,670
Current assets					
Properties held for sale	18	37,584		54,980	
Debtors due after more than one year	19	9,680		37,358*	
Debtors due within a year	19	48,379		72,811*	
Restricted cash	20	5,622		5,142	
		53,699		14,790	
Cash and cash equivalents		154,964		185,081	
Creditors: amounts due within one year	21	(164,698)		(129,945)	
Net current assets			(9,734)		55,136
Total assets less current liabilities			2,821,668		2,739,806
Creditors: amounts falling due after more than one year	22		(2,285,728)		(2,215,930)
Provisions for liabilities					
Provisions	28	(186)		(305)	
Pension Liability	32	(12,669)		(18,327)	
			(12,855)		(18,632)
Net assets			523,085		505,244
Capital and reserves					
Cashflow hedge reserve			(9,213)		(11,791)
Income and Expenditure Reserve			532,298		517,035
			523,085		505,244

* In the prior year financial statements, the note to the accounts appropriately analysed debtors between amounts receivable within one year and after more than one year. However, this split was not reflected on the face of the Statement of Financial Position. For consistency and to enhance the clarity of the financial statements, the comparatives have been restated to present this split on the face of the Statement of Financial Position. This restatement has no impact on the reported net assets or the results for the year.

The notes on pages 58 to 96 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 6 August 2025.



Sheila Collins
Chairman of the Board



Andrew Lawrence
Chair of the Risk and Assurance Committee



Anne Harling
Secretary

Consolidated statement of changes in reserves for the year ended 31 March 2025

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

		Cash flow hedge reserve	Income and expenditure reserve	Total reserves
	Note	£'000	£'000	£'000
At 1 April 2023		(14,893)	494,925	480,032
Surplus for the year		-	131,389	131,389
Actuarial gains on defined benefit pension scheme (DCC)	32	-	466	466
Actuarial losses on defined benefit pension scheme (SHPS)	32	-	(3,590)	(3,590)
Amounts recycled from cash flow hedge reserve	27	(420)	-	(420)
Year end revaluation of hedging financial instruments	27	3,522	-	3,522
At 31 March 2024		(11,791)	623,190	611,399

The notes on pages 58 to 96 form part of these financial statements.

Association statement of changes in reserves for the year ended 31 March 2025

		Cash flow hedge reserve	Income and expenditure reserve	Total reserves
	Note	£'000	£'000	£'000
At 1 April 2024		(11,791)	517,035	505,244
Surplus for the year		-	13,020	13,020
Actuarial gains on defined benefit pension scheme (DCC)	32	-	785	785
Actuarial gains on defined benefit pension scheme (SHPS)	32	-	1,458	1,458
Amounts recycled from cash flow hedge reserve	27	(618)	-	(618)
Year-end revaluation of hedging financial instruments	27	3,196	-	3,196
At 31 March 2025		(9,213)	532,298	523,085

		Other reserves	Income and expenditure reserve	Total reserves
	Note	£'000	£'000	£'000
At 1 April 2023		(14,893)	508,884	493,991
Surplus for the year		-	11,275	11,275
Actuarial gains on defined benefit pension scheme (DCC)	32	-	466	466
Actuarial losses on defined benefit pension scheme (SHPS)	32	-	(3,590)	(3,590)
Amounts recycled from cash flow hedge reserve	27	(420)	-	(420)
Year-end revaluation of hedging financial instruments	27	3,522	-	3,522
At 31 March 2024		(11,791)	517,035	505,244

The notes on pages 58 to 96 form part of these financial statements.

Consolidated statement of cashflows for the year ended 31 March 2025

	Group 2025 £'000	Group 2024 £'000
Surplus for the financial year	11,967	131,389
Adjustments for:		
Carrying value of fixed assets disposed	9,045	9,064
Accelerated depreciation and depreciation of fixed assets - housing properties	42,398	37,482
Impairment of fixed assets - housing properties	(1,904)	437
Depreciation and impairment of other fixed assets	3,162	2,798
Amortised grant	(8,289)	(7,698)
Net fair value losses recognised in income and expenditure account	(1,106)	(1,268)
Interest payable and finance costs	66,215	55,191
Difference between pension cost and employer contributions	(3,543)	(3,357)
Fair value gain on acquisition of subsidiary	(3,607)	(121,715)
Share of operating (deficit)/surplus in joint venture	(190)	162
Interest received	(3,221)	(3,212)
Decrease/(Increase) in trade and other debtors	989	(3,856)
Decrease in properties held for sale	18,620	4,676
Decrease in provisions	581	(54)
(Decrease)/Increase in trade and other creditors	(13,897)	19,605
Net cash generated from operating activities	117,220	119,644
Cash flows from investing activities		
Purchase of fixed assets - housing properties	(204,851)	(329,318)
Purchase of other fixed assets	(7,303)	(6,725)
Receipt of grant	105,210	43,973
Repayment/(Loan) in joint venture	6,387	(3,978)
Cash arising from business combination	322	287
Cash arising from transfer of engagement	-	613
Interest received	3,221	3,212
Net cash outflow from investing activities	(97,014)	(291,936)
Cash flows from financing activities		
Interest paid	(72,892)	(56,452)
Increase in short term investment	796	534
New bank loans	144,000	240,000
Bond proceeds	-	70,000
Bond payments	-	-
Repayment of bank loans	(70,554)	(91,361)
Other loans	681	-
Net cash received in financing activities	2,031	162,721
Net increase/(decrease) in cash and cash equivalents	22,237	(9,571)
Cash and cash equivalents at the beginning of the year	49,741	59,312
Cash and cash equivalents at the end of the year	71,978	49,741

Notes to the financial statements

1. Legal status

Stonewater Limited is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

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

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

2.2 Basis of consolidation

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

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

2.3 Going concern

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

In May 2025, the Board reviewed an updated long-term financial plan, focusing on the next five years. This plan incorporated stress testing against adverse macroeconomic scenarios and assessed potential mitigations. The results confirmed that the Group and Association could continue to operate within all banking covenants and maintain sufficient cash and debt facilities under these conditions.

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

We have a policy of maintaining cash and committed bank facilities equal to contractual commitments (less grant associated with them) for the following 18 months. At 31 March 2025, Stonewater had £21.6m of cash, £45.0m of short-term investments and £334m of undrawn facilities, which exceeded contracted obligations less grant by £205.0m.

Notes to the financial statements

2.4 Turnover

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

- Rent and service charge income receivable (net of void losses), is recognised on an accruals basis as they fall due.
- The amortisation of social housing grant is applied by the accrual model in accordance with FRS102, and the income is released over the life of the associated structure component.
- Fixed service charge income is recognised in the year to which it relates. Variable service charge income is recognised in the year the related cost is recognised.
- Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.
- Intra-Group income and expenditure is included in turnover and operating costs in the financial statements of the Association but is eliminated within the Group consolidated financial statements.

2.5 Operating segments

As there are publicly traded securities within the Group, a requirement arises to disclose information about Group operating segments under IFRS 8, even though the Group does not report under IFRS. Segmental information is disclosed in note 4(a) and 5(a) and as part of the analysis of housing properties in note 15. Information about income, expenditure and assets attributable to material operating segments are based on the nature and function of assets held rather than geography. This is appropriate based on the similarity of the services, nature of risks, type of customer and nature of regulatory environment across all geographical locations in which the Group operates.

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

2.6 Joint ventures

A joint venture is a contractual arrangement whereby the Group undertakes an economic activity that is subject to joint control with third parties and the parties have rights to the net assets of the arrangement. The Group's interest in joint ventures is accounted for using the equity method of accounting. Under this method, the consolidated statement of comprehensive income includes the Group's share of the operating results, pre-tax results and attributable taxation of

such undertakings applying accounting policies consistent with those of the Group. In the consolidated statement of financial position, the Group's share of the identifiable net assets attributable to its joint ventures is shown separately. Within individual entities, these joint ventures are recognised as investments and accounted for at cost. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

2.7 Business combinations

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

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

2.8 Properties for sale

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

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

2.9 Service charges

The Group adopts a mixture of fixed and variable methods for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated or fixed amounts chargeable. Where income is estimated an adjustment is made in subsequent years once the actual income has been determined.

2.10 Schemes managed by agents

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

Notes to the financial statements

2.11 Cost of sales

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

Also included within costs of sales are expenses relating to fees expended in promotion developments through the planning system which are written off to the statement of comprehensive income until the viability of such a development is reasonably secure, after which such costs are capitalised in accordance with the accounting policy in respect of land and properties held for sale. At the date a sale is recognised a relevant proportion of costs inclusive of in-house development staff, shared ownership sales staff, and a proportion of other staff in other departments which work on development activity attributable to that sale are taken to cost of sales.

2.12 Operating costs

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

2.13 Value added tax

A large proportion of the Group's income comprises rental income, which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the consolidated statement of comprehensive income.

2.14 Government and other grants

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

In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected (see table of useful economic lives on page 61).

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

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

SHG can be recycled by the Association under certain circumstances such as if a property is sold, or if another relevant event takes place. In these cases, the SHG can be recycled for use on projects approved by Homes England and is held on the statement of financial position as a liability in the

recycled capital grant fund (RCGF). However, SHG may need to be repaid in certain circumstances.

The Social Housing Decarbonisation Fund (SHDF) is funding for local authorities and social housing providers to help improve the energy performance of social homes. It's also guided by the government grants section in FRS102 and the above rules apply. The grants are accounted as deferred income in the Statement of Financial Position and released to the income statement on a systematic basis over the useful economic lives of the asset for which it was received.

During the financial year, the Group and Association identified an issue with the SHDF which was classified as part of the housing properties cost in previous year. This has now been amended. The prior year comparative figures have not been restated, as the impact was not considered material to those financial statements. Furthermore, no adjustments were required to the opening balances as at 1 April 2024.

2.15 Housing properties

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

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

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

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

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

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

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

During the financial year, the Group and Association identified a classification issue between housing property tenure types and

Notes to the financial statements

in the cost and accumulated depreciation balances. This has now been amended. The prior year comparative figures have not been restated, as the impact was not considered material to those financial statements. Furthermore, no adjustments were required to the opening balances as at 1 April 2024.

2.16 Fixed assets and depreciation

Freehold land is not depreciated.

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

The estimated useful lives range as follows:

Description	Estimated economic useful life (years)
Boilers	15
Kitchens	20
Lifts	20
Solar panels	20
Heating systems	30
Bathrooms and wet rooms	30
Windows and doors	35
Electrics	40
Roof cover	70
Retrofit/sustainability works	30
Structure	100

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

Social Housing Grant (SHG) is amortised to income over 100 years for social housing lettings.

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

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

2.17 Impairment

An annual review is undertaken of existing social housing properties to determine if there have been indicators of impairment in the current financial year for assets which may have suffered an impairment loss. The review is done on a scheme level, which is deemed to be a cash-generating unit. Impairment reviews are carried out in accordance with the Housing SORP, with consideration including the following impairment indicators:

- Development issues.

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

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

2.18 Other fixed assets

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

During the financial year, the Group and Association identified a classification issue between other fixed asset types and in the cost and accumulated depreciation balances. This has now been amended. The prior year comparative figures have not been restated, as the impact was not considered material to those financial statements. Furthermore, no adjustments were required to the opening balances as at 1 April 2024.

2.19 Depreciation of other fixed assets

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

Description	Estimated economic life (years)
Freehold office	100
Furniture and office equipment	5 to 25
Computer equipment	3 or 5

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

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

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

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

Notes to the financial statements

2.20 Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area basis.

2.21 Donated land and other assets

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

2.22 Acquisition of housing properties from other social landlords

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

2.23 Shared ownership properties and staircasing

Shared ownership sales are treated as follows:

Shared ownership properties are split proportionately between current and fixed assets based on the first tranche proportion.

The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover.

The remaining element is classed as a fixed asset, and included in housing properties at cost, less any provisions needed for depreciation or impairment.

2.24 Properties held for sale

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

2.25 Debtors and creditors

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

2.26 Impairment of rental and other trade receivables

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

2.27 Rent and service charge agreements

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

2.28 Loans, investments and short-term deposits

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

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

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

Under FRS102 a substantial modification of the terms of an existing financial liability or a part of is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The Group assesses whether Debt has been substantially modified by comparing a number of subjective factors pre- and post-refinancing, including changes to the contractually loan cash flows.

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

2.29 Cash and cash equivalents

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

At 31 March 2025, Group leaseholder cash of £5,309.6k and Association leaseholder cash of £4,843.5k has been included in cash and cash equivalents.

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

2.30 Derivative instruments and hedge accounting

The Group holds floating rate loans which expose the Group to interest rate risk. To mitigate against this risk the Group uses

Notes to the financial statements

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

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

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

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

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

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

2.31 Leased assets: lessee

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

2.32 Leasehold sinking funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors.

2.33 Provisions for liabilities

Provisions are included where there is a probable but not certain economic obligation. Any provision included is expected to cover the future liability and are recognised in the statement of financial position.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the statement of financial position date.

2.34 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

2.35 Contingent liabilities

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

2.36 Finance costs

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

2.37 Pension costs

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

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

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

2.38 Income and expenditure reserve

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

2.39 Cash flow hedge reserve

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

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

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

Notes to the financial statements

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

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

- Whether there are indicators of impairment of the Group's tangible assets. Management assesses the housing properties for indicators of impairment at each balance sheet date. Where indicators exist, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. Judgements in assessing the level of cash generating units and the recoverable amounts could lead to increases or decreases in the impairment provision.
- Determining the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, we then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the members' best estimate of sales value based on economic conditions within the area of development.
- What constitutes a cash-generating unit when indicators of impairment require there to be an impairment review. Judgements in assessing the level of cash generating units and the recoverable amounts could lead to increases or decreases in the impairment provision.

Other key sources of estimation uncertainty:

- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation, such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. Assumptions used are based on actuarial advice.

Valuation of swaps

All swaps are valued at fair value by discounting expected cash flows at the risk-free forward rate curve. This valuation is adopted across the registered provider sector. Savills Financial Consultants value the swaps and has a large team of specialists with backgrounds in banking, accounting, treasury, and surveying.

Tangible fixed assets (note 15 and 16)

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

The Group capitalises software and attributable project costs in intangible assets when it has been identified that these costs can be reliably measured and will provide future economic benefit to the group. These assets are regularly reviewed for impairment with any reduction in value charged to the statement of comprehensive income. Further details are provided in note 15.

Pensions

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

Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses. Mortality rates for scheme members are set out in note 32.

The Association has relied upon the information provided by the actuary for Social Housing Pension Scheme (SHPS) and Dorset County Council (DCC) pension schemes. Using information provided from one of our actuaries for the DCC pension scheme, the table below illustrates the sensitivities of the discount rate, long-term salary increases, pension increases and deferred revaluation and life expectancy on the total obligation. The discount rate used is given in note 32, along with the inflation rates, CPI and RPI that were used in the calculations.

Notes to the financial statements

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

Sensitivity analysis	£'000				
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	6,304	6,597	6,674	6,752	7,082
Projected service cost	12	14	14	15	17
Adjustment to long-term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	6,692	6,678	6,674	6,670	6,656
Projected service cost	14	14	14	14	14
Adjustment to pension increase and deferred revaluations	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	7,073	6,751	6,674	6,598	6,310
Projected service cost	17	15	14	14	12
Adjustment to life expectancy assumptions	+1 Year	None		-1 Year	
Present value of total obligation	6,952	6,674		6,408	
Projected service cost	15	14		14	

Estimates used for business combination

On 30 September 2024, the activities of Bristowe (Fair Rent) Housing Association (Bristowe), along with all of its assets and liabilities, were transferred to Stonewater 5 Limited (S5) as a Transfer of Engagements. A key area of judgement was in assessing the nature of the business combination. Management determined that this transaction did not meet the criteria for merger accounting. The transaction was instead treated as a public benefit entity combination that is in substance a gift, in accordance with FRS 102. This judgement had a material impact on the accounting outcome, as the fair value of net assets acquired significantly exceeded the liabilities assumed. Accordingly, acquisition accounting was applied, and a gain on acquisition was recognised.

As part of accounting for the acquisition, management has made estimates and applied judgment in determining the fair values of assets acquired and liabilities. These judgments include assessing the appropriate valuation methodologies, assumptions regarding useful lives of tangible and intangible assets, expected future cash flows, and discount rates. These estimates are inherently subjective and could materially differ if different assumptions were applied. To determine the fair value of these properties Jones Lang LaSalle (JLL) was commissioned to provide a valuation, and the valuations are reviewed for consistency with market data and accounting standards.

Notes to the financial statements

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

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

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

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

Group	Note	Turnover £'000 2024	Cost of sales £'000 2024	Operating costs £'000 2024	Surplus on disposal of fixed assets £'000 2024	Operating surplus/(deficit) £'000 2024
Social housing lettings	5	235,487	-	(186,010)	-	49,477
Other social housing activities						
First tranche shared ownership sales		35,668	(30,925)	-	-	4,743
Development staff costs		-	(809)	-	-	(809)
Charitable donations		-	-	(904)	-	(904)
Surplus on disposal of fixed assets	11	-	-	-	8,356	8,356
Other social housing activities		-	-	(316)	-	(316)
		271,155	(31,734)	(187,230)	8,356	60,547
Non-social housing activities						
Open market sales		-	-	-	-	-
Total		271,155	(31,734)	(187,230)	8,356	60,547

Notes to the financial statements

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

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

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

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

Association	Note	Turnover £'000 2024	Cost of sales £'000 2024	Operating costs £'000 2024	Surplus on disposal of fixed assets £'000 2024	Operating surplus/ (deficit) £'000 2024
Social housing lettings	5	222,095	-	(174,302)	-	47,793
Other social housing activities						
First tranche shared ownership sales		35,668	(30,925)	-	-	4,743
Development staff costs		-	(780)	-	-	(780)
Surplus on disposal of fixed assets	11	-	-	-	7,403	7,403
Other social housing activities		-	-	(904)	-	(904)
		257,763	(31,705)	(175,206)	7,403	58,255
Non-social housing activities						
Open market sales						
Total		257,763	(31,705)	(175,206)	7,403	58,255

Notes to the financial statements

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

Group	General needs	Supported and housing for older people	Shared ownership	Affordable rent	Total	Total
	2025	2025	2025	2025	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	148,393	19,003	16,272	48,976	232,644	197,917
Service charge income	11,970	11,743	1,956	1,145	26,814	26,446
Net rent receivable	160,363	30,746	18,228	50,121	259,458	224,363
Amortised government grants (note 23 and 25)	6,009	845	401	1,034	8,289	7,698
Other income	1,254	37	270	87	1,648	3,426
Income from social housing lettings	167,626	31,628	18,899	51,242	269,395	235,487

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

Group	General needs	Supported and housing for older people	Shared ownership	Affordable rent	Total	Total
	2025	2025	2025	2025	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Management	(41,325)	(4,918)	(5,972)	(8,127)	(60,342)	(50,153)
Service charge costs	(15,244)	(12,662)	(1,834)	(2,111)	(31,851)	(30,745)
Routine maintenance	(52,274)	(3,650)	(433)	(3,479)	(59,836)	(46,738)
Planned maintenance	(8,817)	(208)	(32)	(274)	(9,331)	(8,803)
Major repairs (note 15c)	(7,347)	(2,164)	(407)	(1,088)	(11,006)	(9,766)
Bad debts	(642)	(467)	33	(344)	(1,420)	(1,886)
Depreciation on housing properties – annual charge (note 7 and 15a)	(24,986)	(3,648)	(2,850)	(8,142)	(39,626)	(35,256)
Depreciation on housing properties – accelerated on disposal of components (note 7)	(2,268)	(291)	-	(213)	(2,772)	(2,226)
Impairment on housing properties (note 7 and 15a)	(2,520)	838	(3)	678	(1,007)	(1,493)
Reversal of impairment (note 7 and 15a)	2,552	-	359	-	2,911	1,056
Expenditure on social housing lettings	(152,871)	(27,170)	(11,139)	(23,100)	(214,280)	(186,010)
Operating surplus on social housing lettings	14,755	4,458	7,760	28,142	55,115	49,477
Void losses	(1,610)	(897)	(55)	(394)	(2,956)	(2,716)

Notes to the financial statements

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

Association	General needs	Supported and housing for older people	Shared ownership	Affordable rent	Total	Total
	2025	2025	2025	2025	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	134,813	14,717	14,635	46,478	210,643	186,761
Service charge income	10,345	10,615	1,719	1,140	23,819	24,393
Net rent receivable	145,158	25,332	16,354	47,618	234,462	211,154
Amortised government grants (note 23 and 25)	5,957	739	379	1,006	8,081	7,383
Other income	3,447	262	681	630	5,020	3,558
Income from social housing lettings	154,562	26,333	17,414	49,254	247,563	222,095

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

Association	General needs	Supported and housing for older people	Shared ownership	Affordable rent	Total	Total
	2025	2025	2025	2025	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Management	(33,532)	(3,901)	(5,467)	(8,341)	(51,241)	(46,552)
Service charge costs	(13,365)	(11,119)	(1,570)	(2,019)	(28,073)	(27,414)
Routine maintenance	(47,737)	(3,065)	(402)	(3,319)	(54,523)	(44,918)
Planned maintenance	(7,996)	(154)	(29)	(253)	(8,432)	(8,472)
Major repairs (note 15c)	(6,474)	(1,741)	(387)	(1,085)	(9,687)	(9,367)
Bad debts	(739)	(380)	34	(270)	(1,355)	(1,791)
Depreciation on housing properties - annual charge (note 7 and 15b)	(23,542)	(3,001)	(2,672)	(7,749)	(36,964)	(33,281)
Depreciation on housing properties - accelerated on disposal of components (note 7)	(2,136)	(256)	-	(197)	(2,589)	(2,053)
Impairment on housing properties (note 7 and 15b)	(2,330)	838	(3)	554	(941)	(1,493)
Reversal of impairment (note 7 and 15b)	2,428	-	359	-	2,787	1,039
Expenditure on social housing lettings	(135,423)	(22,779)	(10,137)	(22,679)	(191,018)	(174,302)
Operating surplus on social housing lettings	19,139	3,554	7,277	26,575	56,545	47,793
Void losses	(1,388)	(817)	(54)	(377)	(2,636)	(2,538)

Notes to the financial statements

6. Units of housing stock

Group	At the start of the year	Acquired from business combination	Additions	Disposals	Reclassifications	At the end of the year
	Number	Number	Number	Number	Number	Number
General needs	22,493	75	244	(47)	289	23,054
Affordable	5,583	-	513	-	30	6,126
Shared ownership	3,861	-	282	(81)	(53)	4,009
Supported housing	553	-	2	(30)	(4)	521
Housing for older people	2,599	-	24	-	(204)	2,419
Other	212	-	-	(1)	(170)	41
Total owned	35,301	75	1,065	(159)	(112)	36,170
Accommodation managed for others	3,534	4	108	(88)	45	3,603
Total managed accommodation	38,835	79	1,173	(247)	(67)	39,773
Units managed by other associations	653	-	80	(42)	67	758
Total owned and managed accommodation	39,488	79	1,253	(289)	-	40,531
Units under construction						2,780

6. Units of housing stock

Association	At the start of the year	Additions	Disposals	Reclassifications	At the end of the year
	Number	Number	Number	Number	Number
General needs	20,191	244	(35)	133	20,533
Affordable	5,177	510	-	(5)	5,682
Shared ownership	3,554	280	(29)	(46)	3,759
Supported housing	474	2	(7)	(1)	468
Housing for older people	2,006	-	-	(143)	1,863
Other	35	-	(1)	-	34
Total owned	31,437	1,036	(72)	(62)	32,339
Accommodation for others	3,411	2	(10)	(5)	3,398
Total managed accommodation	34,848	1,038	(82)	(67)	35,737
Units managed by other associations	1,235	6	-	67	1,308
Total owned and managed accommodation	36,083	1,044	(82)	-	37,045
Units under construction					2,780

Notes to the financial statements

7. Operating surplus

This is arrived at after charging/(crediting)

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Depreciation of housing properties				
annual charge (note 5 and 15)	39,626	35,256	36,964	33,281
accelerated depreciation (note 5)	2,772	2,226	2,589	2,053
Depreciation of other fixed assets				
annual charge (note 16)	2,685	2,797	2,527	2,678
Impairment of housing properties (note 5 and 15)	1,007	1,493	941	1,493
Reversal of impairment of housing properties (note 5 and 15)	(2,911)	(1,056)	(2,787)	(1,039)
Impairment of other fixed assets (note 16)	477	-	-	-
Operating lease charges - land and building	242	307	242	307
Operating lease charges - other	128	89	128	89

Audit remuneration of £360,000 (excluding VAT) (2024: £230,200) represents the audit fee for all Group entities. It includes an additional fee of £100,000 (excluding VAT) for the overrun of last year's audit. The Association fee is £195,000 (excluding VAT) (2024: £171,000). Total fees for other services were paid by the Group and Association of £38,575 (excluding VAT) (2024: £31,280) relating to: EMTN programme reporting £26,000 (2024: £25,000) and services for grant fund reporting to Homes England £12,575 (2024: £6,820).

8. Employees

Staff costs were as follows:

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

	2025 Number	2024 Number
FTE	850	796*
Total expenditure was as follows:		
	2025 £'000	2024 £'000
Staff costs consist of:		
Wages and salaries	38,309	33,791
Social security costs	3,831	3,308
Other pension costs	1,799	1,527
Redundancy	163	218
Total	44,102	38,844

The increase in the FTE mainly is due to new recruitment in Stonewater Limited. The notes are for the whole Group.

*The prior year average FTE figure has been restated to reflect correctly Mount Green Housing Association's average FTE for the two-month period following the acquisition.

Notes to the financial statements

9. Directors' and senior executives' remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the executive management team (Chief Officer Group) disclosed on page 8. The notes are for the whole Group.

	Group 2025 £'000	Group 2024 £'000
Executive directors' remuneration	1,479	1,344
Amounts paid to non-executive directors (note 10)	193	173
Pension contributions	62	59
Benefits in kind	9	11
Total	1,743	1,587

The highest total paid is to the Chief Executive in respect of remuneration, and the value was £308,000 (2024: £272,000), in addition pension contributions of £12,055 (2024: £10,898) were made to SHPS on his behalf.

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

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

Band	2025 Number	2024 Number
£60,000 - £69,999	53	35
£70,000 - £79,999	26	25
£80,000 - £89,999	25	18
£90,000 - £99,999	9	11
£100,000 - £109,999	12	7
£110,000 - £119,999	4	4
£120,000 - £129,999	1	6
£130,000 - £139,999	7	-
£140,000 - £149,999	2	2
£150,000 - £159,999	1	1
£180,000 - £189,999	-	-
£190,000 - £199,999	-	-
£200,000 - £209,999	1	1
£210,000 - £219,999	-	1
£220,000 - £229,999	-	2
£230,000 - £239,999	1	1
£240,000 - £249,999	1	-
£260,000 - £269,999	2	-
£280,000 - £289,999	-	1
£310,000 - £319,999	1	-
	146	115

10. Board members' remuneration

	Group 2025 £	Group 2024 £
Mrs. H Bowman	13,000	11,000
Mrs. S Collins	29,000	26,500
Mr. T Kazi	-	1,500
Mr. H Shah	17,000	11,000
Mr. B Hoffman	13,000	11,000
Ms. J Crowe	19,000	16,000
Ms. C Kearney	8,500	16,000
Mr. A Lawrence	17,000	16,000
Ms. J Bennet	17,000	16,000
Mr. C Edis	17,000	16,000
Mr. A Michie	17,000	16,000
Ms. Jane Scott	8,500	-
Mr. M Large*	-	-
	176,000	157,000

*Mr. M Large is the Chair of the Board of Mount Green and receives no additional remuneration for his role on the Board of Stonewater. We have restated the comparative figure in 2024 accordingly, but is not regarded as material.

Notes to the financial statements

11. Surplus on disposal of fixed assets

Group	Shared ownership properties	Other housing properties	Other housing fixed assets	Total	Total
	2024	2025	2024	2025	2024
	£'000	£'000	£'000	£'000	£'000
Disposal proceeds	10,900	11,600	-	22,500	17,607
Net book value of disposals (note 15a)	(6,502)	(2,542)	-	(9,044)	(9,064)
Other costs	(116)	(1,175)	(187)	(1,291)	(187)
Surplus on disposal of fixed assets	4,282	7,883	8,356	12,165	8,356

Association	Shared ownership properties	Other housing properties	Other housing fixed assets	Total	Total
	2025	2025	2025	2025	2024
	£'000	£'000	£'000	£'000	£'000
Disposal proceeds	10,019	10,834	-	20,853	15,162
Net book value of disposals (note 15b)	(6,000)	(5,227)	-	(11,227)	(7,572)
Other costs	(124)	(877)	-	(1,001)	(187)
Surplus on disposal of fixed assets	3,895	4,730	-	8,625	7,403

12. Interest receivable and other income

	Group	Group	Association	Association
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Interest receivable from group undertakings	-	-	1,933	46
Interest receivable and similar income	3,221	3,212	2,616	2,102
Total	3,221	3,212	4,549	2,148

13. Interest payable and financing costs

	Group	Group	Association	Association
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Interest on loans and overdrafts	72,071	58,383	47,675	34,775
Amortisation of issue costs	1,356	2,748	1,294	2,342
Interest payable to Group undertakings	-	-	18,957	19,269
Interest capitalised on construction on housing properties (note 15c)	(8,525)	(7,266)	(8,454)	(7,261)
Recycled capital grant fund (note 24)	491	501	388	472
Net interest on net defined benefit liability (note 32)	822	825	794	799
Total	66,215	55,191	60,654	50,396

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

Ineffective portion of hedging financial instruments	438	241	438	241
Change in fair value of non-hedging financial instruments	(1,544)	(1,509)	(1,544)	(1,509)
	(1,106)	(1,268)	(1,106)	(1,268)

14. Taxation

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

Notes to the financial statements

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

Group	Social housing properties held for lettings £'000	Housing properties for letting under construction £'000	Completed shared ownership properties held for lettings £'000	Shared ownership properties under construction £'000	Total £'000
Cost:/Valuation					
At 1 April 2024	2,750,555	197,537	295,086	95,694	3,338,872
Additions:					
Construction costs	-	111,447	-	45,980	157,427
Component replacements	46,345	-	15	-	46,360
Completed properties	9,447	-	117	-	9,564
Acquisition of properties on business combination	5,270	-	-	-	5,270
Transfer to completed properties	169,246	(169,246)	55,490	(55,490)	-
Transfer to held for sale	-	-	(197)	-	(197)
MyOwnHome scheme	-	-	413	-	413
Reclassification between segments	(45,377)	(26,333)	45,377	26,333	-
Reclassification to depreciation	(5,320)	-	(272)	-	(5,592)
Other movements	(255)	160	1,258	-	1,163
Disposals:					
Staircasing (note 11)	-	-	(6,882)	-	(6,882)
Replaced components	(7,549)	-	-	-	(7,549)
Other sales (note 11)	(1,363)	(1,940)	-	-	(3,303)
At 31 March 2025	2,920,999	111,625	390,405	112,517	3,535,546
Depreciation:					
At 1 April 2024	414,478	-	14,771	-	429,249
Charge for the year (note 5 and 7)	36,786	-	2,791	-	39,577
MyOwnHome scheme	-	-	49	-	49
Reclassification between segments	(18)	-	18	-	-
Reclassification to costs	(5,320)	-	(272)	-	(5,592)
Disposals during the year:					
Staircasing (note 11)	-	-	(380)	-	(380)
Replaced components	(4,777)	-	-	-	(4,777)
Other sales (note 11)	(760)	-	-	-	(760)
At 31 March 2025	440,389	-	16,977	-	457,366
Provision for impairment:					
At 1 April 2024	3,432	855	5,698	315	10,300
Charge for the year (note 5 & 7)	270	734	3	-	1,007
Release in the year (note 5 & 7)	(647)	(1,905)	-	(359)	(2,911)
Reclassification	(1,048)	1,049	(45)	44	-
At 31 March 2025	2,007	733	5,656	-	8,396
Net book value:					
At 31 March 2025	2,478,603	110,892	367,772	112,517	3,069,784
At 31 March 2024	2,332,645	196,682	274,617	95,379	2,899,323

Further information on the reclassification is disclosed in accounting policy 2.15

On the acquisition of Bristowe (Fair Rent) Housing Association, Stonewater carried out a valuation on the completed housing properties portfolio acquired, using that amount as fair value. Stonewater engaged JLL Valuers Limited to value housing properties on an Existing Use Value for Social Housing (EUV-SH) basis. More information can be found in note 36.

Government grants of £28m associated with housing properties acquired from the business combination with Mount Green Housing Association Limited were included within the Gain arising from Gift of Net Assets within the consolidated statement of comprehensive income. As these properties were included at fair value on acquisition, no grant is disclosed within creditors. In the event of the housing properties being disposed of, Stonewater is responsible for the repayment or the recycling of the grant.

Notes to the financial statements

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

Association	Social housing properties held for lettings £'000	Housing properties for letting under construction £'000	Completed shared ownership properties held for lettings £'000	Shared ownership properties under construction £'000	Total £'000
Cost or Valuation					
At 1 April 2024	2,487,974	211,906	295,713	95,524	3,091,117
Additions:					
Construction costs	-	104,411	-	37,754	142,165
Component replacements	35,466	-	15	-	35,481
Completed properties	9,352	-	117	-	9,469
Transfer to completed properties	167,502	(167,502)	55,490	(55,490)	-
Transfer from group companies	-	304	-	-	304
MyOwnHome scheme	-	-	413	-	413
Reclassification	(22,224)	(26,503)	22,224	26,503	-
Reclassification of grant	3,931	-	-	-	3,931
Disposals:					
Staircasing (note 11)	-	-	(6,358)	-	(6,358)
Replaced components	(7,168)	-	-	-	(7,168)
Other sales (note 11)	(3,972)	(1,940)	-	-	(5,912)
At 31 March 2025	2,670,861	120,676	367,614	104,291	3,263,442
Depreciation:					
At 1 April 2024	396,328	-	14,344	-	410,672
Charge for the year (note 5 and 7)	34,263	-	2,652	-	36,915
MyOwnHome scheme	-	-	49	-	49
Disposals during the year:	-	-	-	-	-
Staircasing (note 11)	-	-	(358)	-	(358)
Replaced components	(4,579)	-	-	-	(4,579)
Other sales (note 11)	(685)	-	-	-	(685)
At 31 March 2025	425,327	-	16,687	-	442,014
Provision for impairment:					
At 1 April 2024	1,922	855	5,698	315	8,790
Charge for the year (note 5 & 7)	204	734	3	-	941
Reclassification	(1,048)	1,049	(45)	44	-
Release in the year (note 5 & 7)	(523)	(1,905)	-	(359)	(2,787)
At 31 March 2025	555	733	5,656	-	6,944
Net book value:					
At 31 March 2025	2,244,979	119,943	345,271	104,291	2,814,484
At 31 March 2024	2,089,724	211,051	275,671	95,209	2,671,655

Further information on the reclassification is disclosed in accounting policy 2.15

Notes to the financial statements

15. (c) Tangible fixed assets housing properties

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
The net book value of housing and other properties comprises:				
Freehold	2,969,442	2,815,929	2,724,555	2,591,747
Long leasehold	100,342	83,394	89,929	79,908
	3,069,784	2,899,323	2,814,484	2,671,655
Interest capitalisation:				
Interest capitalised in the year (note 13)	8,525	7,266	8,454	7,261
Cumulative interest capitalised	77,155	68,630	73,445	64,991
Rate used for capitalisation %	4.2%	4.2%	4.2%	4.2%
Works to properties:				
Improvements to existing properties capitalised (note 15a, 15b)	46,360	35,486	35,481	31,391
Major repairs expenditure to income and expenditure account (note 5)	11,006	9,766	9,687	9,367
Total social housing grant received or receivable to date as follows:				
Capital grant held in deferred income (note 23)	836,408	765,711	822,507	751,231
Recycled capital grant fund (note 24)	9,725	8,306	9,134	7,565
Social Housing Decarbonisation fund (note 25)	9,670	-	9,670	-
Amortised to statement of comprehensive income in year (note 5)	8,289	7,698	8,081	7,383
Write back amortisation on disposals (note 23)	(582)	(461)	(471)	(461)
The cumulative amortisation to reserves	98,344	98,926	64,220	64,691

Notes to the financial statements

15. (d) Tangible fixed assets housing properties

The Group considers individual schemes to represent separate cash-generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. The Group's review takes into account efficiencies from having groups of properties held together and the fact that properties are usually acquired as schemes rather than individual properties and are assessed as such for development purposes.

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

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

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

The Stonewater Group assessed its portfolio for indicators of impairment at the balance sheet date 31 March 2025. At 31 March 2025, Stonewater reviewed on the basis of the above indicators as well as taking into account global factors such as inflation that would impact cost, market value as well as demand for a property. As Stonewater reviews its properties based on EUV-SH there is no reason to conclude that properties will not remain occupied. More than ever social housing will be in demand so this does not suggest that our portfolio is impaired as a result of the crisis.

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

Notes to the financial statements

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

Group Scheme	Charge/(reversal) £'000	No. of units affected	Carrying value prior to impairment £'000
Active Development Scheme 1	(107)	42	11,309
Active Development Scheme 2	(22)	24	4,783
Active Development scheme 3	(1,298)	54	9,904
Active Development Scheme 4	(588)	40	10,389
Active Development Scheme 5	(153)	39	15,333
Active Development Scheme 6	(22)	18	5,432
Active Development Scheme 7	734	31	9,745
Land Bank 1	(75)	-	400
Affordable Rent Scheme 1	1	1	406
Affordable Rent Scheme 2	(181)	14	2,486
Affordable Rent Scheme 3	(293)	19	4,644
Affordable Rent Scheme 4	203	24	2,231
Affordable Rent Scheme 5	(124)	9	1,271
General Needs Scheme 1	(49)	33	2,384
General Needs Scheme 2	66	32	4,100
High Rise block 1	3	32	4,300
	(1,905)	412	89,117

The schemes impaired in the Association are as follows:

Association Scheme	Charge/(reversal) £'000	No. of units affected	Carrying value prior to impairment £'000
Active Development Scheme 1	(106)	42	11,309
Active Development Scheme 2	(22)	24	4,783
Active Development scheme 3	(1,298)	54	9,904
Active Development Scheme 4	(588)	40	10,389
Active Development Scheme 5	(153)	39	15,333
Active Development Scheme 6	(22)	18	5,432
Active Development Scheme 7	734	31	9,745
Land Bank 1	(75)	-	400
Affordable Rent Scheme 1	1	1	406
Affordable Rent Scheme 2	(181)	14	2,486
Affordable Rent Scheme 3	(293)	19	4,644
Affordable Rent Scheme 4	203	24	2,231
General Needs Scheme 1	(49)	33	2,384
High Rise block 1	3	32	4,300
	(1,846)	371	83,746

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

Group Scheme	Brought forward £'000	Reason for impairment
Active Development Scheme 1	107	Cost to Value exceeds 100%
Active Development Scheme 2	22	Above 4% excess on outturn
Active Development scheme 3	1,298	Cost to Value exceeds 100%
Active Development Scheme 4	588	Above 4% excess on outturn
Active Development Scheme 5	153	Cost to Value exceeds 100%
Active Development Scheme 6	22	Above 4% excess on outturn
Active Development Scheme 7	474	Above 4% excess on outturn
Land Bank 1	75	Reduction in land value
Affordable Rent Scheme 1	10	NBV exceeded recoverable amount
Affordable Rent Scheme 2	181	NBV exceeded recoverable amount
Affordable Rent Scheme 3	293	NBV exceeded recoverable amount
Affordable Rent Scheme 5	474	NBV exceeded recoverable amount
General Needs Scheme 1	390	NBV exceeded recoverable amount
General Needs Scheme 2	1,035	Cost of remedial works
High Rise block 1	5,652	Cost of remedial works
	10,774	

Association Scheme	Brought forward £'000	Reason for impairment
Active Development Scheme 1	107	Cost to Value exceeds 100%
Active Development Scheme 2	22	Above 4% excess on outturn
Active Development scheme 3	1,297	Cost to Value exceeds 100%
Active Development Scheme 4	588	Above 4% excess on outturn
Active Development Scheme 5	153	Cost to Value exceeds 100%
Active Development Scheme 6	22	Above 4% excess on outturn
Land Bank 1	75	Reduction in land value
Affordable Rent Scheme 1	10	NBV exceeded recoverable amount
Affordable Rent Scheme 2	181	NBV exceeded recoverable amount
Affordable Rent Scheme 3	293	NBV exceeded recoverable amount
General Needs Scheme 1	390	NBV exceeded recoverable amount
High Rise block 1	5,652	Cost of remedial works
	8,790	

Properties held for security

The Group had 27,139 properties pledged as security at 31 March 2025 with a net book value of £1,585.5m (2024: 27,417 properties, £1,599.8m). The Group had 11,021 completed assets that have not been charged, with a net book value of £1,075.2m (2024: 7,833 properties, £742.2m). There are some properties that are not suitable for security charging.

The Association had 25,141 properties pledged as security at 31 March 2025 with a net book value of £1,486.7m (2024: 26,125 properties, £1,546.6m). The Association had 9,310 completed assets that have not been charged, with a net book value of £983.5m (2024: 4,704 completed assets, NBV £716.3m). There are some properties that are not suitable for security charging.

Notes to the financial statements

16. Other fixed assets

Group	Other tangible fixed assets			Other intangible fixed assets		
	Freehold offices	Furniture and office equipment	Computer equipment	Total tangible assets	Computer software and IT projects	Total other fixed assets
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2024	2,568	14,255	16,143	32,966	2,949	35,915
Reclassification	(6)	775	847	1,616	1	1,617
Additions	-	3,633	3,309	6,942	361	7,303
Disposals	-	(3)	-	(3)	-	(3)
At 31 March 2025	2,562	18,660	20,299	41,521	3,311	44,832
Depreciation						
At 1 April 2024	434	5,967	13,228	19,629	153	19,782
Reclassification	113	1,138	544	1,795	-	1,795
Charge for the year	41	762	1,591	2,394	291	2,685
Disposals	-	(3)	-	(3)	-	(3)
Other	-	-	-	-	-	-
At 31 March 2025	588	7,864	15,363	23,815	444	24,259
Impairment						
At 1 April 2024	-	-	-	-	-	-
Reclassification	220	-	-	220	-	220
Charged in year*	477	-	-	477	-	477
At March 2025	697	-	-	697	-	697
Net book value						
At 31 March 2025	1,277	10,796	4,936	17,009	2,867	19,876
At 31 March 2024	2,134	8,288	2,915	13,337	2,796	16,133

*This is an impairment charge for the Leatherhead office in Mount Green that is currently up for sale.

The latest valuation is lower than the Net Book Value by £0.7m and hence after taking into account prior year provisions, a further £0.5m of impairment was charged in the year. Further information on the reclassification is disclosed in accounting policy 2.18.

Notes to the financial statements

16. Other fixed assets (continued)

Association	Other tangible fixed assets			Other intangible fixed assets		
	Freehold offices	Furniture and office equipment	Computer equipment	Total tangible assets	Computer software and IT projects	Total tangible assets
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2024	489	12,955	16,153	29,597	2,949	32,546
Reclassification	(350)	356	(1)	5	1	6
Additions	-	3,035	3,309	6,344	172	6,516
Disposals	-	(3)	-	(3)	-	(3)
At 31 March 2025	139	16,343	19,461	35,943	3,122	39,065
Depreciation						
At 1 April 2024	362	5,840	13,226	19,428	153	19,581
Reclassification	(351)	443	-	92	-	92
Charge for the year	1	655	1,587	2,243	284	2,527
Disposals	-	(3)	-	(3)	-	(3)
At 31 March 2025	12	6,935	14,813	21,760	437	22,197
Net book value						
At 31 March 2025	127	9,408	4,648	14,183	2,685	16,868
<i>At 31 March 2024</i>	<i>127</i>	<i>7,115</i>	<i>2,927</i>	10,169	<i>2,796</i>	12,965

Further information on the reclassification is disclosed in accounting policy 2.18.

Notes to the financial statements

17. Fixed asset investments

The table below shows subsidiary and joint venture undertakings.

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

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

*The Association has indirect ownership of these companies.

In February 2023 Stonewater entered into a joint venture with Thakeham. At 31 March 2025, Stonewater Developments Limited owns 50% of the Thakeham Newick LLP. Stonewater has lent Thakeham Newick LLP £2.3m (2024: £8.7m) in total, which has been provided by a senior loan of £1.6m (2024: £6.7m) from Stonewater Limited and a junior loan of £0.7m (2024: £1.9m) from Stonewater Developments Limited. The partnership has been formed to develop a site at Newick, East Sussex, delivering 39 homes in total.

Thakeham LLP	2025 £'000
Turnover	11,634
Cost of sales and administration expenses	(11,254)
Surplus for the year	380
50% Share of the surplus	190
Current assets	1,574
Liabilities due within one year	(1,564)
Net assets	10
Share of capital commitments	-

Notes to the financial statements

18. Properties held for sale

	Group	Group	Association	Association
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Housing properties for sale				
Shared ownership work in progress	28,389	51,620	28,389	51,619
Shared ownership completed properties	7,919	2,408	7,919	2,408
Other property sales	1,276	2,176	1,276	953
	37,584	56,204	37,584	54,980

19. Trade and other debtors

	Group	Group	Association	Association
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Debtors: amounts due after more than one year				
Amounts owed by Group undertakings	-	-	9,680	37,358
Debtors: amounts due within one year				
Rent and service charge arrears	18,691	14,264	17,291	12,889
Less: Provision for doubtful debts	(3,399)	(4,602)	(2,875)	(3,968)
	15,292	9,662	14,416	8,921
Service costs to be charged in future periods	1,241	6,967	1,155	6,269
Amounts owed by Group undertakings	-	-	4,534	3,528
Other debtors	3,281	5,151	2,973	4,653
Prepayments and accrued income	3,856	2,879	3,703	2,711
Social housing grants receivable	20,036	40,054	20,036	40,025
Amounts due from Joint ventures	2,275	8,662	1,562	6,704
	45,981	73,375	48,379	72,811

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

The total loan facility from Stonewater Limited to Mount Green Housing Association Limited is for £71.5m and consists of two tranches. The first is an interest free tranche of £11.5m which is undrawn and available for Mount Green to use for investment in existing properties. The second tranche, for £60.0m, is charged at an interest rate of SONIA plus a margin of 1.0%. At 31 March 2025, £9.7m of this tranche was drawn (2024: £37.4m). The facility expires in January 2031.

Stonewater has lent Thakeham Newick LLP £2.3m (2024: £8.7m) in total, which has been provided by a senior loan of £1.6m (2024: £6.7m) from Stonewater Limited and a junior loan of £0.7m (2024: £1.9m) from Stonewater Developments Limited.

20. Restricted cash

	Group	Group	Association	Association
	2025	2024	2025	2024
	£000	£000	£000	£000
Brought forward	6,693	7,227	5,142	5,290
Additions	494	418	480	165
Transferred out	(1,290)	(952)	-	(313)
Carried forward	5,897	6,693	5,622	5,142

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

Notes to the financial statements

21. Creditors: amounts falling due within one year

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Housing loans external (note 26)	69,958	21,158	69,401	20,855
Issue costs external (note 26)	(1,289)	(1,559)	(1,029)	(954)
Housing loans internal (note 26)	-	-	(116)	21
Issue costs internal (note 26)	-	-	(181)	(190)
Trade creditors	3,592	10,849*	3,240	10,305*
Amounts owed to group undertakings	-	-	29,044	35,421
Taxation and social security	2,549	2,392	2,491	2,276
Other creditors	12,138	16,803*	10,054	14,938*
Accruals and deferred income	32,005	42,504*	19,222	28,267*
Retentions	8,541	8,350	241	-
Accrued interest	9,565	7,717	4,999	3,453
Deferred capital grant (note 23)	7,746	6,447	7,360	4,600
Recycled capital grant fund (note 24)	3,059	1,340	2,487	843
Social Housing Decarbonisation fund (note 25)	322	-	322	-
Derivatives financial instruments (note 27)	1,550	1,592	1,550	1,592
Leaseholder sinking fund	16,921	9,433	15,613	8,518
	166,657	127,026	164,698	129,945

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

*During the year, the Association and the Group undertook a reclassification of certain creditor balances - specifically, trade creditors, accruals and deferred income, and other creditors- to better reflect the nature of the underlying transactions. This reclassification has been applied retrospectively, and as a result, the comparative figures for the prior year have been restated. There is no impact on the total creditors' balance or on the statement of financial position as a whole.

Notes to the financial statements

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

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Housing loans external (note 26)	1,604,254	1,580,912	822,429	794,797
Issue costs external (note 26)	(9,113)	(9,555)	(5,115)	(5,483)
Bond on lending (note 26)	-	-	637,377	669,792
Issue costs internal (note 26)	-	-	(2,471)	(2,537)
Deferred capital grant (note 23)	828,662	759,264	815,147	746,631
Recycled capital grant fund (note 24)	6,666	6,966	6,647	6,722
Derivatives financial instruments (note 27)	2,366	6,008	2,366	6,008
Social Housing Decarbonisation fund (note 25)	9,348	-	9,348	-
	2,442,183	2,343,595	2,285,728	2,215,930

23. Deferred capital grant

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
At 1 April	765,711	694,168	751,231	680,163
Reclassification to SHDF note	(3,931)	-	-	-
Adjusted to income	2,009	-	-	-
Grants received during the year	78,888	75,969	78,088	75,037
Transfer to RCGF (note 24)	(1,669)	(1,679)	(1,657)	(1,537)
Transfer from RCGF (note 24)	2,247	4,427	2,247	4,427
Released to income in the year (note 5)	(8,080)	(7,698)	(7,872)	(7,383)
Write back amortisation on disposals (note 15c)	582	461	471	461
Released to Disposal	(41)	-	225	-
Other movements-Sector Sale	(226)	63	(226)	63
Other movements	918	-	-	-
At 31 March	836,408	765,711	822,507	751,231
Amounts due for repayments:				
within one year (note 21)	7,746	6,447	7,360	4,600
greater than one year (note 22)	828,662	759,264	815,147	746,631
	836,408	765,711	822,507	751,231

Further information on the reclassification is disclosed in accounting policy 2.14

Notes to the financial statements

24. Recycled capital grant fund (RCGF)

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
At 1 April	8,307	10,553	7,565	9,983
Released to income	1,464	-	-	-
Grants recycled from deferred capital grants (note 23)	1,669	1,679	1,657	1,537
Interest accrued (note 13)	491	501	388	472
From disposal	41	-	-	-
Transfers between group members	-	-	1,771	-
New build (note 23)	(2,247)	(4,427)	(2,247)	(4,427)
At 31 March	9,725	8,306	9,134	7,565
Amounts due for repayments:				
within one year (note 21)	3,059	1,340	2,487	843
greater than one year (note 22)	6,666	6,966	6,647	6,722
	9,725	8,306	9,134	7,565

25. Social Housing Decarbonisation fund

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
At 1 April	-	-	-	-
Reclassification*	3,931	-	3,931	-
Grants received during the year	5,948	-	5,948	-
Amortisation to statement of comprehensive income	(209)	-	(209)	-
At 31 March	9,670	-	9,670	-
Within one year (note 21)	322	-	322	-
More than one year (note 22)	9,348	-	9,348	-
	9,670	-	9,670	-

*During the year, the Group and the Association has presented the Social Housing Decarbonisation fund (SHDF) as a separate note. As part of this presentational change, an amount of £3,931k was transferred to the SHDF to reflect funds that originated from SHDF. This adjustment was made to improve accuracy of classification and does not impact the total funds or overall reserves. Further information on the reclassification is disclosed in accounting policy 2.14.

Notes to the financial statements

26. Loans and borrowings

Group	Bank loans	Bond finance	Other loans	Total
	2025	2025	2025	2025
Maturity of Debt	£'000	£'000	£'000	£'000
In one year or less, or on demand	68,532	876	550	69,958
Issue costs <1year	(975)	(314)	-	(1,289)
Within one year (note 21)	67,557	562	550	68,669
In more than one year but no more than two years	44,793	908	612	46,313
In more than two years but no more than five years	470,541	6,008	2,277	478,826
After five years	114,237	955,460	9,418	1,079,115
Issue costs	(3,004)	(6,109)	-	(9,113)
Greater than one year (note 22)	626,567	956,267	12,307	1,595,141
Total	694,124	956,829	12,857	1,663,810

All of the bank loans mature by 2036. Of the £963m bond finance, £620m has a final repayment date between 2040 and 2050.

The Group has entered into floating to fixed interest rate swaps. These are accounted for as a cash flow hedge (note 27).

Loans are secured by specific charges on the housing properties of the Group. Total loan facilities excluding £7.7m adjustments for fair value on acquisition at 31 March 2025 were £2,016m (2024: £1,965m) of which £334m were undrawn (2024: £353m). The amount of drawn debt secured on property assets is £1,674m (2024: £1,612m).

Before hedging is applied, the Group has 67% fixed interest rates, with an average rate of 3.4%. The 33% variable interest rates are at SONIA plus margin.

In early April 2025, Stonewater Limited repaid £75m of revolving credit facility non-current loans to banking counterparties.

Group	Bank loans	Bond finance	Other loans	Total
	2024	2024	2024	2024
Maturity of Debt	£'000	£'000	£'000	£'000
In one year or less, or on demand	19,870	637	651	21,158
Issue costs <1year	(901)	(658)	-	(1,559)
Within one year (note 21)	18,969	(21)	651	19,599
In more than one year but no more than two years	72,217	611	550	73,378
In more than two years but no more than five years	431,595	3,802	1,996	437,393
After five years	100,991	958,803	10,347	1,070,141
Issue costs	(4,286)	(5,269)	-	(9,555)
Greater than one year (note 22)	600,517	957,947	12,893	1,571,357
Total	619,486	957,926	13,544	1,590,956

Notes to the financial statements

26. Loans and borrowings (continued)

Association	Bank loans	Bond finance	Bond on lending	Other loans	Total
	2025	2025	2025	2025	2025
Maturity of debt:	£'000	£'000	£'000	£'000	£'000
In one year or less, or on demand	68,532	395	(116)	474	69,285
Issue costs <1 year	(975)	(54)	(181)	-	(1,210)
Within one year (note 21)	67,557	341	(297)	474	68,075
In more than one year but no more than two years	44,793	406	(116)	528	45,611
In more than two years but no more than five years	470,541	4,401	(379)	1,976	476,539
After five years	113,577	177,132	637,871	9,075	937,655
Issue costs	(3,004)	(2,111)	(2,471)	-	(7,586)
Greater than one year (note 22)	625,907	179,828	634,905	11,579	1,452,219
Total	693,464	180,169	634,608	12,053	1,520,294

The amount of drawn debt secured on property assets is £1,529m (2024: £1,485m).

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

	Bank loans	Bond finance	Bond on lending	Other loans	Total
	2024	2024	2024	2024	2024
Maturity of Debt	£'000	£'000	£'000	£'000	£'000
In one year or less, or on demand	19,870	367	21	618	20,876
Issue costs <1 year	(901)	(53)	(190)	-	(1,144)
Within one year (note 21)	18,969	314	(169)	618	19,732
In more than one year but no more than two years	72,216	383	40	474	73,113
In more than two years but no more than five years	431,595	3,082	122	1,773	436,572
After five years	100,316	175,152	669,630	9,806	954,904
Issue costs	(4,202)	(1,281)	(2,537)	-	(8,020)
Greater than one year (note 22)	599,925	177,336	667,255	12,053	1,456,569
Total	618,894	177,650	667,086	12,671	1,476,301

Notes to the financial statements

27. Financial instruments

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

Group	Note	Group 2025 £'000	Group 2024 £'000
Derivative financial instruments designated as cash flow hedges due within one year	21	837	1,294
Other derivative financial instruments due within one year	21	713	298
Derivative financial instruments designated as cash flow hedges greater than one year	22	1,091	2,775
Other derivative financial instruments greater than one year	22	1,275	3,233
Total		3,916	7,600

To hedge the volatility of floating interest rates that it is charged on bank loans, the Group has entered into standalone derivatives with a notional amount of £185.4m (2024: £191.7m). All the derivatives are interest rate swaps with the majority swapping floating rates of interest to fixed rates of interest. For accounting, where possible the Group designates a hedging relationship between the derivative and the bank loan (the hedged item). Swaps with a notional amount of £111.1m (2024: £116.6m) have been designated as cash flow hedges.

Over the next seven years swaps with a notional amount of £70.4m (2024: £75.9m) which are designated as cash flow hedges will mature.

There was a £2.6m (2024: £3.1m) reduction in the fair value of hedging value of hedging instruments recognised in other comprehensive income, comprising £(0.6)m (2024: £(0.4)m) recycled to the cash flow hedge reserve, and £3.2m (2024: £3.5m) being the year end revaluation of hedging financial instruments.

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

Overall, the Group pays 3.7% (2024: 3.6%) fixed and receives SONIA (though cash flows are settled on a net basis) on its standalone swap portfolio. After taking into account the derivatives, the Group pays an average interest rate on its borrowings of 4.1% (2024: 4.2% per annum).

The cash flows of the instruments were analysed to identify the payments and receipts due within one year and these are disclosed above and in Note 21.

28. Provisions for liabilities and charges

Group	Dilapidations £'000	Other provision £'000	Total £'000
At 1 April 2024	305	-	305
Charged to profit or loss	(119)	700	581
At 31 March 2025	186	700	886

Associaton	Dilapidations £'000	Total £'000
At 1 April 2024	305	305
Charged to profit or loss	(119)	(119)
At 31 March 2025	186	186

During the 2024/25 financial year, Stonewater moved to a new Reading office and therefore released the dilapidation provision for the previous Reading office, amounting to £119k. We have included a provision in the financial statements for potential Health and Safety legal obligations regarding past events. The amount included is an informed management estimate. The final outcome is expected to be known in the next 12 months which will crystallise the liability.

Notes to the financial statements

29. Share capital

Authorised, allotted, called up and fully paid	2025 £	2024 £
At 1 April	11	11
Shares issued in the year	1	-
Shares issued in the year	(1)	-
Authorised, allotted, called up and fully paid	11	11

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

30. Operating leases

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

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Amounts payable as lessee:				
Not later than one year:	371	396	371	396
Later than one year and not later than five years	1,125	1,046	1,125	1,046
Later than five years	324	-	324	-
	1,820	1,442	1,820	1,442

31. Capital commitments

	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Commitments contracted but not provided for construction	578,601	778,278	576,271	775,871
Commitments approved by the Board but not contracted for construction	96,903	24,930	96,903	24,930
Total	675,504	803,208	673,174	800,801

The above capital commitments for the Group are projected to be funded from £158.4m SHG (2024: £188.5m) and property sales of £133.5m (2024: £168.5m) with the remainder funded from operating cash flow and external borrowings £488.4m (2024: £423.0m).

Capital commitments for the Association will be funded from £157.9m SHG (2024: £188.0m), with the remainder funded from property sales £131.1m (2024: £166.1m) and external borrowing/surplus £488.4m (2024: £423.0m).

Notes to the financial statements

32. Pensions

Three schemes are operated by the Group. The tables below set out the impact of the pension scheme movements on the statement of other comprehensive income, and the statement of financial position.

Other comprehensive income	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Actuarial gains/(losses)				
DCC	785	466	785	466
SHPS	1,537	(3,590)	1,458	(3,590)
Total	2,322	(3,124)	2,243	(3,124)

Statement of financial position	Group 2025 £'000	Group 2024 £'000	Association 2025 £'000	Association 2024 £'000
Pension Liability				
DCC	596	1,425	596	1,425
SHPS	12,522	17,558	12,073	16,902
	13,118	18,983	12,669	18,327

The Social Housing Pension Scheme (SHPS) defined benefit scheme

The Group participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

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

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from

this valuation were rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the scheme's total assets to calculate the company's net deficit or surplus.

Defined benefit pension scheme Dorset County Council (DCC)

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

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

The latest valuation was carried out as at 31 March 2023 and set contributions for the period from 1 April 2023 to 31 March 2026. The actuarial gain for the year of £785k (2024: gain of £466k) has been recognised as other comprehensive income.

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

Social Housing (SHPS) Defined contribution scheme

The Group also participates in the SHPS. It is funded and is contracted out of the state pension scheme.

The amount charged to the statement of consolidated income represents the contributions payable to the scheme in respect of the accounting period.

Notes to the financial statements

32. Pensions (continued)

	DCC 2025 £'000	SHPS 2025 £'000	DCC 2024 £'000	SHPS 2024 £'000
Fair value of plan assets	6,078	73,939	6,037	75,609
Present value of plan liabilities	(6,674)	(86,461)	(7,462)	(93,167)
Net pension scheme liability	(596)	(12,522)	(1,425)	(17,558)

Reconciliation of fair value of plan assets:

At the beginning of the year/initial recognition	6,037	75,609	5,636	76,843
Interest income on plan assets	287	3,707	265	3,763
Return on assets less interest	(3)	(5,576)	385	(5,545)
Other actuarial gains	-	-	-	-
Administrative expenses	(4)	-	(5)	-
Contributions by employer	134	4,340	127	4,116
Contributions by fund participants	12	7	11	7
Estimates benefits paid plus expenses	(385)	(4,148)	(382)	(3,575)
At the end of the year	6,078	73,939	6,037	75,609

Reconciliation of present value of plan liabilities

Defined benefit obligation at start of period/initial recognition	(7,462)	(93,167)	(7,542)	(93,950)
Current service cost	(20)	1	(19)	1
Expenses	-	(86)	-	(85)
Interest expense	(353)	(4,463)	(353)	(4,501)
Contributions by plan participants	(12)	(7)	(11)	(7)
Actuarial gains/(losses) due to scheme experience	18	(3,760)	(28)	417
Actuarial gains due to changes in demographic assumptions	20	-	105	1,072
Actuarial gains due to changes in financial assumptions	750	10,873	4	311
Benefit paid and expenses	385	4,148	382	3,575
At the end of the year	(6,674)	(86,461)	(7,462)	(93,167)

Amounts recognised in the statement of comprehensive income as follows:

Included in administrative expenses				
Service costs	20	(1)	19	1
Administration expenses	4	86	4	107
	24	85	23	108

Amounts included in other finance costs

Net interest costs (note 13)	66	756	88	737
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Notes to the financial statements

32. Pensions (continued)

	DCC 2025 £'000	SHPS 2025 £'000	DCC 2024 £'000	SHPS 2024 £'000
Analysis of actuarial loss recognised in other comprehensive income				
(Loss)/return on fund assets in excess of interest	(3)	(5,576)	385	(5,545)
Other actuarial losses	-	-	-	-
Gains in financial assumptions	750	10,873	4	311
Gains in demographic assumptions - gains	20	-	105	1,227
Experience (loss)/gain on defined benefit obligation	18	(3,760)	(28)	417
Total actuarial (losses)/gain	785	1,537	466	(3,590)

Composition of plan assets				
Equities	3,811	8,283	3,778	7,535
Liability driven investment	-	22,394	-	30,772
Cash	133	1,164	127	1,622
Other bonds	399	-	395	-
Diversified growth fund	405	-	400	751
Property	426	3,725	473	3,524
Infrastructure	467	12	448	7,638
Multi asset credit	437	-	416	-
Debt	-	228	-	4,344
Alternatives	-	38,133	-	19,423
Total	6,078	73,939	6,037	75,609

	DCC 2025 %	SHPS 2025 %	Total 2024 %	Total 2024 %
Principal actuarial assumptions used at the statement of financial position date:				
Discount rate	5.75	5.82	4.85	4.90
Future salary increases	3.95	3.79	3.90	3.78
Future pension increases	2.95	2.79	2.90	2.78
Inflation assumptions - RPI	3.30	3.10	3.30	3.15
Inflation assumptions - CPI	2.95	2.79	2.90	2.78

Maturity rates:				
For a male aged 65 now	21.8	20.5	21.8	20.5
For a female aged 65 now	24.0	23.0	23.9	23.0
At 65 for a male member aged 45 now	23.1	21.7	23.1	21.8
At 65 for a female member aged 45 now	25.4	24.5	25.4	24.4

Notes to the financial statements

32. Pensions (continued)

The Pensions Trust (TPT) is involved in a current court case regarding the administration of its defined benefit pension schemes, including the Social Housing Pension Scheme (SHPS). TPT are asking the court to determine whether changes made to the scheme rules in the past were in accordance with the trust deed and rules, and if not, whether certain amendments are invalid. If the court determines that historic amendments have resulted in amendments that are invalid, this could result in increased pension liabilities.

Taking into account all information available to management, management have concluded that the best estimate of benefits due at the balance sheet date should be based on the assumption that no additional material liabilities will arise as a result of this legal case. As such, the pension liability recognised has been valued using this assumption.

When the case was first brought to court in 2022, TPT estimated the worst-case scenario for employers as a whole would be additional liabilities of 3.9% however this was calculated on a technical provision basis and not on an accounting basis. Since 2022 additional matters have been added to the case following rulings in other court cases, including Virgin Media, these elements are not included in the 3.9% estimate and management does not have sufficient information from the trustees to be able to estimate the potential impact of the additional matters added to the case. It is currently expected that the court will make its ruling in late 2025.

We will provide updates in future reports as more information becomes available.

Notes to the financial statements

33. Related party disclosures

Subsidiary non-regulated entities

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

During the year ending 31 March 2025, Stonewater Limited acquired a scheme from Mount Green Housing Association, a subsidiary of Stonewater Group, for £1.2m.

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

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

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

	2025	2024
	£'000	£'000
Staff costs recharge to Stonewater Developments Limited	3,370	3,205
Management services provided to Stonewater Developments Limited and Stonewater Funding PLC	709	670
Management services provided to Mount Green Housing Association	287	-

Intra-Group costs

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

The Association receives financial services from Stonewater Funding PLC.

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

	2025	2024
	£'000	£'000
Charge for the design and build service provided by Stonewater Development Limited	104,700	118,544
2.5% admin charge from Stonewater Development	2,617	3,206
Charge for development services provided by Stonewater Developments Limited	15,647	27,147
2.5% admin charge from Stonewater Developments Limited	391	678
Management fee charged by Stonewater Funding PLC	233	197

Notes to the financial statements

33. Related party disclosures (continued)

Intra-group liabilities

Stonewater Limited has loans in place with Stonewater Funding PLC. At 31 March 2025 the outstanding amount was £637.3m (2024: £669.8m). In January 2025, Stonewater Funding reallocated part of the 2042 bonds which had been on lent to Stonewater Limited, to Mount Green Housing Association. £30.0m of nominal debt (and the associated bond premiums) were on lent to Mount Green Housing Association Limited.

Stonewater (5) Limited has a loan in place with Stonewater Funding PLC. At 31 March 2025 the outstanding amount was £77.7m (2024: £77.9m).

	2025	2024
	£'000	£'000
Loan balance provided by Stonewater Funding PLC (after issue costs) (note 26)	744,680	748,186
Interest charged by Stonewater Funding PLC	22,014	22,055

Under the facilities the loans, which are repayable at various dates through to 2050, are secured by fixed charges over the housing properties of Stonewater Limited, Mount Green Housing Association and Stonewater (5) Limited; cross guarantees cover any shortfall in the security and any unpaid interest and fees in respect of the loans. At 31 March 2025, the potential shortfall covered by the guarantee was nil as the valuation of the security provided by Stonewater Limited, Mount Green Housing Association Limited and Stonewater (5) exceeded the amount required.

34. Net debt reconciliation

	1 April 2024	Cash flows	Other non-cash changes	Business combination	31 March 2025
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	49,741	21,915	-	322	71,978
Bank loans	(619,486)	(73,446)	(1,192)	-	(694,124)
Bond finance	(957,926)	-	1,097	-	(956,829)
Other loans	(13,544)	681	6	-	(12,857)
Derivatives	(7,600)	-	3,684	-	(3,916)
Net debt	(1,548,815)	(50,850)	3,595	322	(1,595,748)

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

35. Contingent liabilities

Stonewater has been notified by the administrators of Armour Risk Management of a potential legal claim of which the maximum potential payment is £1,211,574 (2024: £1,211,574).

As at 31 March 2025, Stonewater is uncertain as to the potential outcome of the case and is currently disputing this through its solicitors.

Government grants of £20.1m associated with housing properties acquired from the business combination with Mount Green Housing Association Limited acquired in 2023/24 and £28k from Bristowe (Fair Rent) Housing Association acquired in 2024/25 were included within the Gain arising from Gift of Net Assets within the consolidated statement of comprehensive income, respectively. As these properties were included at fair value on acquisition, no grant is disclosed within creditors. In the event of the housing properties being disposed of, Stonewater is responsible for the repayment or the recycling of the grant.

Notes to the financial statements

36. Business combinations

Combinations that are in substance a gift

On 30 September 2024, Bristowe (Fair Rent) Housing Association (Bristowe) were transferred to Stonewater (5) Limited via a Transfer of Engagements for nil consideration.

As such the excess of the fair value of assets received over the fair value of liabilities has been recognised as a gain in the statement of comprehensive income.

	Book value 29 Sept 2024	Fair value 29 Sept 2024	Fair Value adjustment
	£'000	£'000	£'000
Fixed Assets	2,706	5,270	2,564
Current Assets	8	8	-
Cash	322	322	-
SHG	(28)	-	28
Other Liabilities	(1,993)	(1,993)	-
Net Assets	1,015	3,607	2,592

The fair value of assets acquired on 30 September 2024, as set out in the note above, is £3,607k. The value of the gift, the fair value of the net assets acquired and recognised on the statement of comprehensive income is £3,607k, as there was nil consideration.

The fair value gain recognised last year totalled £95.5 million, relating to the acquisition of Mount Green. This represents the difference between the net book value of £25.2 million and the fair value of £120.7 million.

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