
STONEWATER (5) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

STONEWATER (5) LIMITED

COMPANY INFORMATION

Board members	Sheila Collins (Chair) Heather Bowman Nicholas Harris Andrew Lawrence Claire Kearney Juliana Crowe Jennifer Bennett Angus Michie Chris Edis Barry Hoffman Hursh Shah Martin Large
Company secretary	Anne Harling
Community Benefit Society Number	31527R
Regulator of Social Housing Number	4717
Registered office	Suite C, Lancaster House Grange Business Park Enderby Road Leicester LE8 6EP
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Barclays Bank Level 27 1 Churchill Place London E14 5HP
Principal Solicitors	Devonshires Solicitors London EC2M 7DT
Solicitors (for Governance)	Trowers and Hamblins LLP 3 Bunhill Row London EC1Y 8YZ

STONEWATER (5) LIMITED

CONTENTS

	Page
Strategic report	1 - 13
Board members' report	14 - 15
Independent auditors' report	16 - 19
Statement of comprehensive income	20
Statement of financial position	21
Statement of changes in equity	22
Notes to the financial statements	23 - 46

STONEWATER (5) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2024

Introduction

The Board presents its report and audited financial statements for Stonewater (5) Limited (the 'Association') for the year ended 31 March 2024.

Nature of the business and principal activities

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

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

Business review

The turnover of £8.6 million is £0.9m higher than last year primarily due to a rent increase of 7% for the majority of tenures. The Association made an operating surplus of £1.5m. With the interest receivable and the gift aid income, the Association had total comprehensive income of £4.1m, which includes an acquisition of Puttenham and Wanborough Housing Society.

As part of its wider growth strategy, Stonewater (5) Limited took on 15 homes from Puttenham and Wanborough Housing Society through a transfer of engagements that was completed in December 2023. As part of the transfer of engagements from PWHS, the Association received £613k of cash, to be invested in the properties that were transferred.

Our Vision

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

Our Mission

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

Our Values

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

Ethical – We are an ethical housing services provider.

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

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

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

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

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

STONEWATER (5) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

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

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

Commercial – We understand the importance of commercial viability.

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

STONEWATER (5) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Stonewater's Strategic Plan 2022-30

Our Strategic Plan reflects the Board's current priorities and insight from customers. It has been developed with colleagues and Board members and reflects how we believe we can maximise the value we provide in a challenging operating environment.

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

Our Strategic Plan 2022-30 sets out how we will deliver our Vision and Mission, under three overarching strategic objectives:

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

Performance against these objectives is set out in the value for money and performance sections of consolidated financial statements.

External environment

The government continues to face many of the same challenges it faced last year - the economy, costs of living, energy security, immigration, and waiting lists at the NHS.

We remain alert to how current politics and economics impact our customers and colleagues and put their needs at the centre of all we do.

Social housing and management

Government policy has impacted social housing directly over the past year, particularly with the Social Housing Regulation Act. The act has already had a significant impact, and we are currently consulting on the finer details. 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. These timeframes will be written into tenancy agreements, enabling tenants to hold their landlords to account by law if they fail to provide a decent home.
- 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.

As a social landlord, we understand how important it is to be the best landlord possible for our customers.

STONEWATER (5) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Therefore, Stonewater welcomes the reform ambitions. We are actively participating in these consultations, and have already made progress toward implementing the expected outcomes, which include (but are not limited to):

- Recognising our customers' voice and truly understanding what matters most.
- Our work on professionalisation across the sector.
- Our investment in digital transformation to ensure services are both innovative and inclusive.
- Our continuing commitment to the Net Zero agenda through both retrofit and sustainable new development – ensuring homes that are affordable today and fit for the future.

Reforming social housing funding and delivery

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. The sector's financial sustainability has, however, been affected by the inflationary situation. Consequently, this has put a strain on our operations and our customers' lives.

As a result of the cost-of-living crisis, Stonewater was pleased to see the re-instatement of a CPI + 1% increase cap on social housing rents for 2024-25 and 2025-26, even though we supported the 7% cap for 2023/24. We will continue to advocate for reliable funding streams, guaranteed by long-term settlements, which allow us to leverage further capital to make the most of what is available.

The last financial year was a relatively stable one in terms of political leadership in Westminster. However, the result of the General Election in July 2024 presents both opportunities and risks to Stonewater and the wider sector.

The new Labour Government has already confirmed that housing will play a crucial role in its plans for growing the economy. While there will inevitably be a focus on facilitating first-time home ownership, affordable housing for rent is also crucial. Stonewater will play a pivotal role in delivering both aspects.

Stonewater will continue, as we always have done, to engage with government and opposition parties so that forthcoming policy and legislation takes our customers' interests into account.

Environment and sustainability

Sustainability and decarbonisation remain a key issue for the sector, regardless of recent changes to the Government's Net Zero policies - specifically how to fund the retrofit of social housing. 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 well as the Centre of Excellence, which brings the sector together to share best practices, Stonewater has been active in campaigning and advocacy, with the Institute for Public Policy Research (IPPR) reports, including All Hands to the Pump and GreenGo (2023), having a significant impact on Government and opposition policies. 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.

Performance in the year

Total comprehensive income for the year was £4.1m (2023:£0.8m)

STONEWATER (5) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Key Performance indicators:

	2024	2023
Rental income loss through voids	1.59%	1.25%
Average gross arrears	5.44%	6.16%
Income collection	97.32%	98.07%

Governance structure

Board

The parent Board has responsibility for setting Stonewater's strategic direction and ensuring that the organisation meets its strategic aims and objectives. The delegation and control framework established by the Board includes accountability to customers and other stakeholders, such as funding providers and partner local authorities. The Board comprised twelve members on 31 March 2024, including one executive member.

There is a common Board membership for Greenoak Housing Association and Mount Green Housing Association with both Boards meeting at the same time and with a common agenda. This supports an integrated approach to the oversight of the Greenoak and Mount Green operations which are being brought together and cover Group properties in Surrey and Sussex.

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 independents whose skills and experience supplement those of the Board member. The governance structure provides agility and efficiency in decision taking with panels and committees being convened as and when needed and Board meetings scheduled on a monthly basis. All transactional business is undertaken remotely, which provides for rapid implementation of new strategies and policies and, from a practical perspective, enables us to secure maximum benefit from members by giving flexibility around meeting times.

Skills, qualities and experience required by the Board

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

In addition, the parent Board seeks to have a membership that reflects the diversity of Stonewater's customers and the communities in which Stonewater works. The Board has set targets for improving diversity across the governance structure. On 31 March 2024, the Board comprised 42% (2023: 42%) female members, 17% (2023: 18%) from a Black, Asian or minority ethnic background, and two members (2023: one member) who identify as disabled. The Board consists of members whose ages span four decades.

STONEWATER (5) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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. Three objectives were set for 2023/24 and headline performance against these was:

Objective	Performance
Explore further merger and growth opportunities	Comprehensive assessment of operating environment informed board away day to set direction of future strategic plan. Inorganic growth strategy reviewed and updated. Mount Green HA joined the Stonewater group
Ensure continued financial strength and risk management	A credit rating V1 regulatory viability rating Strategic and critical operations risk register reviewed quarterly. Operating risks monitored and current impact assessed through parameters for key activities. Risk appetite reviewed.
Recognise the customer voice and customer resilience in decision making	Framework for capturing insights embedded. This includes data gathered from customer calls and digital interactions through the MyHome online portal, feedback from transactional and other surveys and learning from complaints.

Other actions for improvement arising from the annual review are monitored through the governance action plan by the Governance and People Challenge & Assurance Panel.

Individual members are required to play an active role in the work of the Board and its committees or panels. Each member has an individual annual review with the relevant chair. This provides an opportunity to review performance during the year and set objectives for the year ahead with any specific development needs identified feeding into the member learning and development programme.

Code of Governance

The Board has adopted the 2020 National Housing Federation (NHF) Code of Governance and was fully compliant with it at 31 March 2024 and post year end.

Shareholding policy

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

Committees and panels

The governance structure supporting the Board comprises two committees, five challenge and assurance panels and a task and finish group. Each of these is chaired by a Board member and includes places for independent members. The succession plan includes arrangements to ensure that the Board continues to have access to specialist experts through these committees and panels.

Nominations and Remuneration Committee

STONEWATER (5) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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.

Chief Officer Group

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

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

Access to information

Stonewater aims to work in a transparent and open manner, making information publicly available unless there are justifiable reasons for not doing so, such as personal data or commercially sensitive information.

Information takes a variety of forms including reports, policy statements and publications. Many can be found on our website (www.stonewater.org) and copies are also available on request.

Risks and uncertainties

New, emerging and high scoring risks are monitored through the strategic and critical operations risk register. The Chief Officer Group and the Risk and Assurance Committee keep the register under review to ensure that it fully reflects the risks to the delivery of Stonewater's operations and strategic plan. The Operational Directors Group members and specialist leads are responsible for the identified risk areas and the Company Secretary oversees progress against actions to mitigate risks.

The Board has adopted a risk appetite statement which sets out the nature and levels of risk it is prepared to take in order to achieve the strategic objectives. Performance against this is kept under review facilitated through the use of metrics to enable the committees and panels to assess, and provide assurance to the Board on, whether performance remains within the risk appetite parameters for the areas under their remit. The Chief Officers and each of the committee and panel identifies any emerging risks that could take operations outside of

STONEWATER (5) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

the risk appetite and escalates to the Board through regular reporting. The Risk and Assurance Committee provides overall assurance to the Board that risks are being managed appropriately.

In addition to the overarching risk appetite, the Board has also received regular reports on the particular risks arising from the volatile operating environment. During the last year these have covered the impact of the war in Ukraine, the cost of living crisis as well as Brexit and the pandemic on the availability of operatives and the supply chain. This has been informed by bespoke risk parameters on the impact on Stonewater's customers, colleagues, contractors and suppliers and financial status.

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

People strategy

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

Pay gap reporting

Stonewater's pay gap statement is available via the website: www.stonewater.org.

Corporate communications

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

Value for Money

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

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

Further details on our strategy and results can be found on our website <https://www.stonewater.org/about-us/value-for-money/>.

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 customer receiving in total over £573k 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, mental and physical wellbeing.

In addition, to Longleigh we work with charities and businesses across the country to create a growing database of organisations who can offer support and grants to our customers.

Our specialist tenancy sustainment team supported over 200 households to secure grant funding from external partners and over 300 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 have been working to establish partnerships with local furniture projects and we have arrangements in place with organisations such as Provision House in Dudley and SCRATCH in Southampton. These organisations work to address local need, for example, Provision House are able to provide affordable furniture starter packs

STONEWATER (5) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

and new beds to customers in the Dudley area. To further tackle the growing issue of furniture poverty, we've also entered a welfare partnership with the British Heart Foundation, enabling customers to purchase goods up to a pre-authorised amount to furnish their new homes.

Customer engagement

Customer engagement at Stonewater is all part of how we listen, learn and work with our customers to co-create solutions and deliver better customer experiences.

Stonewater's Customer Strategy emphasises the importance we place on listening to our customers' feedback to improve our services. This work is led by our specialist Customer Voice and Influence team, which brings together our customer communications, engagement and complaints teams to champion the customer voice.

In the last financial year, we directly engaged with over 1,500 customers, working with them to shape our services and gain a greater understanding of their needs. This includes developing our new Customer Guide to Engagement, which is helping us to get even more customers involved in improving Stonewater's services. We've also worked closely with customers to prepare for important regulatory changes, including the new Housing Ombudsman Service Complaint Handling Code and the incoming Consumer Standards

Our Customer Scrutiny Panel is at the heart of our approach to co-regulation and plays a critical role in influencing and improving our services. In 2023/24, the Panel worked with Stonewater to review our approach to managing Anti-Social Behaviour and to improve our communication around rents and service charges, making 24 recommendations.

Our priority for the coming year is promoting inclusion and accessibility, embedding new locality action plans across our communities and rolling our exciting new initiatives like our mystery shopping pilot as well as making sure our customers are at the heart of how we develop our support and services.

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 to customer insight 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 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 customer's needs, opinions and aspirations. It's a great way for us to then tailor how we develop and deliver our services so that they are cost effective and provide great customer experiences throughout Stonewater.

Our approach to gathering and understanding insight falls under four headings: Customer Demand, Customer Feedback, Customer Involvement and Customer Complaints.

Our customer personas are embedded throughout Stonewater, demonstrating their needs, opinions and aspirations. Knowing this enables us to tailor how we develop and deliver our services so that they are cost-effective and provide great customer experiences across the business. We are currently in the process of refreshing our customer personas to ensure that they provide an accurate representation of our customer base and how it is changing over time taking account of the post pandemic world and the cost-of-living crisis.

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.

STONEWATER (5) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

We do this through 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 an existing Strategic Partnership with The Guinness Partnership (TGP) and Homes England to deliver:

- 4,180 high-quality affordable homes by 2029 with grant funding of £249.9m.

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

Gender	58% Male	42% Female
Ethnicity	82% White	18% Black, Asian and Minority Ethnicity
Sexuality	88% identify as heterosexual	12% identify as LGBTQ+
Disability	96% non-disabled	4% disabled
Age span	19-60+	

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 2024, is available via our website [modern-slavery-and-human-trafficking-statement](#).

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 'flexible' payment arrangements to help them through unexpected circumstances as well as offering advice, support and guidance for those struggling with the

STONEWATER (5) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

challenges of general every day costs.

During the year our specialist income team secured over £162k in Discretionary Housing Payments for customers as well as set up a new partnership with StepChange Debt Charity to provide enhanced support on debt, budgeting, benefits and ensuring all customers have access to financial guidance when they need it.

In November 2023, 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. The insight gathered has enabled us to inform a Scrutiny Panel review and enhance our support offer and communications ahead of our annual rent review.

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

Treasury policies and objectives

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

Going concern

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

Business planning, risk and internal controls assurance

Purpose

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

Responsibility

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

Approach

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

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

- Identification and evaluation of key risks

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

- Monitoring and corrective action

STONEWATER (5) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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 2023/24 in response to the changing operating environment. The Board has received regular reports on key risk areas, including the cost of living crisis and its impact on our customers and business costs. Bespoke risk indicators have been developed to 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.

Confirmation from the Board

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.

Compliance with the regulatory standards

The latest regulatory judgement issued by the Regulator of Social Housing in November 2023 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

STONEWATER (5) LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

standard, taking account of the Code of Practice, and confirms that Stonewater remains compliant with the standard.

A handwritten signature in blue ink that reads "Sheila Collins". The signature is written in a cursive style and is positioned above a horizontal line.

**Sheila Collins (Chair)
Chairman**

Date: 4 September 2024

STONEWATER (5) LIMITED

CHAIRMANS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

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

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

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

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

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

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

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

Disclosure of information to auditors

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

Post balance sheet events

There were no post balance sheet events.

Auditors

BDO LLP were re-appointed as Stonewater (5) Limited's external auditors for 2023/24 on 26 July 2023 by the Board.

STONEWATER (5) LIMITED

CHAIRMANS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

This report was approved by the Board and signed on its behalf.



Sheila Collins (Chair)
Chairman

Date: 4 September 2024

STONEWATER (5) LIMITED

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Stonewater (5) Limited ("the Association") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

STONEWATER (5) LIMITED

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

Other information

The Board are responsible for the other information. 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 we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information including the Report of the Board of Management and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Cooperative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board and Strategic report for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the statement of the Board's responsibilities set out on page 16, 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 are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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

Non-compliance with laws and regulations

Based on:

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

STONEWATER (5) LIMITED

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

we considered the significant laws and regulations to be the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Association 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, Financial Conduct Authority ("FCA") regulations, the Regulator of Social Housing's Regulatory Standards, data protection and health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting 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; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

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 Association'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 meeting of those charged with governance and internal audit reports 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; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

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, which met defined risk criterion, as well as an additional random sample, by agreeing to supporting documentation; and
- Testing the application of cut off of revenue, notably property sales, for the evidence that it was recorded in the correct period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members 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,

STONEWATER (5) LIMITED

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

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

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.

DocuSigned by:

BDO LLP

C7998D5EC4924F4...

BDO LLP

55 Baker Street
London
W1U 7EU

27 September 2024

STONEWATER (5) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £000	2023 £000
Turnover	4,5	8,592	7,685
Operating costs	4,5	(7,067)	(8,521)
Surplus on disposal of fixed assets	4,9	3	164
Operating surplus		<u>1,528</u>	<u>(672)</u>
Interest receivable and similar income	10	4,481	4,201
Interest payable and financing costs	11	(2,909)	(2,776)
Acquisition of Business		1,037	-
Surplus and total comprehensive income for the year		<u><u>4,137</u></u>	<u><u>753</u></u>

The notes on pages 23 to 46 form part of these financial statements.

STONEWATER (5) LIMITED
REGISTERED NUMBER:31527R

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	2024 £000	2024 £000	2023 £000	2023 £000
Fixed assets					
Tangible fixed assets - Housing properties	13		65,557		63,479
Investments			19		-
Other tangible fixed assets	14		705		648
			66,281		64,127
Current assets					
Properties held for sale	15	96		-	
Debtors: amounts falling due after more than one year	16	45,900		-	
Debtors due within 1 year	16	3,410		16,610	
Cash and cash equivalents		143		26,756	
			49,549	43,366	
Creditors: amounts falling due within one year	17	(8,748)		(4,167)	
Net current assets			40,801		39,199
Total assets less current liabilities			107,082		103,326
Creditors: amounts falling due after more than one year	18		(90,803)		(91,184)
Net assets			16,279		12,142
Capital and reserves					
Income and expenditure reserve			16,279		12,142
			16,279		12,142

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 September 2024.

Sheila Collins (Chair)
Chairman

Sheila Collins

Nicholas Harris
Board member

Nicholas Harris

Anne Harling
Secretary

Anne Harling

The notes on pages 23 to 46 form part of these financial statements.

STONEWATER (5) LIMITED

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2024

	Income and expenditure reserve £000	Total Reserves £000
At 1 April 2022	11,389	11,389
Surplus for the year	753	753
At 1 April 2023	12,142	12,142
Surplus for the year	4,137	4,137
At 31 March 2024	16,279	16,279

The notes on pages 23 to 46 form part of these financial statements.

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. Legal status

Stonewater (5) Limited is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider. The Association is a public benefit entity.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the Association have been prepared on a going concern basis, under the historical cost basis of accounting in accordance with Financial Reporting Standard 102 (FRS102). This is the applicable standard in the United Kingdom and the Republic of Ireland and the Housing SORP 2018 "Statement of Recommended Practice for Registered Social Housing Providers" and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

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

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

The information is included in the consolidated financial statements of Stonewater Limited as at 31 March 2024 and these financial statements may be obtained from Stonewaters' registered address as disclosed on the Company Information page.

The following principal accounting policies have been applied:

2.2 Going concern

After making enquiries and reviewing the Stonewater Group 30 year financial plan, the Board has a reasonable expectation that we have adequate resources to continue in operational existence for at least 12 months from the date on which the financial statements were approved for release. The financial statements have therefore been prepared on a going concern basis.

The current economic environment remains challenging for both customers and the organisation. Although inflation has eased, short term interest rates remain high and longer term borrowing costs are unlikely to move significantly lower in the medium term.

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

Liquidity is monitored for the Group as a whole and if Stonewater (5) Limited required funds these will be supplied by Stonewater Limited via intercompany loan. At 31 March 2023/24 we had £3.3m of cash, which exceeded the Association's contracted obligations less grant by £3.2m.

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.3 Turnover

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

2.4 Revenue recognition

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

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

2.5 Service charges

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

2.6 Operating costs

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

2.7 Value Added Tax

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

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.8 Government and other grants

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

In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected (see table of useful economic lives on page 26).

SHG received against new schemes, which are under construction is included as a long term liability. Amortisation becomes active once the unit is in active management Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once performance related conditions have been met.

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

2.9 Housing properties

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

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

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

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

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

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

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

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.10 Finance costs

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

2.11 Leasehold sinking funds

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

2.12 Income and expenditure reserve

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

2.13 Depreciation of other fixed assets

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

The estimated useful lives range as follows:

Furniture and office equipment	-	5 to 25 years
--------------------------------	---	---------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Residual values for other tangible fixed assets are assumed to be nil.

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

2.14 Fixed Assets and depreciation

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.14 Fixed Assets and depreciation (continued)

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

Boiler	- 15
Kitchen	- 20
Lifts	- 20
Heating systems	- 30
Bathrooms and wet rooms	- 30
Windows and doors	- 35
Electrics	- 40
Roof cover	- 70
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.

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.

2.15 Impairment

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

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

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

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

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.16 Other fixed assets

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

2.17 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.

2.18 Shared ownership properties and staircasing

Shared ownership sales are treated under the SORP 2018 as follows:

- Shared ownership properties are split proportionately between current and fixed assets based on the anticipated 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.

2.19 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2.20 Debtors and creditors

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

2.21 Rent and service charge agreements

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

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.22 Loans, investments and short term deposits

All loans, investments and short term deposits held by the Association are classified as basic financial instruments in accordance with FRS 102.

These instruments are initially recorded at the transaction price less any transaction costs (historical cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Association has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated in the statement of financial position at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

2.23 Financial liabilities and equity

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

2.24 Cash and cash equivalents

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

The Association invests in highly rated Low Volatility Net Asset Value (LVNAV) money market funds where capital preservation is the priority. These are valued on an amortised cost basis.

2.25 Gift Aid

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

2.26 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.

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

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

- Whether there are indicators of impairment of the Association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.
- 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, they 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 member's best estimate of sales value based on economic conditions within the area of development.
- Whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determining the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Other key sources of estimation uncertainty:

- Tangible fixed assets (note 13 and 14)

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

- Business combination

At 31 December 2023 Puttenham and Wanborough Housing Association, a Surrey based Registered Provider merged into Stonewater 5 Limited. Puttenham and Wanborough owned 15 properties. Based on an informal valuation and the values of similar properties in the area, the difference between the fair value and the net book value of the properties was determined to be immaterial. As a result no formal fair value of housing properties was undertaken.

Cash represented 62% of the net assets acquired.

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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

	Note	Turnover 2024 £000	Cost of Sales 2024 £000	Operating costs 2024 £000	Surplus on disposal of fixed assets 2024 £000	Operating surplus / (deficit) 2024 £000
Social housing lettings	5	8,592	-	(7,067)	-	1,525
Other social housing activities						
Surplus on disposal of fixed assets	9	-	-	-	3	3
Total		<u>8,592</u>	<u>-</u>	<u>(7,067)</u>	<u>3</u>	<u>1,528</u>

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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

	Note	Turnover 2023 £000	Cost of Sales 2023 £000	Operating costs 2023 £000	Surplus on disposal of fixed assets 2023 £000	Operating surplus / (deficit) 2023 £000
Social housing lettings	5	7,685	-	(8,521)	-	(836)
Other social housing activities						
Surplus on disposal of fixed assets	9	-	-	-	164	164
Total		<u>7,685</u>	<u>-</u>	<u>(8,521)</u>	<u>164</u>	<u>(672)</u>

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

5. Particulars of the income from social housing lettings

	General Needs 2024 £000	Supported / Housing for older people 2024 £000	Shared ownership 2024 £000	Affordable Rent 2024 £000	Total 2024 £000	Total 2023 £000
Rent receivable net of identifiable service charges	5,827	699	151	263	6,940	6,455
Service charge income	849	469	144	(4)	1,458	1,046
Net rent receivable	6,676	1,168	295	259	8,398	7,501
Amortised government grants (note 19)	138	33	6	7	184	181
Other income	-	-	10	-	10	3
Income from social housing lettings	6,814	1,201	311	266	8,592	7,685

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

5. Particulars of the expenditure from social housing lettings

	General Needs 2024 £000	Supported / Housing for older people 2024 £000	Shared ownership 2024 £000	Affordable Rent 2024 £000	Total 2024 £000	Total 2023 £000
Management	(1,390)	(212)	(66)	(45)	(1,713)	(1,458)
Service charge costs	(950)	(489)	(96)	(10)	(1,545)	(1,290)
Routine maintenance	(1,567)	(170)	(61)	(42)	(1,840)	(1,406)
Planned maintenance	(198)	(10)	-	(1)	(209)	(249)
Major repairs (note 13b)	(236)	72	(34)	(4)	(202)	(1,162)
Bad debts	(75)	(7)	-	(3)	(85)	(72)
Depreciation on housing properties – annual charge (note 7 and 13a)	(1,099)	(215)	(22)	(56)	(1,392)	(1,248)
Depreciation on housing properties – accelerated on disposal of components (note 7)	(95)	(2)	-	(1)	(98)	(109)
Impairment on housing properties (note 7 and 13a)	(61)	-	-	-	(61)	(1,527)
Reversal of impairment (note 7 and 13a)	78	-	-	-	78	-
Expenditure on social housing lettings	(5,593)	(1,033)	(279)	(162)	(7,067)	(8,521)
Operating surplus/(deficit) on social housing lettings	1,221	168	32	104	1,525	(836)
Void losses	(94)	(40)	-	4	(130)	(95)

STONEWATER (5) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

6. Units of housing stock

	At the start of the year	Additions	Disposals	Reclassific ations	At the end of the year
	Number	Number	Number	Number	Number
General needs	1,052	-	-	(24)	1,028
Affordable	36	-	-	-	36
Shared ownership	58	-	-	(3)	55
Supported housing	8	-	-	-	8
Housing for older people	133	-	-	-	133
Total owned and managed accomodation	<u>1,287</u>	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>1,260</u>
Accomodation managed for others	50	-	-	-	50
Units managed by other associations	-	15	-	27	42
Total owned and managed accomodation	<u><u>1,337</u></u>	<u><u>15</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,352</u></u>

STONEWATER (5) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

7. Operating Surplus

	2024	<i>2023</i>
	£000	<i>£000</i>
This is arrived at after charging/(crediting):		
Depreciation of housing properties		
- annual charge (note 5 and 13a)	1,392	1,248
- accelerated depreciation (note 5)	98	109
Depreciation of other tangible fixed assets (note 14)	41	30
Impairment of housing properties (note 5 and 13a)	61	1,527
Reversal of impairment of housing properties (note 5 and 13a)	(78)	-

Audit fees for the years ending 31 March 2024 and 31 March 2023 are borne by the parent company, Stonewater Limited, and are disclosed in the consolidated financial statements.

8. Employees, Directors' and senior executive remuneration

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

9. Surplus on disposal of fixed assets

	Other housing properties	Total	Total
	2024	2024	<i>2023</i>
	£'000	£'000	<i>£'000</i>
Disposal proceeds	5	5	351
Net book value of disposals (note 13a)	-	-	(149)
Other costs	(2)	(2)	(38)
Surplus on disposal of fixed assets	<u>3</u>	<u>3</u>	<u>164</u>

STONEWATER (5) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

10. Interest receivable and similar income

	2024	2023
	£000	£000
Interest receivable from group undertakings (note 23)	2,322	1,197
Gift aid from group undertakings	1,322	2,591
Interest receivable and similar income	837	413
Total	4,481	4,201

11. Interest payable and financing costs

	2024	2023
	£000	£000
Interest payable to group undertakings (note 23)	3,023	2,928
Amortisation of bond premium (note 23)	(179)	(175)
Amortisation of bond discount (note 23)	29	24
Amortisation of issue costs	6	11
Interest capitalised on construction on housing properties (note 13b)	-	(23)
Recycled capital grant fund (note 20)	30	11
Total	2,909	2,776

12. Taxation on surplus on ordinary activities

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

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

13. a) Tangible fixed assets housing properties

	Housing properties held for lettings	Housing properties for letting under construction	Shared ownership properties held for lettings	Shared ownership under construction	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 April 2023	69,533	171	2,947	-	72,651
Additions:					
- Purchase of completed properties	405	-	-	-	405
- replace components	3,240	-	-	-	3,240
Transfer to properties held for sale	(96)	-	-	-	(96)
Disposals:					
- replaced components	(176)	-	-	-	(176)
At 31 March 2024	72,906	171	2,947	-	76,024
Depreciation:					
1 April 2023	7,541	-	104	-	7,645
Charge for the year (note 5 and 7)	1,370	-	22	-	1,392
Disposals during the year:					
- replaced components	(80)	-	-	-	(80)
At 31 March 2024	8,831	-	126	-	8,957
Provision for impairment:					
At 1 April 2023	1,527	-	-	-	1,527
Charge for the year (note 5 and 7)	61	-	-	-	61
Release in the year (note 5 and 7)	(78)	-	-	-	(78)
At 31 March 2024	1,510	-	-	-	1,510
Net book value:					
At 31 March 2024	62,565	171	2,821	-	65,557
At 31 March 2023	60,465	171	2,843	-	63,479

STONEWATER (5) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

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

	2024	2023
	£000	£000
The net book value of housing and other properties comprises:		
Freehold	62,071	59,945
Long leasehold	3,486	3,534
Total	65,557	63,479
 Interest capitalisation:		
Interest capitalised in the year (note 11)	-	23
Cumulative interest capitalised	56	56
Rate used for capitalisation	4%	3.7%
 Works to properties:		
Improvements to existing properties capitalised	3,240	5,135
Major repairs expenditure to statement of comprehensive income (note 5)	202	1,162
	3,442	6,297
 Total social housing grant received or receivable to date as follows:		
Capital grant held in deferred income (note 19)	13,281	13,465
Recycled capital grant fund (note 20)	601	571
Amortised to statement of comprehensive income in year (note 5)	184	181
Write back amortisation on disposals (note 19)	-	(32)
Cumulative amortisation to income and expenditure reserve	1,776	1,592

Properties held for security

The Association had 1,237 properties pledged as security at 31 March 2024 with a NBV of £51.1 m (2023: 1,237 properties, £50.4 m). The Association had 115 completed assets that have not been charged, with a net book value of £8.0 m (2023: 117 NBV: £6.6 m). There are some properties that are not suitable for security charging.

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

14. Other tangible fixed assets

	Furniture and office equipment £000	Total £000
Cost or valuation		
At 1 April 2023	723	723
Additions	98	98
At 31 March 2024	<u>821</u>	<u>821</u>
Depreciation		
At 1 April 2023	75	75
Charge for the year	41	41
At 31 March 2024	<u>116</u>	<u>116</u>
Net book value		
At 31 March 2024	<u>705</u>	<u>705</u>
At 31 March 2023	<u>648</u>	<u>648</u>

15. Properties held for sale

	2024 £000	2023 £000
Other property sales	96	-
	<u>96</u>	<u>-</u>

STONEWATER (5) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

16. Debtors

	2024	2023
	£000	£000
Due after more than one year		
Amounts owed by group undertakings	45,900	-
	<u>45,900</u>	<u>-</u>
	<u><u>45,900</u></u>	<u><u>-</u></u>
 Due within one year		
	2024	2023
	£000	£000
Rent and service charge arrears	566	467
Less: Provision for doubtful debts	<u>(175)</u>	<u>(162)</u>
	391	305
Service costs to be charged in future periods	694	599
Amounts owed by group undertakings	2,306	15,705
Other debtors	6	1
Social housing grants receivable	13	-
	<u>3,410</u>	<u>16,610</u>
	<u><u>3,410</u></u>	<u><u>16,610</u></u>

Amounts owed by group undertakings includes a loan of £45,900,000 provided to Stonewater Developments Limited (2023: £15,700,000, included in the Debtors within one year). This loan is made under a five year £70m loan facility expiring in 2029 and interest is charged at Base Rate + 3%. The loan of £15,700,000 in prior year was borrowing under a five year loan facility expiring in 2024 and interest was charged at Base Rate + 3%. The Association provides a loan facility to its subsidiary Greenoak Housing Association Limited, of £5,000,000. The facility expires on 31 December 2024, and interest is charged at Base Rate + 1%. The balance of the loan at 31 March 2024 was nil (2023: Nil).

STONEWATER (5) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

17. Creditors: Amounts falling due within one year

	2024	2023
	£000	£000
Housing loans internal (note 21)	3,155	150
Issue costs (note 21)	(6)	(6)
Other creditors	3,124	677
Trade creditors	26	-
Accruals and deferred income	-	1,302
Amounts owed to group undertakings	857	613
Deferred capital grant (note 19)	180	180
Recycled capital grant fund (note 20)	497	439
Leaseholder sinking funds	915	812
	<u>8,748</u>	<u>4,167</u>

The Association receives a loan of £3m from Greenoak Housing Association Limited, a subsidiary, which is a short term loan repayable at 3 monthly intervals, with an interest rate of BoE base rate +1%

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

	2024	2023
	£000	£000
Housing loans internal (note 21)	74,500	74,500
Housing loans premium	3,865	4,049
Housing loans discount	(624)	(653)
Issue Costs (note 21)	(143)	(129)
Deferred capital grant (note 19)	13,101	13,285
Recycled capital grant fund (note 20)	104	132
	<u>90,803</u>	<u>91,184</u>

Included within Housing loans internal is a loan of £74.5 million (2023: £74.5 million) from Stonewater Funding PLC, £51.5 million of which is repayable on 2042 and £23 million on 2046. Interest payable on housing loans are at varying commercial rates. Loans are secured by fixed charges on individual properties. In addition, £7.5 million (2023: £4.0 million) premium is amortised over the life of the loans and £1.2 million (2023: £0.7 million) discount is amortised over the life of the loans.

STONEWATER (5) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

19. Deferred capital grant

	2024	2023
	£000	£000
At 1 April	13,465	13,677
Transfer to RCGF (note 20)	-	(63)
Released to income in the year (note 5)	(184)	(181)
Write back amortisation on disposals (note 13)	-	32
	<u>13,281</u>	<u>13,465</u>
At 31 March		
Amounts due for repayments:		
-within one year (note 17)	180	180
-greater than one year (note 18)	<u>13,101</u>	<u>13,285</u>
	<u>13,281</u>	<u>13,465</u>

20. Recycled capital grant fund (RCGF)

	HCA	HCA
	2024	2023
	£000	£000
At 1 April	571	497
Inputs to fund:		
Grants recycled from deferred capital grants (note 19)	-	63
Interest accrued (note 11)	30	11
	<u>601</u>	<u>571</u>
At 31 March		
Amounts due for repayments:		
-within one year (note 17)	497	439
-within two to three years (note 18)	104	132
	<u>601</u>	<u>571</u>

STONEWATER (5) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

21. Loans and borrowings

Maturity of debt:	Lending 2024	Lending 2023
	£000	£000
In one year or less, or on demand	3,155	150
Issue costs <1 year	(6)	(6)
Less than one year (note 17)	<u>3,149</u>	<u>144</u>
In more than one year but not more than two years	163	155
In more than two years but not more than five years	509	498
After five years	77,069	77,243
Issue costs	<u>(143)</u>	<u>(129)</u>
Greater than one year (note 18)	77,598	77,767
Total loans	<u><u>80,747</u></u>	<u><u>77,911</u></u>

The debt maturing after five years includes a bond on-lending of £74.5m (2023: £74.5m) from Stonewater Funding PLC, a fellow group member. The amount of debt secured on property assets is £74.5 m (2023: £74.5m). The debt maturing within one year includes a £3m loan from Greenoak Housing Association Limited, a subsidiary, which is a short term loan repayable at 3 monthly intervals.

22. Share Capital

	2024	2023
	£	£
At 1 April	12	12
Shares issued in the year	-	3
Shares cancelled in the year	-	(3)
At 31 March	<u><u>12</u></u>	<u><u>12</u></u>

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

STONEWATER (5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

23. Related party disclosures

The Association has taken advantage of the disclosure exemption available to subsidiary undertaking in FRS102 in respect of related party transactions with intra group companies. The Association transacted with a non-regulated entity (Stonewater Funding PLC) whose principle activity is to act as the capital markets issuance vehicle for the group. The management fee charged by Stonewater Funding PLC was £20k (2023:£35k) The total loan balance and interest charged by Stonewater Funding PLC in the year was:

	2024 £000	2023 £000
Loan Balance (after issue costs) (note 21)	80,747	77,911
Interest charged - incl amortisation of bond premium and discount (note 11)	2,873	2,777

In July 2021, Stonewater established a £1.0bn European Medium Term Note (EMTN) programme. In September 2021, Stonewater issued a £250m sustainability bond from this programme. The bond was issued by Stonewater Funding PLC and matures in September 2036. Proceeds from the £250m bond were onlent to Stonewater Limited and Stonewater(5) Limited on 10 September 2021. Stonewater(5) Limited was allocated £4.5m of the £250m.

Under the programme the bonds are secured by fixed charges over the housing properties of Stonewater Ltd and Stonewater (5) Limited; cross guaranteed to cover any shortfall in the security and any unpaid interest and fees in respect of the loans. At 31 March 2024 the potential shortfall covered by the guarantee was nil as the valuation of the security provided by Stonewater Limited, and Stonewater (5) exceeded the amount required.

The total interest charged to Greenoak was £nil (2023:£4k), and the loan balance outstanding at 31 March 2024 was £ nil. During the year the Association received a loan from a subsidiary company, Greenoak Housing Association Limited, of £3m. Interest was paid of £89k (2023: £nil).

During the year the Association provided a loan to a subsidiary company, Stonewater Developments Limited, a company which provides development and design and build services to the group. The charge for the design and build services was £19K (2023: £447K) plus 2.5% admin charge of £475 (2023: £11K) a total recharge of £20K (2023: £458K). The total loan balance and interest charged to Stonewater Developments Limited in the year was:

	2024 £000	2023 £000
Loan Balance (note 16)	45,900	15,700
Interest received (note 10)	2,322	1,193
Interest received from Greenoak (note 10)	-	4
Interest charged by Greenoak	89	-

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

STONEWATER (5) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

24. Capital commitments

	2024	2023
	£000	£000
Commitments contracted but not provided for construction	77	473
	<u>77</u>	<u>473</u>
	<u><u>77</u></u>	<u><u>473</u></u>

Capital commitments for the Association will be funded from £54k (2023: £89k) social housing grant with the remainder funded from operating cashflow and external borrowings £ 23k (2023: £384k).

25. Combinations that are in substance a gift

On 31 December 2023, Puttenham and Wanborough Housing Society (PWHS) (Co-operative and Community Benefit number 16049R) joined Stonewater (5) Limited by means of a transfer of engagements and subsequently gifted its net assets to Stonewater (5) Limited for nil consideration. As such the accounting treatment will follow that of business combinations that are in substance a gift.

A review of the net assets gifted showed that the resulting fair value adjustments are immaterial and therefore no adjustments have been included in Stonewater (5) Limited's financial statements.

	£'000
Fixed assets	
Housing properties	405
Investments	<u>19</u>
	<u>424</u>
Current assets	
Cash	<u>613</u>
Net current assets	<u>613</u>
Total net Assets	<u>1,037</u>