

HASTOE HOUSING ASSOCIATION LIMITED

Report and Group Financial Statements

Year ended 31 March 2026

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BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Board

Chair	Lindy Morgan
Deputy Chair and Senior Independent Director	Madeleine Forster (from 17 November 2025) Andrew Wiseman (resigned 16 November 2025)
Other Members	Cathy Beazley (appointed 15 May 2025) John Bruton Ashley Horsey Omadevi Jani (resigned 30 April 2025) Jo Lavis (resigned 30 April 2025) Julie Pearce-Martin Ros Rowe (appointed 25 September 2025)

Executive Directors

Chief Executive	Andrew Potter (resigned 22 May 2026) William Roberts (appointed 23 May 2026 and resigned 7 July 2026) Liz Cook (appointed 8 July 2026).
Finance Director	William Roberts
Development Director	Chris Meadows (appointed 1 May 2026) Ulrike Maccariello (resigned 30 April 2026)
Housing Director	Georgina Parkinson
Property Director	Kirsty McGivney
Secretary	William Roberts

Registered office	Marina House 17 Marina Place Hampton Wick Kingston upon Thames Surrey KT1 4BH
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Registered number	Registered as a charitable social landlord under the Co-operative and Community Benefit Societies Act 2014, No: 16243R Registered by the Regulator of Social Housing, No: L0018
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Auditors	Menzies LLP (formerly Beever & Struthers) The Colmore Building 20 Colmore Circus Queensway Birmingham B4 6AT
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Solicitors	Devonshires Solicitors LLP 30 Finsbury Circus London EC2M 7DT Trowers & Hamlins LLP 3 Bunhill Row London, EC1Y 8YZ	Stephens Scown LLP Malpas Road Truro Cornwall TR1 1UT
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Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
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STRATEGIC REPORT

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2026.

Principal activities

The following table summarises the companies in the Group ('Hastoe') and their principal activities:

Company	Principal Activity	Legal Status
Hastoe Housing Association Limited ("Hastoe HA")	Provision of homes and services to meet the needs of people who are homeless or poorly housed.	Registered Social Housing Provider
Hastoe Capital plc	Borrowing vehicle, providing funding to Hastoe Housing Association Limited.	Unlisted Public Limited Company
Hastoe Homes Limited	Provision of design and build services to Group companies.	Company Limited by Shares
Sustainable Homes Limited	Development and sale of homes on the open market.	Company Limited by Shares

Hastoe HA does not provide any form of guarantee to any of the unregulated companies in the Group. Hastoe HA has provided Sustainable Homes Limited with a £15m revolving loan facility. The facility attracts a commercial rate of interest and is secured by a floating charge.

Objectives and Strategy

Hastoe is defined by its strong commitment to rural communities and to environmental sustainability. The Board sets and monitors delivery against its strategic ambitions, which are to:

- Deliver good-quality services for our residents that meet their needs;
- Invest in and maintain, safe, energy-efficient homes;
- To have the right homes, in the right places, to support our purpose;
- Develop homes in rural areas to support the sustainability of rural communities;
- Run a professional, efficient organisation and be an excellent employer.

Hastoe was formed in 1962 and in the early years managed predominately urban homes. From the 1990s onwards, Hastoe's strategy shifted to focus on building in rural communities. As a consequence of this specialism, the Group operates across a wide geographical area. Hastoe has developed a track record of managing and building high quality homes that meet the needs of its many and varied local communities.

The Board has decided to dispose of Hastoe's small portfolio of tower blocks and other properties that do not meet Hastoe's strategic aims. The increased regulation of these properties may mean that they can be more efficiently managed by other housing providers with a greater proportion of similar buildings.

Hastoe is committed to building energy efficient new homes and to retrofitting its existing homes. The development programme aims to provide much needed, affordable rural homes, whilst also balancing the Board's aim to strengthen Hastoe's financial resilience.

Hastoe has a long-standing commitment to resident engagement and reviews its services on a regular basis with the aim of improving customer service. Hastoe was an early adopter of the National Housing Federation's (NHF) Charter 'Together with Tenants' that aims to ensure housing associations and their Boards are accountable to residents.

The Board's ambition is to be an excellent employer to enable Hastoe to attract and retain high performing staff.

STRATEGIC REPORT (CONTINUED)

Operating environment

The United Kingdom (UK) economy has continued to experience subdued growth. The Office for Budget Responsibility (OBR) forecast in March 2026 that UK gross domestic product (GDP) would grow by 1.1% in 2026 and 1.6% in 2027. The Board remains mindful that the outlook is subject to significant uncertainty, including geopolitical developments and their potential impacts on energy prices, inflation and consumer confidence.

The Consumer Price Index (CPI) has remained above the Bank of England (BoE) target since April 2021. CPI was 3.3% in March 2026. The BoE has reduced Base Rate several times since its peak of 5.25% in August 2023 and held the Base Rate at 3.75% in June 2026. The BoE has noted that higher energy prices have increased near-term inflationary pressures and created additional uncertainty over the future path of interest rates.

The Government has established a 10-year rent settlement whereby social rents are allowed to rise by no more than CPI +1% each year until 31 March 2036. In addition, rent convergence has been reintroduced. This allows rents that are below the formula rent to be increased by an additional £1 per week from April 2027 and £2 per week from April 2028 until the end of the settlement period. The Board is conscious that Government policy can change and so it has considered the effect of differing levels of rent and cost inflation as part of the stress testing of its financial plan.

The Board is also very aware of the financial difficulties facing its customers and as a result has a fund that is available to help residents who may experience hardship and provides dedicated staff who offer benefit and welfare advice. The Board monitors the position closely and receives regular reports on rent arrears. At 31 March 2026, the rent arrears of Hastoe tenants and shared owners stood at 2.3% and 1.9% of rent charged, respectively (2025: 2.9% and 2.1%, respectively).

According to the Nationwide Building Society, UK house prices rose by 2.2% year-on-year in March 2026 (February 2026: 1.0%). The wider market continues to adjust to the stamp duty threshold changes that took effect from April 2025, which increased transaction costs for many buyers. The demand for Hastoe's shared ownership properties has continued to be robust. The Board remains mindful of sales risk, which it limits by spreading its sales activities across a wide geography and not developing open market-led sites.

The Building Safety Law was introduced in 2022 and aims to deliver a safety regime and accountability structure, particularly for higher risk high-rise buildings. Hastoe owns four buildings over 18 metres tall, none of which are clad with aluminium composite material. As required, these were registered with the Building Safety Regulator before October 2023.

The Fire Safety Act came into force in May 2022 and clarified that the Regulatory Reform (Fire Safety) Order 2005 applies to the structure and external walls and any common parts of any building containing two or more sets of domestic premises. Further Fire Safety Regulations came into effect in January 2023 and introduced the requirement for 'Responsible Persons' on residential buildings over 11m. Responsible Persons are required to ensure that annual checks of flat entrance doors and quarterly checks of all fire doors in the common parts are undertaken. Hastoe owns six properties over 11 metres tall.

Following the publication of the final report of the Grenfell Tower Inquiry, the Government has set out further planned reforms to address building safety and strengthen accountability. These include proposals for a single construction regulator and an ongoing review of the definition of a "higher-risk building", including whether the nature of a building's use and the likely presence of vulnerable people should be reflected in the definition.

STRATEGIC REPORT (CONTINUED)

The Social Housing (Regulation) Act 2023 provided the Regulator of Social Housing with powers to inspect and intervene on consumer related matters. In April 2025, the Regulator confirmed that Hastoe had obtained a C2 compliant grade against the Consumer Standards, which took effect from 1 April 2024. The Board was satisfied with the compliant grading but recognises the areas identified by the Regulator for improvement and has been focussed on addressing them.

“Awaab’s Law’ (the Hazards in Social Housing (Prescribed Requirements) (England) Regulations 2025) came into force for the social rented sector from 27 October 2025. From that date, social landlords have had to address damp and mould hazards that present a significant risk of harm to tenants within fixed timeframes. The Government has indicated that the scope of the regulations will be expanded in 2026 to include a wider range of hazards (such as excess cold/heat, falls, structural collapse and explosions, fire and electrical hazards, and domestic hygiene/food safety) and expanded further in 2027 to cover the remaining Housing Health and Safety Rating System hazards (apart from overcrowding). The Board receives various forms of assurance that damp and mould hazards are being appropriately addressed, including regular performance reports and reviews by their independent internal auditors.

The Ombudsman’s Complaint Handling Code became statutory on 1 April 2024 and requires landlords to have a Member Responsible for Complaints (MRC) on their governing body. This is to provide assurance to the governing body on the effectiveness of its complaints system, including challenging the data and information provided to the Board. Hastoe has appointed two Board Members with this responsibility and foresees the role adding value to the complaints process and handling. During the year, the Housing Ombudsman made three determinations of maladministration against Hastoe but no determinations of severe maladministration. The Board considered the cases in depth and ensured that appropriate action was taken.

The New Decent Homes Standard policy statement was published by the Government on 28 January 2026, which amongst other things introduces a Minimum Energy Efficiency Standard (MEES) to the social rented sector. Landlords will need to achieve compliance with the new Decent Homes Standard by 2035. The MEES requirements have separate timescales, with partial implementation due by 2030 and full implementation by 2039. Approaching 80% of Hastoe’s rented properties are rated as EPC C or above. The Board are cognisant of the requirements and are focussed on planning implementation and ensuring that the full cost of the changes are reflected within the Group’s long term financial plan.

The Leasehold and Freehold Reform Act became law on 24 May 2024. It makes it easier and cheaper for leaseholders to buy their freehold, increase standard lease extension terms to 990 years for houses and flats, and requires greater transparency over service charges.

The Future Homes and Buildings Standards (FHBS), announced in March 2026, mandate that all new homes and non-domestic buildings in England be zero-carbon ready from 24 March 2027. Hastoe has been building energy-efficient homes for many years and in 2021 launched the Hastoe New-Build Standard (HNBS), which was designed to meet the anticipated FHBS and illustrate how rural housing associations are already leading the way on standards relating to energy efficiency, quality and design.

The Planning and Infrastructure Act received Royal Assent on 18 December 2025 and designed to support the Government’s aim to build 1.5m homes. It proposes various reforms, including those around compulsory purchase orders, strategic planning and development corporations. Hastoe completed the build of 58 new affordable homes in the year.

The Board will continue to monitor the economic and political indicators and their effect upon investor and consumer confidence. In accordance with any changes, the Board will review the business plan and strategy to determine the appropriate responses.

STRATEGIC REPORT (CONTINUED)

Risks and uncertainties

Risk assessment

Risks that may prevent the Group achieving its objectives are considered and reviewed regularly by the Board and senior staff as part of the business planning and performance management processes. The Board considers the following to be the major risks to successful achievement of its objectives.

Key risk	Description and risk mitigation
Landlord Health & Safety	Failure to meet health & safety responsibilities resulting in injury or death. The Board reviews a series of health & safety performance indicators, including category 1 or 2 hazards under the housing health and safety system, such as serious cases of damp and mould. The Group's buildings over 18m are registered with the Building Safety Regulator. The Board also approves an annual health & safety policy and statement. The Group employs specialist external consultants to support an experienced staff team. Further assurance is provided by a programme of independent internal audits and compliance tests.
Rent Controls	Political or economic changes result in controls on social rents that are less favourable than the current expectation of increases being capped at the consumer price index plus 1% until March 2036. The Board reviews the financial plan, and associated stress testing, to gain assurance of the Group's long-term financial viability.
Customer Service and Repairs Contractor Delivery	Poor performance of repair contractors and delays in resolving customers' issues, results in a low level of customer satisfaction. Hastoe continues to invest in its housing management system and digital services. New repairs contractors have been mobilised with the aim of improving the repairs service and making it more resilient. The Board has set stretching targets to enhance the customer experience and further improve customer engagement.
Stock Investment and Maintenance costs	Unforeseen building safety costs and increased regulatory requirements materially increase the required level of stock investment. The Board reviews the financial plan, and associated stress testing, to gain assurance of the Group's financial viability in a variety of scenarios where additional stock investment is required. Stock condition surveys, fire risk assessments, external wall surveys and other data sources are used to enable the Group to understand and forecast the level of investment required.
Cyber Security	A cyber-attack results in an inability to provide or access services for extended period of time, potentially impacting the viability of the Group, and/or a loss of customer or staff data that results in reputational damage and a regulatory censure or fine. The Audit & Risk Committee receives a regular report on the status of the Group's IT security. Regular phishing tests are conducted and relevant training provided to staff. Further assurance is provided by regular third-party cyber security testing. The Group has business continuity arrangements that are regularly reviewed.

The Board monitors emerging risks and adapts its plans accordingly to remain within its risk appetite.

STRATEGIC REPORT (CONTINUED)

Financial review

Income and Expenditure

The following table provides a summary of the Group's results and associated financial indicators over the last five years:

For the year ended 31 March	2026 £'000	2025 £'000	2024 £'000	2023 £'000	2022 £'000
Total Turnover	44,467	39,665	38,283	34,957	33,736
Income from social housing lettings	39,024	36,676	33,823	31,543	30,140
Surplus on first tranche and open market property sales	319	213	656	423	275
Gain on disposal of properties	2,344	2,437	2,384	2,644	2,234
Operating Surplus	19,485	15,970	15,204	16,819	14,899
Net interest costs	(11,792)	(11,415)	(11,273)	(11,436)	(11,324)
Movement in fair value of investment properties	(734)	26	-	227	52
Surplus Before Tax	6,959	4,581	3,931	5,610	3,627

Operating Margin	44%	40%	40%	48%	44%
Operating margin on social housing lettings	44%	37%	36%	43%	41%
Interest Cover*	1.98	1.76	1.7	1.8	1.7
EBITDA MRI Interest Cover**	1.5	1.1	1.0	1.3	1.6

* Operating surplus before property depreciation and grant amortisation divided by interest payable (excluding capitalised interest) less interest receivable.

** Earnings Before Interest Tax Depreciation and Amortisation, with capitalised Major Repair costs Included (excluding gains on disposal of properties).

The Group generated a surplus for the year of £7.0m (2025: £4.6m) at an operating margin of 44% (2025: 40%). The rise in the surplus for the year was due to costs being controlled below the level of rent inflation, with a reduction in the level of responsive maintenance costs. This was achieved by implementing controls on the behaviour of contractors and there was no evidence of customer detriment. Excluding the gain on the disposal of properties, the operating margin rose slightly to 39% (2025: 34%). A reduction in the level of capitalised major repairs to £3.0m (2025: £3.9m) also contributed to the increase in the level of EBITDA MRI interest cover to 1.5 times (2024: 1.1 times). The Group does not have any loan covenants that are based on EBITDA MRI.

Turnover from social housing lettings rose 6% to £39.0m (2025: £36.7m), primarily due to inflation linked rent increases. Amortised grant included the release of £0.7m due to an expired grant liability. There was also a contribution from newly built homes, but this was fairly minor, as a consequence of the low levels of development activity in the last few years. Operating costs on social housing lettings fell by 4%, rising to £21.9m (2025: £22.9m), due to improved controls on responsive maintenance expenditure. The impairment charge of £0.2m reflects a reduction in the marketing value of one of Hastoe's offices. Management costs increased by 11%, due to salary inflation, an increase in posts and an investment in improved cyber security. As a result, the operating margin on social housing lettings rose to 44% (2025:38%).

Turnover from first tranche sales was £3.6m (2025: £1.2m) and generated a margin of 9% (2025: 18%). There were no open market sales in the year.

All the Group's external debt is held by the Association. The Association's tightest interest cover covenant requires an earnings before interest, tax, depreciation and amortisation (EBITDA) measure to be a minimum of 120% of net interest costs. The Board has set a golden rule that interest cover, on this measure, should not fall below 130%. Interest cover, on this measure, was 193% in the year. The EBITDA would need to be £7.4m lower to breach the golden rule and £8.6m lower to breach the covenant, demonstrating that the Association has a comfortable level of headroom.

STRATEGIC REPORT (CONTINUED)

Statement of Financial Position

The following table summarises the Group Balance Sheet and associated financial indicators over the last five years:

For the year ended 31 March	2026 £'000	2025 £'000	2024 £'000	2023 £'000	2022 £'000
Fixed assets at cost or valuation	450,678	449,854	438,336	431,110	426,316
Net current assets / (liabilities)	(4,562)	(6,512)	1,166	(3,468)	23
Total assets less current liabilities	446,116	443,342	439,502	427,642	426,339
Creditors and provisions - over one year	359,191	363,445	364,256	355,860	359,872
Revenue reserve	86,925	79,897	75,246	71,782	66,467
	446,116	443,342	439,502	427,642	426,339

Net Debt* : total assets less current liabilities	48%	51%	49%	50%	50%
Debt ** per unit owned	£29,885	£30,396	£30,802	£29,637	£30,330
Debt *** : revenue	5.1	5.8	6.1	6.3	6.7
Liquidity ****	0.8	0.7	1.1	0.8	1.0
Total units owned and managed	7,898	7,871	7,808	7,769	7,737

* Outstanding principal amount less cash

** Outstanding principal amount

*** Debt and related amounts

**** Current assets divided by current liabilities

Completed properties are carried in the Statement of Financial Position at a net book value of £436m (2025: £420m). The Group grew rapidly in the fifteen years until 2018, funded by increased borrowings, grant and the investment of Hastoe's reserves. Since then, a change of strategy has resulted in lower levels of development. Despite this, it remains the case that around half of Hastoe's social housing has been built since the turn of the century.

Gearing levels have either remained relatively stable or fallen over the last five years, dependent upon the measure used. During the year, £1m of debt was drawn down from a revolving credit facility and £5m of scheduled loan repayments were made, resulting in the Group's drawn debt falling to £226m (2025: £230m). The main component of the current liabilities is £5m of further scheduled loan repayments.

Pension costs

The Group participates in the Social Housing Pension Scheme (SHPS). In 2013, the Group closed its SHPS final salary scheme, thus eliminating any uncertainty arising from future service pension liabilities, although the liability for past service remains. A formal valuation of the SHPS was performed at 30 September 2023 and the results are shown in note 29. A SHPS defined contribution scheme remains available to existing and new members of staff.

STRATEGIC REPORT (CONTINUED)

Treasury management

The Group's treasury policy is approved annually by the Board. In managing its treasury operations, the Group's strategic aim is to minimise the cost of funds at an acceptable level of risk and ensure the effective and efficient use of financial resources.

At the year end, the Group had committed debt funding of £259m. Available liquid resources of £38m (cash holdings of £5m and undrawn loan facilities of £33m) are sufficient to meet the Group's committed expenditure, as set out in note 24. The Group's drawn debt has limited refinancing risk with only around 20% of the Group's debt maturing within the next ten years. The undrawn loan facility of £33m is committed until October 2028. At the year end, Hastoe Capital plc held £50m of retained bonds.

The Group borrows at both fixed and floating rates of interest. At the year end, 96% of debt was fixed rate and 4% floating rate. The Group has not entered into any stand-alone swap agreements.

The Group's treasury policy sets out prudent criteria for counterparties from which it borrows, enters into other financial arrangements or deposit funds. The Group borrows and lends only in sterling and so is not exposed to currency risk.

Loan covenants are based on interest cover, gearing ratios and asset cover. The Board has put in place a number of 'golden rules' that provide a risk buffer to protect covenant compliance. Covenants are monitored regularly, by the Executive Team and Board, and were met throughout the year.

In November 2025, Moody's Investor Service confirmed the Group's A3 credit rating, with a stable outlook.

Development

The Group's development programme is comprised of rural exception sites and homes purchased direct from developers, as part of section 106 obligations, provided they meet Hastoe's quality standards. The Group currently has no open market schemes in development or in the pipeline.

There has been continued good demand for the homes that the Group has built and at the year end there were three unallocated new build shared ownership homes in marketing.

Cash spent on new homes amounted to £8.7m during the period, financed through existing cash balances, grants and operating cash generated. The volume of starts on site and completions in the year were lower than targeted due to a combination of high build costs and the increase in borrowing costs making a number of potential development sites unviable.

Performance indicator	2025/26 actual units	2025/26 target units	2024/25 actual units
New Homes - starts on site	36	90	24
New Homes – completed	58	84	71
Sales – shared ownership first tranche	36	41	10
Sales – open market sales	-	-	-

STRATEGIC REPORT (CONTINUED)

Value for Money

Hastoe's commitment to value for money is driven by an awareness of the responsibility to use its assets and resources wisely, to protect its long-term future and to manage and build high quality, energy efficient homes, that meet the needs of its many and varied local communities.

The Board uses the measures, and associated targets, set out in the table below as part of its assessment of the Group's achievement of value for money. The VFM targets are derived from the Board approved financial plan.

	2025/26 outturn	2024/25 outturn	VFM Target	VFM Target Met	Top quartile	Median
Reinvestment	2.7%	4.2%	> = 9.2%	✗	10.0% ¹	7.5% ¹
New Supply Deliver - Social	1.1%	1.3%	>= 1.7%	✗	2.1% ¹	1.3% ¹
New Supply Delivered - Non-Social	0.0%	0.0%	>= 0.0%	✓	-	-
Gearing	50.7%	53.0%	<= 51.0%	✓	55% ¹	46% ¹
Debt : Revenue	5.1	5.8	<= 5.5	✓	-	3.9 ^{2**}
EBITDA MRI Interest Cover	147%	110.0%	>= 124.0%	✓	152% ¹	113% ¹
Social Housing Interest Cover	141%	112%	>= 120.0%	✓	-	-
Operating Margin *	39%	34%	>= 34.0%	✓	23.0% ¹	17.4% ¹
Operating Margin on Social Housing Lettings	43.8%	37.5%	>= 37.0%	✓	25.6% ¹	20.0% ¹
Net Margin *	10.4%	5.6%	>= 7.0%	✓	-	4.7% ^{2**}
Return on Capital Employed (ROCE)	4.4%	3.6%	>= 3.7%	✓	3.6% ¹	3.0% ¹

¹ Regulator of Social Housing: Value for money metrics and reporting - annex to the Global Accounts 2025

² Regulator of Social Housing: 2025 Global Accounts of private registered providers

* Excluding the gains from the disposal of properties

** Mean average

Hastoe does not distribute dividends to shareholders. The surplus made each year is reinvested in existing homes or used to build new homes. The level of reinvestment, funded by the surplus, debt and grant, was equivalent to 2.7% of the cost of the Group's existing assets. This was well below the median rate for the sector due partly to the relative newness of Hastoe's stock and therefore relatively high holding cost (the denominator in the metric). Reinvestment was also below the level targeted by the Board due to the lower levels of development activity.

The number of homes owned by Hastoe grew by only 1.1% in the year, below the target of 1.7%, with delays in planning and higher costs being contributory factors. The Board's aim is to build the development programme up to around 100 homes a year, which would represent growth rate of around 1.8% per annum and be approaching upper quartile performance in the sector.

Hastoe has built a significant portion of its social housing over the last twenty years and, as a result, accumulated comparatively high debt levels. The result is relatively low interest cover ratios and relatively high gearing ratios. The Group's ratio of debt to revenue fell in the year to 5.1 times but remains higher than the average for social housing providers at 31 March 2026 of 3.9¹ times.

The ability to meet the interest costs, as measured by EBITDA MRI interest cover, rose sharply in the year to 147%, above the target of 124%. The improvement is primarily due to a combination of CPI + 1% rent increases, the reduction in responsive maintenance expenditure and the lower level of development activity. The ratio for the year is close to top quartile figure for the sector of 152%¹.

STRATEGIC REPORT (CONTINUED)

The Board also monitors social housing interest cover, as a measure of the ability of its lower risk activities to cover interest costs. This measure increased to 141% in the year (2025: 112%). The net margin increased to 10.4% (2025: 5.4%), which was well above the 7% target.

The Group's high operating margins strengthens Hastoe's ability to continue to service its debt and remain financially viable in a wide-range of forecasted stressed scenarios. The operating margin (excluding the gains from the disposal of properties) of 39% compares favourably with the upper quartile performance in the housing sector of 23%¹ and has increased from the prior year's performance of 34%.

Return on Capital Employed (ROCE) measures the efficiency of the use of capital resources and is derived from dividing the operating surplus by total assets less current liabilities, then expressed as a percentage. The Group's ROCE increased slightly to 4.4% (2025: 3.6%) and was within the upper quartile ROCE for the social housing sector in 2024/25. This performance is due to the Group's high operating margin and despite the relative newness of Hastoe's social housing, which therefore has a relatively high cost. Around half the Group's social housing has been built in the last twenty years.

The combination of relatively high levels of debt and high operating margins has meant that the Group has been effective in maximising its borrowing capacity to deliver against its ambitions. The Board wishes to meet housing need by building new high quality social housing and has targeted to increase the amount of Hastoe's social housing by an average of 1.8% per year (1.3% - median rate for the sector¹) over the next three years, whilst increasing the net margin (excluding the gains from the disposal of properties) to 14% by 2026/27.

Return on Assets

The Group appraises the returns of its assets, along with their strategic fit. Informed decisions are then made about whether stock should be retained, refurbished, converted to a different tenure or sold.

The Board has decided to dispose of Hastoe's small portfolio of tower blocks and hostels, as these properties do not reflect Hastoe's rural specialism and the increasing regulation of these properties may mean that they can be more efficiently managed by other housing providers with a greater proportion of similar buildings. The decision to dispose of Hastoe's sole gypsy and traveller site resulted in a £0.7m impairment charge in the year, which was offset by an almost equivalent write off of the grant liability on the site. Hastoe also disposes of a small number of void units each that meet set criteria. The proceeds of the sales are reinvested to support the development of new rural affordable homes.

Hastoe's build costs are comparatively high, due to its focus on high quality and sustainability standards. Fuel poverty is often higher in rural areas than in urban areas, particularly in rural areas off mains gas supply. In addition, rural build sites are often small scale and require extra design specifications to blend in with their surroundings. These higher costs are offset by lower land costs – on exception sites the value is at an enhanced agricultural value rather than full residential values seen within development boundaries. Effective procurement ensures that build costs are minimised.

In line with the Group's strategic ambition, Hastoe builds its new properties to high environmental standards. The Hastoe New Build Standard demonstrates how quality affordable housing can be built within a constrained budget. The Standard contains eight elements including energy efficiency, beautiful design, quality control and environmental impact.

STRATEGIC REPORT (CONTINUED)

A product of Hastoe's relatively new housing stock and its high build standards is that around 80% of Hastoe's rented homes have an energy performance certificate rating of C or above. The maintenance programme this year was focussed on health and safety projects and, as a result, there was limited progress in improving the energy performance of existing homes. Hastoe has set a plan to increase the percentage of rented homes that are EPC C or above by accessing available grants and tailoring its investment programme to meet this aim. A target has been set for 82% of rented homes to meet EPC C or above by the end of the 2026/27.

EPC rating	31 March 2026	31 March 2025
A	1%	1%
B	39%	38%
C	40%	41%
D	18%	18%
E	2%	2%
F / G	<1%	<1%

The Board has reviewed the level of investment required to maintain the Group's housing stock. The data, assumptions and lifecycles have been independently verified by a third-party consultancy. The required level of investment has been reflected within the Group's long term financial plan.

Service Performance and Costs

The key operational indicators used by the Board and executive management to monitor achievement of the Group's objectives are set out below. The Board agrees targets each year that are designed to manage performance and deliver continuous service improvement.

Performance indicator (Tenant Satisfaction Measure reference)	2025/26 outturn	2025/26 target	Benchmark (where available)	2024/25 outturn
Customer satisfaction (TP01)	65.8%	70%	71.8% ¹	64.0%
Average call waiting times	2mins 16 s	5 mins	-	2 mins 52 s
% of emergency repairs completed on time (RP02)	91.8%	90%	94.9% ¹	87.0%
% of non-emergencies completed on time (RP02)	89.2%	90%	82.5% ¹	80.0%
Re-let times (excluding major works)	20 days	20 days	-	46 days
Current tenant rent arrears – general needs	2.3%	2.6%	4.9% ²	2.8%
Number of stage 1 complaints received per 1,000 homes (CH01)	62	-	54 ¹	47
% of stage 1 complaints responded to within Complaint Handling Code timescales (CH02)	94%	100%	89.9% ¹	82.0%
Gas safety compliance (BS01)	99.1%	100%	100% ¹	99.4%
% of homes that do not meet the Decent Homes Standard (RP01)	0.7%	0%	0.5% ¹	0.4%
Social rented homes at EPC C or above	79.7%	83%	75% ³	80.0%

1 Regulator of Social Housing: Tenant Satisfaction Measures 2024/25 Headline report - median average for low cost rental accommodation.

2. Regulator of Social Housing: 2025 Global Accounts of private registered providers – mean average

3. Regulator of Social Housing: Private registered provider social housing stock in England - stock profile 2024/25

STRATEGIC REPORT (CONTINUED)

A survey conducted, using the TSM methodology, found that 66% of tenants were satisfied with the service Hastoe provided (overall satisfaction – TP01). Whilst an improvement on the previous year, the Board aspire to achieve satisfaction levels of 80% in three years' time, with an interim goal of reaching 70% by the end of 2026/27. The Board understand the main finding of the survey, being that Hastoe's repairs service needs to further improve.

External expertise has been utilised to improve contractor management and Hastoe's operating area is now covered by twelve contractors, thus building in more resilience should a contractor's performance not meet expectations. The new repairs contractors and additional staffing resource, to proactively manage repairs orders, have resulted in an increase in the percentage of repairs that are completed on time.

During the year, percentage of Hastoe's rented homes that have been subject to a physical stock condition survey in the last five years increased to 75%. These identified only a small number of Decent Homes Standard failures, 31 of which were still in the process of being rectified at the year end. There were 22 overdue gas safety certificates at the year end. All reasonable steps, including in 4 requests for an injunction, had been taken to complete the service on time.

The Group's current tenant arrears performance improved in the year to 2.3% and remains better than the median performance in the sector. Hastoe continues to support its residents to pay their rents and employs three dedicated members of staff to provide welfare benefit advice.

Social housing margin and costs	2025/26 outturn	2024/25 outturn	Weighted Average*
Social housing cost per unit	£3,723	£4,148	£6,278 ¹
Management cost per unit	£896	£815	£1,387 ¹
Maintenance cost per unit (including capitalised repairs)	£2,243	£2,699	£3,415 ¹
Service charge cost per unit	£398	£406	£916 ¹

¹ Regulator of Social Housing: Value for money metrics and reporting - annex to the Global Accounts 2025

The Group's social housing operating cost per unit and margin compares favourably with the sector¹, driven by a low management cost per unit. The Group's management model provides an efficient and economic response to the dispersed nature of its stock.

Hastoe's maintenance cost per unit were lower than previous year, due to the improved control over responsive maintenance expenditure. The long term forecast is for maintenance costs to be around £2,750 per unit (in present value terms), which is still well below the sector median.

Hastoe's stock profile, with its relatively low proportion of flats, results in a relatively low service charge per unit, as compared to the sector.

STRATEGIC REPORT (CONTINUED)

Value for Money Plans

The Board's business strategy is underpinned by the following set of VFM targets for the next three years:

	2026/27	2027/28	2028/29
EBITDA MRI* interest cover	157%	130%	133%
Social housing interest cover	144%	141%	141%
Operating margin **	40%	40%	38%
Operating margin on social housing lettings	43%	42%	42%
Net margin **	14%	14%	14%
Gearing	49%	49%	47%
Gearing (debt / revenue)	5.2	5.3	5.0
New supply delivered (social housing)	1.6%	1.8%	1.8%
New supply delivered (non-social housing)	0.0%	0.0%	0.0%
Reinvestment	6.2%	8.8%	7.6%
Return on Capital Employed	4.4%	4.2%	4.2%

* Earnings before interest, tax, depreciation and amortisation, with capitalised major repairs costs included.

** Excluding the gains from the disposal of properties

The aim is to increase Hastoe's financial resilience whilst:

- Continuing to build high quality social housing for rural communities by starting on site with 97 homes by March 2027 (100 starts on site 2028, 100 starts on site 2029).
- Increasing customer satisfaction to 70% by March 2027 (75% in 2028 and 80% in 2029).
- Investing in existing homes so that 82% of rented properties are EPC C or above by March 2027 (87% in 2028 and 92% in 2029)
- Maintaining staff satisfaction levels above 90% during 2026, 2027 and 2028.

Achieving VFM is an ongoing process and the Board recognises its responsibility to drive continuous improvement in the use of the Group's assets and resources. This approach to VFM will enable Hastoe to maximise its potential to provide its customers with high quality homes and services.

BOARD REPORT

The Board

The Board has identified a required skills mix to deliver the ambitions within the business strategy. To meet this requirement, the board members are drawn from a wide background, providing a variety of professional and commercial experience. The Board delegates certain governance responsibilities to Group committees, which have their own approved terms of reference. Hastoe's Board is comprised entirely of non-executive directors. Day-to-day performance management is carried out by the executive directors who act under the delegated authority of the Board.

The Board requires each director to inform the Company Secretary if they have an interest that ought to be declared. Such interests include offices held in other organisations but also extend to other matters that could affect the individual director's conduct. Interests are recorded in a register that is reviewed by the Nomination Committee. None of the non-executive directors have served more than nine years on the Board. The Board has satisfied itself that all non-executive directors remain independent.

The Board has adopted the UK Corporate Governance Code 2024 (UKCGC), other than the updated clause 29 which applies to financial years beginning on or after 1 January 2026. The Board considered its compliance with the UKCGC and identified the areas listed in the table below that are not applicable to Hastoe as a registered provider and Registered Society under the Co-operative and Community Benefit Societies Act 2014.

Code Principle/Provision	Explanation
Provision 3 – regular engagement with major shareholders	Hastoe has no major shareholders. All shareholders have an equal, nominal share of £1. Shareholdings are restricted to the current members of the Board.
Provision 4 – consultation with shareholders following 20% or more votes cast against the Board	Shareholdings are restricted to the current members of the Board.
Provision 5 – report on stakeholder interests and the matters set out in s.172 of the Companies Act 2006.	s.172 of the Companies Act 2006 does not apply to Hastoe. Hastoe engages with its workforce through an Employee Forum, led by the workforce and attended by an Executive Director.
Provision 36 – Remuneration schemes should promote long-term shareholdings by Executive Directors.	Hastoe's Board is comprised entirely of non-executive Directors. The executive directors act under delegated authority from the Board. The executive directors are not shareholders.
Provision 37 - Remuneration schemes and policies should enable the use of discretion to override formulaic outcomes. Directors' contracts and/or other agreements or documents which cover director remuneration should include malus and clawback provisions.	Hastoe does not offer any performance related pay or bonus schemes.
Provision 38 – The annual report on remuneration should include a description of its malus and clawback provisions.	Hastoe does not offer any performance related pay or bonus schemes.

With exception of the provisions above, the Board has concluded that Hastoe is compliant with the UKCGC, as far as they can be reasonably applied to a Registered Provider and Registered Society.

The Board considers that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for stakeholders to assess the entity's performance, business model and strategy.

BOARD REPORT (CONTINUED)

Attendance at Board and Committee meetings for the year ended 31 March 2026 was as follows, with the number of meetings that the board member was expected to attend shown in brackets.

	Group Board	Audit & Risk Committee	Nomination Committee	Remuneration Committee
Cathy Beazley	6 (6)	3 (3)	-	-
John Bruton	5 (6)	3 (3)	1 (1)	2 (2)
Madeleine Forster	6 (6)	2 (2)	2 (2)	3 (3)
Ashley Horsey	5 (6)	-	-	-
Lindy Morgan	6 (6)	-	3 (3)	3 (3)
Julie Pearce-Martin	5 (6)	-	-	-
Ros Rowe	4 (4)	2 (2)	-	-
Andrew Wiseman	4 (4)	-	2 (2)	1 (1)

At least every three years, the Board undertakes an externally facilitated review of governance effectiveness. No concerns were identified in the last review in 2023. The latest review is being conducted by Savills Limited and will be reported to the Board in November 2026. The Board is open to any recommendations that will further strengthen its governance.

The emoluments of the Board members serving in the year were as follows:

	2026 £	2025 £
Cathy Beazley *	4,867	-
John Bruton	7,600	7,000
Madeleine Forster	7,558	5,610
Ashley Horsey	5,000	4,750
Omadevi Jani **	487	5,610
Jo Lavis **	417	4,750
Lindy Morgan	14,000	12,000
Julie Pearce-Martin	5,000	4,750
Ros Rowe *	3,010	-
Andrew Wiseman **	5,283	8,150
	<u>53,222</u>	<u>52,620</u>

* appointed during 2025/26

** resigned in 2025/26

Insurance policies indemnify Board members and officers against liability when acting for the Group.

The Group Committees that supported the Board and governance arrangements during the year were the Audit & Risk Committee, Remuneration Committee and Nomination Committee. The Chair of the Board acts as the Chair of the Nomination Committee and the Deputy Chair of the Board acts as the Chair of the Remuneration Committee.

BOARD REPORT (CONTINUED)

Audit & Risk Committee Report

The Committee is responsible for assessing the effectiveness of internal controls and, where required, gaining assurance that appropriate remedial actions are taken, as well as ensuring that a risk management framework is in place that clearly defines responsibilities for the identification, evaluation and control of significant risks. It also oversees, reviews and monitors the Group's application of accounting policies and standards, the appointment and remuneration of the external auditors and the resources and work programme of the internal auditors.

The members of the Committee during the year were: John Bruton (Chair), Madeleine Forster (until 9 October 2025), Omadevi Jani (until 30 April 2025), Cathy Beazley (from 15 May 2025) and Ros Rowe (from 25 September 2025). The Committee assesses its performance against best practice and makes any changes accordingly.

The Committee receives and reviews reports from the internal auditors on a regular basis. The programme of reports reviewed in the year is informed by, and aligned with, the business strategy and an analysis of business risk. The Committee also reviews regular reports from management on the operation of controls throughout the business. The Committee takes initiatives to satisfy itself that risk management measures are fully embedded within the Group structure and to determine the effectiveness of management actions. The external auditors submit reports to the Committee when appropriate. The Committee meets separately with representatives of the internal auditors and external auditors on at least one occasion in each year without any members of management being present.

The appointment of the Group's auditors is a matter reserved to the Group board. The decision is reached with the benefit of a recommendation from the Audit & Risk Committee working alongside the Group Finance Director. Following a tender exercise in 2023, Beever and Struthers (who have subsequently merged with Menzies LLP) were appointed for a period of five years, subject to an annual review of performance, commencing with the audit of the 2023/24 financial year. The Committee intends to recommend the reappointment of Menzies at the next annual general meeting. At the close of each financial year, the Committee receives a report on the external audit process and reports to the Group board its findings regarding the independence and effectiveness of the external audit process. The Group has instructed its external auditors to carry out £21,000 excluding VAT (2025: £16,000 excluding VAT) of non-audit work in the year where advantages of efficiency, cost or expertise were identified. The Audit & Risk Committee monitors the nature and scale of such instructions during the year and its approval is required for non-audit fees. As a result of these control mechanisms, the Board is satisfied as to the independence of the external auditor.

Matters of significant importance and risk to the Group financial statements were presented to and agreed by the Committee. Discussions were also held with the external auditor to ensure that resolutions of these areas were in line with accounting and auditing standards. The main areas for discussion were the potential for impairment due to building safety work, on land held for future development, on unutilized office space and on hostels that have been identified for disposals, as non-core assets.

The Committee has reviewed management's assessment of going concern and concluded that the assessment was adequate, robust and provided sufficient evidence to support the going concern assumption. After reviewing reports from management and consulting with the auditors, the Committee was satisfied that the financial statements appropriately address the significant critical judgements and key estimates, both in respect of the amounts reported and disclosures.

Nomination Committee Report

The Committee is responsible for advising on the selection, succession planning and performance of non-executive directors, as well as the recruitment of the chief executive.

The members of the Committee during the year were: Lindy Morgan (Chair), John Bruton, Madeleine Forster and Andrew Wiseman.

BOARD REPORT (CONTINUED)

The Committee reviewed the required skills mix for the Board and the succession plan during the year and acted upon identified recruitment needs. Board recruitment is an open process via advert or the use of an external search consultancy. Taking into account the recommendation of the Committee, the Board selects the best candidate for any vacancy and has no targets for board composition by reference to gender, ethnicity, sexual orientation or any other diversity measurement. However, the Committee is proactive in seeking to candidates for interview whose presence on the Board would add to its diversity. The Board aims to ensure that the Group's services are delivered in an inclusive way that does not discriminate against any specific group or people with protected characteristics.

In line with the succession plan, two non-executives were appointed to the Board during the year. The Committee shortlisted and interviewed candidates before making their recommendation to the Board.

The Committee has appointed Savills Limited to carry out a board effectiveness review that will be reported to the Board in November 2026. The review includes the observation of a Board meeting, document reviews and interviews with non-executive and executive directors. No concerns were identified in the last independent review which was conducted in 2023.

The Committee considers the performance of the Board and its Committees on annual basis. Non-executive directors are subject to an annual individual appraisal and annual reappointment. The objectives and appraisal of the chief executive are reviewed by the Committee each year.

Remuneration Committee Report

The Committee is responsible for advising on the remuneration of non-executive and executive directors.

The members of the Committee during the year were: Andrew Wiseman (Chair until 24 September 2025), Madeleine Forster (Chair from 25 September 2025), John Bruton and Lindy Morgan.

Non-Executive Directors

Board member emoluments are subject to a triennial review. In February 2025, the Committee reviewed a report it had commissioned from Altair Limited that provided benchmarks for board member' emoluments in the housing sector. The Board accepted Altair Limited's recommendations, which were applied to board member emoluments from 1 April 2025.

Executive Directors

The Group's executive directors, including the chief executive, that have served in the year are set out on page 2. The executive directors hold no interest in the Association's shares and act as executives within the authority delegated by the Board.

The emoluments of the executive directors are disclosed in note 10. The Remuneration Committee approves a salary & allowances policy that aims to set executive director and other staff salaries at the market median. The Committee also considers the pay ratios disclosed in note 10. The most recent benchmarking was carried out by Altair Limited who provided a review of executive pay and benefits in October 2024. The Remuneration Committee considered their report and advised the Board to accept Altair's recommendations. The executive directors are employed on the same terms as other staff. Their notice periods are six months.

Executive directors are eligible to become members of the SHPS defined contribution scheme. The executive directors participate in the scheme on the same terms as all other eligible staff and the Group contributes to the scheme on behalf of its employees. The executive directors are entitled to other benefits, such as the provision of a car allowance.

BOARD REPORT (CONTINUED)

Internal Controls

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all organisations within the Group.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2025 up to the date of approval of the annual report and financial statements.

Key elements of the control framework include:

- Board-approved terms of reference and delegated authorities for the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee;
- Clearly defined responsibilities for the identification, evaluation and control of significant risks;
- Robust strategic and business planning processes, with detailed financial budgets and forecasts;
- Formal recruitment, retention, training and development policies for all staff and Board members;
- Authorisation and appraisal procedures for all significant new initiatives and commitments;
- A robust approach to treasury management, supported, as required, by treasury advisors;
- Regular reporting to the appropriate committee on key business objectives, targets and outcomes;
- Board-approved whistleblowing, anti-bribery, anti-theft and anti-money laundering policies; and
- A policy on fraud, covering prevention, detection and reporting of fraud and recovery of assets; and review of the fraud register and consideration of the information therein.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit & Risk Committee to review regularly the effectiveness of the system of internal control. The Board receives reports from the Audit & Risk Committee.

The Audit & Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Association and its subsidiaries, and the annual report of the internal auditor, and has reported its findings to the Board.

The Board has reviewed the effectiveness of the system of internal control for the year to 31 March 2026 and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which require disclosure in the financial statements.

Other Matters

Regulation

Hastoe is registered with and regulated by the Regulator of Social Housing (RSH). The RSH periodically assesses Hastoe against the regulatory framework. The latest review by the RSH, in April 2025, considered that Hastoe had retained the highest possible rating for both governance (G1) and the second highest for financial viability (V2). Hastoe also received its first grading against the consumer standards, achieving the second highest rating (C2). The Board understands where Hastoe needs to improve and has put a plan in place with the aim of achieving the highest rating of C1 at the next assessment.

The Governance standard states that governance arrangements shall ensure registered providers comply with their governing documents and all regulatory requirements. The Board undertakes an annual self-assessment of compliance with the regulatory framework. The Board has concluded that it has reasonable assurance that it complies with the Governance and Financial Viability Standard.

BOARD REPORT (CONTINUED)

Going concern statement

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. In March 2026 the Board approved the budget for 2026/27 and the long-term financial plan. The long-term financial plan builds on the 2026/27 budget as the base year and includes detailed multi-variate stress testing. The stress testing considered a variety of inflationary scenarios, combined with restrictions upon the level of rent increases that could be applied and a requirement for further stock investment. The plan meets the requirements of Hastoe's banking covenants throughout. The stress testing also indicates that there is sufficient headroom on covenants to allow for remedial action to be taken in the event of realistic adverse external conditions or if the assumptions used in the plan change.

Hastoe has sufficient liquidity (cash holdings of £5m and undrawn loan facilities of £33m) to meet its current commitments and manages future spending plans to ensure that it maintains the liquidity buffers required by the Group's Treasury Policy.

The Board has concluded that there is a reasonable expectation that Hastoe has adequate resources to continue in operational existence for more than twelve months from the date of this report. For this reason, it continues to adopt the going concern basis in the financial statements.

Viability statement

As required by the provisions of the UK Corporate Governance Code, the Board has undertaken an assessment of the future prospects of Hastoe taking account of its current position and principal risks. This assessment was made using Hastoe's key financial and risk management processes, including the following:

Long Term Financial Plan (LTFP) – the Board reviews and approves a LTFP each year, which compares expected performance to a set of risk appetite metrics, including golden rules. The LTFP is subject to stress testing using scenarios developed by the Board, after due consideration of the prevailing internal and external risks facing the Group.

Risk management – as set out in the Risk section of the Strategic Report, Hastoe has a structured approach to the management of risk and the principal risks identified are reviewed regularly by Board.

Liquidity – the Board approved Treasury Policy sets out minimum levels of liquidity. These levels are compared to the output of the LTFP and the cash flow forecasts that the Board regularly reviews.

In undertaking this review, a period of three years has been selected, as this aligns with the normal timeframe of the Group's business strategy. For the initial year of this three-year period there is a greater degree of certainty due to the preparation and monitoring of the annual budget and regular re-forecast. Quarterly cash flow forecasts are reviewed by the Board covering a rolling three-year period, and are used to ensure sufficient facilities are in place.

The Board has identified the tightening of rent control by government as one of its principal risks. The LTFP is sensitive to future rent assumptions and combination of a tightening rent control at a time when costs are escalating would have the effect of reducing the financial capacity of Group to build new homes and to maintain the existing stock to the standard that the Board aspires to. However, an assumption that the terms of the current Rent Standard will continue to apply until March 2036, results in a forecast of robust financial performance for the period of the viability review.

On the basis of this and other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that Hastoe will be able to continue in operation and meet its liabilities as they fall due over the over the period to March 2029.

In making this statement the Board understands that there is inherent uncertainty in all business planning and therefore, as a result, it is not possible to consider every risk and eventuality that the Group may face.

BOARD REPORT (CONTINUED)

Annual general meeting

The annual general meeting will be held on 24 September 2026 at Marina House, 17 Marina Place, Hampton Wick, Surrey KT1 4BH.

External auditors

Menzies were first appointed as the Group's auditors on 8 December 2023 and reappointed at the most recent annual general meeting on 25 September 2025.

The Group's Audit & Risk Committee has agreed a protocol which sets out policies for determining what non-audit work can be undertaken by the external auditors and procedures for periodic review and selection of external auditors.

A resolution to appoint Menzies as auditors of the Association will be proposed at the annual general meeting.

Disclosure of information to the auditors

The Board Members who held office at the date of approval of this Board Report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware, and each Board Member has taken all the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

The report of the Board was approved by the Board and signed on its behalf on 16 July 2026 by:

Lindy Morgan
Chair

STATEMENT OF RESPONSIBILITIES OF THE BOARD

Statement of Board's responsibilities in respect of the Board's report and the financial statements

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the board members to prepare financial statements for each financial year in accordance which give a true and fair view of the state of affairs of the Group and Association and of the Income and Expenditure for the period of account.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Group and Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Association and to prevent and detect fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the Group's and Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE HOUSING ASSOCIATION LIMITED

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2026 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

We were first appointed as auditor of Hastoe Housing Association Limited by the Board for the period ending 31 March 2024. The period of total uninterrupted engagement for the Group is for the three financial years ending 31 March 2026. We have fulfilled our ethical responsibilities under, and we remain independent of the Group and Association in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £889,338 (2025: £694,173), determined with reference to a benchmark of Group Turnover (of which it represents 2% (2025: 1.75%)). We consider Group turnover to be the most appropriate benchmark and more appropriate than a profit-based benchmark as the Group is a not-for-profit organisation and the focus is on turnover rather than any surpluses, which are reinvested in the Group.

Materiality for the parent association financial statements as a whole was set at £796,450 (2025: £607,395), determined with reference to a benchmark of Association Turnover (of which it represents 1.75% (2025: 1.5%)).

Performance materiality was set at 75% (2025: 75%) of materiality for the financial statements as a whole, which equates to £667,004 (2025: £520,630) for the Group and £597,337 (2025: £455,546) for the parent Association. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE HOUSING ASSOCIATION LIMITED (CONTINUED)

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £44,467 (2025: £34,709) (Group) and £39,822 (2025: £30,370) (Association), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's four reporting components, we subjected all to full scope audits for Group purposes. The work on all components including the audit of the parent Association, was performed by the Group team.

Key Audit Matters

Carrying valuation of housing properties and work in progress

Group and Association

The risk of housing properties costs being overstated on the Statement of Financial Position was considered to represent a significant audit risk, because, in addition to it being high value, consideration of impairment is a significant management judgement. The Group recorded a net book value of social housing properties held for letting of £371,728k at 31 March 2026 (2025: £361,933k), and a net book value of £449,631 (2025: £445,431) for the Association. This included an impairment charge of £747k (2025: £518k) relating to the gypsy and traveler site. This was partially offset by an impairment reversal of £216k, resulting in a net impairment charge of £531k for the year ended 31 March 2026.

Refer to page 34 (accounting policies) and page 51 (financial disclosures).

The Group recorded total additions to social housing and shared ownership properties under construction of £8,674k (2025: £13,869k) for the year. The balance of work in progress as at the 31 March was £7,934k (2025: £22,087k). Refer to page 34 (accounting policies) and page 51 (financial disclosures).

Our response

In respect of housing properties held for letting, our procedures included the following tests:

- **Test of detail:** Substantially tested a sample of costs back to supporting documentation.
- **Analytical review:** Recalculation of depreciation charge via a substantive analytical review.
- **Assessment of impairment:** Reviewed management's impairment assessment and agreed figures used to supporting documentation. Considered any unidentified indicators of impairment such as high void and repair levels at schemes and any indicators of obsolescence.

In respect of schemes under construction and properties held for sale, our procedures included the following tests:

- **Test of detail:** Substantially tested a sample of costs back to supporting documentation.
- **Basis of capitalisation:** Reviewed the basis for capitalisation of interest and development overheads for reasonableness and compliance with the SORP.
- **Assessment of impairment:** Reviewed management's impairment assessment and consider any unidentified indicators of impairment such as contractor insolvency and large variations on costs in schemes compared to budget.

Our results

We found no issues when agreeing costs to supporting documentation or with our recalculation of the depreciation charge.

We found no evidence that the work in progress is overstated at the year end. We found no indicators of impairment and management did not identify any impairment charges in relation to work in progress.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE HOUSING ASSOCIATION LIMITED (CONTINUED)

We found no issues when agreeing costs to supporting documentation or with the basis of capitalisation of interest and development overheads.

We reviewed management's assessment of impairment and were satisfied with their conclusion, including the impairment charge identified in the year. We also completed a review of any indicators of impairment which had not been identified by management and we identified none.

Loan covenants and Treasury Management

Group and Association

The risk of loan covenants not being met was considered to represent an elevated audit risk, because of the impact it would have on going concern.

The Group posted a full year surplus of £6,959k (2025: £4,581k) before actuarial movements on pension schemes (refer to pages 34-42 (accounting policies) and page 29 (financial disclosures)). At 31 March 2026 the Group had borrowings of £235,214k (2025: £238,763k) (refer to pages 38 (accounting policies) and pages 60-62 (financial disclosures)). The risk is that the Group might have insufficient liquidity to finance its significant development programme, or might breach a funding covenant set out within the agreements in place with a range of funders.

The Association posted a full year surplus of £7,700k (2025: £5,181k) before actuarial movements on pension schemes (refer to pages 34-42 (accounting policies) and page 29 (financial disclosures)). At 31 March 2026 the Association had borrowings of £235,214k (2025: £238,763k) (refer to page 38 (accounting policies) and pages 60-62 (financial disclosures)).

Our response

Our procedures included the following:

- **Assessment of recoverability:** Reviewed the Group's and Association's 2026/27 budget and longer-term financial forecasts, and the underlying assumptions, to assess the Group's ability to service and repay the debt. We also reviewed the stress testing performed by the Group on its long-term financial plan.
- **Confirmation of value:** Agreed loan balances to the accounting records and to external confirmation from the funders.
- **Test of detail:** Tested the detailed calculations for loan covenant compliance prepared by management, both for the year ended 31 March 2026 and projected future performance.

Our results

Our audit work concluded that all loan covenants were comfortably met at 31 March 2026. We confirmed that the Group held cash reserves of £6,017k at 31 March 2026 (2025: £4,078k) and had undrawn loan facilities of £33m (2025: £34m). This available funding is sufficient to meet committed capital expenditure at 31 March 2026. The Association held cash reserves of £5,754k at 31 March 2026 (2025: £3,633k). There was £28,501k committed capital expenditure as at 31 March 2026 (2025: £28,908k).

We concluded that across a range of stress testing scenarios carried out on its longer-term financial forecasts, including those linked to the current economic conditions, the Group and Association remains comfortably within its funding covenants.

Conclusions relating to going concern

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

- Reviewing the assumptions used in the budget for the financial year 2026-27.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE HOUSING ASSOCIATION LIMITED (CONTINUED)

- Reviewing the long term business plan and assessing the reasonableness of the assumptions used within it, along with reviewing the results of the various stress testing scenarios on loan covenants, and the reasonableness of mitigating actions identified by management.
- Reviewing the disclosures on going concern within the financial statements.

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

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

Other information

The other information comprises the information included in the Strategic Report and Board Report, other than the financial statements and our Auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Corporate governance disclosures

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's voluntary compliance with the provisions of the UK Corporate Governance Code.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 20;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 20;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 20;
- Directors' statement on fair, balanced and understandable as set out on page 15;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE HOUSING ASSOCIATION LIMITED (CONTINUED)

- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 6;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 19; and;
- Section describing the work of the Audit and Risk Committee set out on page 19.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 22, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE HOUSING ASSOCIATION LIMITED (CONTINUED)

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

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

Use of our report

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members for our audit work, for this report, or for the opinions we have formed.

Menzies LLP
Chartered Accountants
Statutory Auditor

The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Date:

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2026

		GROUP		ASSOCIATION	
	Notes	2026 £'000	2025 £'000	2026 £'000	2025 £'000
Turnover	3	44,467	39,666	45,511	40,492
Cost of sales	3	(3,242)	(1,001)	(3,242)	(1,001)
Operating expenditure	3	(24,084)	(25,132)	(24,496)	(25,478)
Surplus on disposal of housing properties	6	2,344	2,437	2,344	2,437
Operating surplus	5	19,485	15,970	20,117	16,450
Interest receivable	7	159	204	268	324
Interest payable and financing costs	8	(11,951)	(11,619)	(11,951)	(11,619)
Movement in fair value of investment properties	14	(734)	26	(734)	26
Surplus before taxation		6,959	4,581	7,700	5,181
Taxation	11	-	-	-	-
Surplus for the year		6,959	4,581	7,700	5,181
Actuarial gain/(loss) in respect of pension schemes	29	70	70	70	70
Total comprehensive income for the year		7,029	4,651	7,770	5,251

All of the Group's activities relate to continuing operations.

The notes on pages 34 to 68 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and signed on its behalf on 16 July 2026 by:

L Morgan
Chair

J Bruton
Board Member

W Roberts
Secretary

STATEMENT OF CHANGES IN RESERVES - GROUP

For the year ended 31 March 2026

Group	Income & expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance as at 1 April 2025	79,662	235	79,897
Surplus for the year	6,959	-	6,959
Transfer from revaluation reserve to income and expenditure reserve	-	-	-
Actuarial gain on defined benefit pension scheme	70	-	70
Total comprehensive income for the year	7,029	-	7,029
Balance as at 31 March 2026	86,691	235	86,926

For the year ended 31 March 2025

Group	Income & expenditure reserve	Revaluation reserve	Total
Balance as at 1 April 2024	74,974	272	75,246
Surplus for the year	4,581	-	4,581
Transfer from revaluation reserve to income and expenditure reserve	37	(37)	-
Actuarial gain on defined benefit pension scheme	70	-	70
Total comprehensive income for the year	4,688	(37)	4,651
Balance as at 31 March 2025	79,662	235	79,897

STATEMENT OF CHANGES IN RESERVES – ASSOCIATION

For the year ended 31 March 2026

Association	Income & expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2025	85,390	235	85,625
Surplus for the year	7,700	-	7,700
Transfer from revaluation reserve to income and expenditure reserve	-	-	-
Actuarial gain on defined benefit pension scheme	70	-	70
Total comprehensive income for the year	7,770	-	7,770
Balance as at 31 March 2026	93,160	235	93,395

For the year ended 31 March 2025

Association	Income & expenditure reserve	Revaluation reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2024	80,102	272	80,374
Surplus for the year	5,181	-	5,181
Transfer from revaluation reserve to income and expenditure reserve	37	(37)	-
Actuarial gain on defined benefit pension scheme	70	-	70
Total comprehensive income for the year	5,288	(37)	5,251
Balance as at 31 March 2025	85,390	235	85,625

The notes on pages 35 to 68 form part of these financial statements

STATEMENT OF FINANCIAL POSITION

At 31 March 2026

	Note s	GROUP		ASSOCIATION	
		2026	2025	2026	2025
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets - housing properties	12	444,337	442,450	449,631	445,431
Other tangible fixed assets	13	2,817	3,146	2,817	3,146
Investment properties	14	3,524	4,258	3,524	4,258
Other investments	15	-	-	550	550
Total fixed assets		450,678	449,854	456,522	453,385
Current assets					
Stock	16	1,077	2,446	1,077	2,446
Trade and other debtors	17	3,658	3,823	4,535	5,544
Short term investments		4,000	-	4,000	-
Cash and cash equivalents		6,017	4,078	5,754	3,633
		14,752	10,347	15,366	11,623
Creditors: amounts falling due within one year	18	(19,314)	(16,856)	(19,302)	(15,935)
Net current (liabilities)/assets		(4,562)	(6,509)	(3,936)	(4,312)
Total assets less current liabilities		446,116	443,345	452,586	449,073
Creditors: amounts falling due after more than one year	19	(357,794)	(361,636)	(357,794)	(361,636)
Provisions and other liabilities		(150)	(10)	(150)	(10)
Pension liability	29	(1,247)	(1,802)	(1,247)	(1,802)
Net assets		86,925	79,897	93,395	85,625
Capital and reserves					
Share capital - non equity	23	-	-	-	-
Income & expenditure reserve		86,690	79,662	93,160	85,390
Revaluation reserve		235	235	235	235
Total reserves		86,925	79,897	93,395	85,625

The notes on pages 34 to 68 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and signed on its behalf on 16 July 2026 by:

L Morgan
Chair

J Bruton
Board Member

W Roberts
Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2026

	2026 £'000	2025 £'000
Cashflows from operating activities		
Operating surplus	19,485	15,970
Depreciation and impairment	6,361	5,956
Difference between employer pension contributions and defined benefit pension operating costs	(485)	(487)
Amortisation of social housing grant	(2,345)	(1,733)
Add back non-cash costs of property disposals	2,997	1,698
Change in value of investment properties	-	26
Increase in provisions	140	10
Decrease/(increase) in stock	1,369	(994)
Decrease/(increase) in debtors	165	743
Increase/(decrease) in creditors	1,989	(1,651)
Net cash from operating activities	29,676	19,538
Cashflow from investing activities		
Purchase and construction of housing properties	(10,760)	(18,394)
Disposal/(purchase) of other fixed assets	46	(129)
Interest received	159	204
Social housing grant received	2,655	3,343
Purchase of short term investments	(4,000)	-
Net cash from investing activities	(11,900)	(14,976)
Cashflow from financing activities		
Interest paid	(12,636)	(12,551)
Loans received	4,500	3,450
Loan arrangement costs	-	-
Loans repaid	(7,701)	(4,700)
Net cash from financing activities	(15,837)	(13,801)
Net change in cash and cash equivalents	1,939	(9,239)
Cash and cash equivalents at start of year	4,078	13,317
Cash and cash equivalents at end of year	6,017	4,078

NOTES TO THE FINANCIAL STATEMENTS

1. LEGAL STATUS

Hastoe Housing Association Limited ("The Association") is a housing association registered under the Cooperative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing. Hastoe is the ultimate parent of the Group and is incorporated in England.

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Group and Association are prepared in accordance with applicable accounting standards, including Financial Reporting Standard 102 (FRS 102) applicable in the United Kingdom and the Republic of Ireland, the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers" 2018, the Accounting Direction for Private Registered Providers of Social Housing 2022 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969. The Association is a public benefit entity as defined by FRS 102.

The Association is governed by the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. The Association is registered with the Regulator of Social Housing under reference L0018.

The following disclosure exemptions have been adopted in respect of the individual accounts of Hastoe Housing Association Limited:

- The requirement to present a statement of cash flows and related notes;
- Disclosures in respect of the parent Association's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent Association as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Association and all its subsidiaries at 31 March 2026 as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. In March 2026 the Board approved the budget for 2026/27 and the long-term financial plan. The long-term financial plan builds on the 2026/27 budget as the base year and includes detailed single and multi-variate stress testing. The stress testing considered a variety of high inflation scenarios, combined with restrictions upon the level of rent increases that could be applied. The plan meets the requirements of Hastoe's banking covenants throughout. The stress testing also indicates that there is sufficient headroom on covenants to allow for remedial action to be taken in the event of realistic adverse external conditions or if the assumptions used in the plan change.

Hastoe has sufficient liquidity (cash holdings of £5.1m and undrawn loan facilities of £32.5m) to meet its current commitments and manages future spending plans to ensure that it maintains the liquidity buffers required by the Group's Treasury Policy.

The Board has concluded that there is a reasonable expectation that Hastoe has adequate resources to continue in operational existence for more than twelve months from the date of this report. For this reason, it continues to adopt the going concern basis in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

Turnover

Turnover comprises rental income and service charges receivable net of voids, fees and revenue grants from local authorities and Homes England, social housing grant amortisation, income from first tranche shared ownership sales, income from properties built for sale and income receivable from other sources.

Rental income is recognised on the basis of the amount receivable for the year. Rental income received in advance is disclosed within creditors in the Statement of Financial Position.

The Association operates both fixed and variable service charge regimes depending on the scheme and tenure of property. Service charges under both regimes are initially budgeted based on estimates of the costs of service charge goods and services to be supplied.

Under the variable service charge regime, a reconciliation of the actual service charge goods and services carried out, versus the budget, is carried out in September each year, for the previous financial years' service charges, with any under or over recovery on a scheme-by-scheme basis apportioned and then debited or credited to each variable service charge property, and thus reflected as a debtor or creditor accordingly.

Service charge income is thus recognised on the basis of the amount receivable for the year based on estimated service charges, as well as the variable service charge adjustment for the previous year.

An element of the variable service charges for leaseholders relates to the replacement of components and major repairs for their block, which is held within sinking funds ring-fenced specifically for this use. These sinking funds are shown as creditors on the Statement of Financial Position.

Revenue grants are recognised within income in the same period as the related expenditure, provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and its individual components (excluding land) under the accruals model.

Income from first tranche sales and properties built for open market sale is recognised when legal completion occurs.

Gift aid income is recognised on a receivable basis in the period the distribution relates to and was declared.

Segmental reporting

The Group is required to disclose information about its operating segments, under IFRS 8, as it has issued publicly listed debt. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group. This is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the Group operates. The Board does not review disaggregated financial information of assets and liabilities at this level of operating segment. Segmental information is disclosed in note 3.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting reasons. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Statement of Financial Position date. Timing differences include gains and losses recognised on revaluation.

NOTES TO THE FINANCIAL STATEMENTS

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

Value added tax

The Group 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 Group and not recoverable from HM ` and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable and other finance costs

Interest is capitalised on most recent borrowings used to finance the current development of qualifying assets to the extent that it accrues in respect of the period of development. It represents interest on borrowings of the Group as a whole, after deduction of interest on Social Housing Grant in advance, to the extent that these can be deemed to be financing the development programme.

Other finance costs, including breakage costs, are charged to the income and expenditure account in the year.

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised cost model. The Group has no non-basic financial instruments.

Initially, financial assets and liabilities are measured at the transaction price less transaction costs. Subsequently, basic financial assets and liabilities are measured at amortised cost.

Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

Operating leases

Rental costs under operating leases are charged to the income and expenditure account on a straight-line basis over the term of the lease.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs including capitalised staffing costs and interest charges incurred during the development period. Housing Properties are depreciated from the month following their practical completion or acquisition.

Housing property costs for mixed tenure schemes are allocated proportionately based on number of units of each tenure at the scheme.

The Group accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. These components are then depreciated over their individual useful economic lives. The useful economic lives for kitchens and bathrooms have been reviewed in line with the Group's policy and historic performance of these components. The particular components identified by the Association and their respective useful economic lives are as follows:

Roofs and related	50 years	Windows and doors	30 years
Kitchens	20 years	Lifts	25 years
Bathrooms	30 years	Photo voltaic panels	25 years
Central heating systems	20 years		

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

Housing properties (continued)

Where a separate identified and depreciated component of an existing property is replaced, the carrying value of the component is expensed and the cost of the replacement component capitalised. Components are depreciated from the month following their replacement.

Expenditure on items not separately identified as components are capitalised if they result in an increase in the net rental stream over the life of the property, over the standard originally assessed when the property was first acquired or constructed.

Freehold land is not depreciated due to its indefinite economic life. Depreciation of buildings, excluding the specified components, is provided on the cost, so as to write down the net book value of housing properties to the estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. Depreciation has been applied to the Group's buildings since 1 January 2000. The Group's buildings, excluding specified components, are depreciated at the following annual rates:

Original estates (built before 1980)	1.0%
Newer estates	0.67%
Tower blocks	2.0%

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives, if shorter with the exception of shared ownership properties which are not depreciated due to their residual value exceeding cost.

Shared ownership properties are not depreciated on the expectation that the net realisable value at the time of disposal will be in excess of the historical cost.

Gains and losses on disposal of housing property fixed assets are determined by comparing the proceeds with the carrying amount and incidental cost of sales. Gains and losses are recognised in operating surplus.

Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised outside of the operating surplus as the holding of such assets is regarded by management is not considered to be part of the Group's operating activities.

Revaluation reserve

The revaluation reserve is comprised of surpluses from past asset revaluations, relating to investment properties.

Stock

Shared ownership properties under construction are split between fixed assets and current assets in proportion to the percentage of the property expected to be sold under the first tranche sale and that retained by the Group. The proportion expected to be sold under the first tranche is included within work in progress within current assets, with the remainder classified as a fixed asset under construction. Upon completion of the property, the current asset balance is transferred from work in progress to stock. The exception to this is where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus. In these circumstances any surplus on disposal of the first tranche should be limited to the overall surplus by adjusting the costs allocated to current assets.

Open market sale properties under construction are held in work in progress and transferred to stock upon completion.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

Stock (continued)

Shared ownership and open market sale properties in stock are held at the lower of cost and estimated selling price, less costs to complete and sell. Costs comprise of materials and direct overheads attributable to the development. Interest incurred is capitalised once the construction contract commences, throughout work in progress and up to the point of practical completion of the development scheme. The estimated selling price is assessed using publicly available information and internal forecasts on future sales price.

Other tangible fixed assets

Other tangible fixed assets are initially recognised at cost, including costs associated bringing with them into use. Subsequently, assets are measured using the cost model, subject to any provision for impairment.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Long leasehold property	Over life of lease
Furniture, fixtures and fittings	10% - 25%
Computers and office equipment	25%
Motor vehicles	25%

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Impairment of assets

Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential, using the depreciated replacement cost and expected cash generation at scheme level, for housing properties and fair value for other assets. Where an asset is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell. The resulting impairment loss is recognised as expenditure in income and expenditure. When a subsequent event causes the amount of the impairment loss to decrease, the decrease is reversed and netted against expenditure.

Debtors

Short term debtors are measured at transaction price less attributable transactions costs. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price less attributable transactions costs. Other financial liabilities, including bank loans, are measured initially at transaction value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

An accrual is recognised for annual leave accrued by employees as a result of services rendered in the current period and which employees are entitled to carry forward and use within the next 12 months. The accrual is measured at the salary cost payable for the period of absence.

Sinking Funds

Sinking funds are monies held on behalf of leaseholders for future major repairs; they are recorded in creditors in the Statement of Financial Position and the monies are held in separate bank accounts.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents comprise cash and readily disposable current asset investments, with a term of less than three months. Short term investments are included in this definition, where the notice period for withdrawal is 95 days or less.

Government grant

Government grants include grants receivable from the Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the Group is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Group is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The obligation must be such that the entity has no realistic alternative to settling the obligation. This can happen when the entity has a legal obligation that can be enforced by law or when the entity has a constructive obligation because the past event (which may be an action of the entity) has created valid expectations in other parties that the entity will discharge the obligation. Obligations that will arise from the entity's future actions (i.e. the future conduct of its business) do not satisfy the condition, no matter how likely they are to occur and even if they are contractual.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

Provisions for liabilities (continued)

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

Pensions

The Group participates in a funded multi-employer defined benefit scheme, the Social Housing Pension Scheme ('SHPS').

The Group's share of scheme assets and liabilities are included in the Statement of Financial Position and the expected cost of pensions is charged to the Statement of Comprehensive Income so as to spread the cost of pensions over the service lives of employees. The liability for the benefits earned by employees in return for service rendered in the current and prior periods is determined using a number of assumptions, the determination of which is significant to the valuation.

The following are recognised in the Statement of Comprehensive Income: the net finance expense measured using the discount rate applied in measuring the defined benefit obligation; the increase in the present value of pension scheme liabilities arising from employee service in the current period (current service cost); the increase in the present value of pension scheme liabilities as a result of benefit improvements over the period during which such improvements vest (past service cost); gains and losses arising on settlements / curtailments; and scheme administration costs. Actuarial gains and losses are recognised in full in other comprehensive income in the period in which they occur.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful economic lives of depreciable assets

Management reviews its estimate of the useful economic lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. A 10% shortening of all of the asset lives would increase the depreciation charge by £407,000 (2025: £427,000). Accumulated depreciation at 31 March 2026 was £83,054,000 (2025: £78,970,000).

Pension Liability

The Group's share of net liabilities for the Social Housing Pension Scheme (SHPS) is based on a number of assumptions which are set out in note 29. A decrease in the discount rate of 0.1% would increase the liability by £129,000. Adding one year to life expectancy would increase the liability by £322,000.

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Capitalisation of property development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. The total amount of development salaries and associated on costs capitalised in the year was £678,000 (2025: £674,000).

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

Impairment

The following were considered to be indicators of potential impairments as at 31 March 2026:

1 Land held for future development

Land with a net book value of £0.7m at 31 March 2026 is held for future development. An affordable housing scheme meeting the required investment hurdle rate has been approved by the Board, and so no impairment is required.

2 Remedial works to tower block

A survey carried out on a tower block owned by Hastoe identified the potential for additional works, which have now been tendered. The total cost of the tender, including all associated works and costs, would be £1.1m.

A review of the recoverable amount of the asset, by reference to its service potential utilising the depreciated replacement cost as at 31 March 2026 has determined that no impairment is required.

3 Fire safety works for insulation for tower blocks

Fire safety works are expected to remedy identified defects with the cladding and insulation identified on two tower blocks. The works have been confirmed to be fully funded by the Cladding Safety Scheme, and so no impairment is required.

4 Fire safety works for insulation for block

Fire safety works are expected to remedy identified defects with the cladding and insulation identified on a block.

The works will increase the net book value of the blocks by £0.3m, to a total of £0.4m. The depreciated replacement cost has been assessed as being £1.5m, and so no impairment is required.

5 Fire safety works for a tower block

Fire safety works are underway on a scheme to remedy identified defects with the original construction. The works will increase the net book value of the scheme by £0.4m, to a total of £0.7m. The depreciated replacement cost has been assessed as being £10.0m, and so no impairment is required.

6 Unsold open market properties

Two properties which were originally constructed as shared ownership remain unsold at a scheme were previously intended to be converted to open market, but are now remaining as shared ownership. Both units are offer with the selling price less costs to sell exceeding the holding cost, and so no write down is required.

7 Water ingress for properties

Water ingress leading to damage at four properties is expected to lead to works totalling £0.4m. An assessment of the carrying value including these works against the depreciated replacement cost has determined that any potential impairment would not be material.

8 Additional legal costs

Additional costs are expected to be incurred at a scheme in relation to a dispute with the developer. The costs total £0.2m, with the carrying value of the scheme increasing to £2.9m. The depreciated replacement cost has been assessed as being £3.7m, and so no impairment is required.

9 Disposal of hostel stock

Hastoe acquired two hostel units from another provider in 2008, which it now intends to dispose of. The expected fair value less costs to sell is more than the carrying value, and so no impairment is required. An impairment of £0.3m was recognised for one of the hostel units in the prior year, but based on a revised offer, this has been reversed in the current year.

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

10 Disposal of traveller site

Hastoe intends to dispose of a traveller site. The carrying value of the site is £0.8m, compared of the fair value less costs to sell expected to be achieved of £0.1m. An impairment of £0.7m is reflected accordingly within these statements.

11 Office requirements

Office space is under-utilised following the implementation of a hybrid working policy. The property is currently being marketed for £1.9m, against the carrying value of £2.1m, and so an impairment of £0.2m is reflected within these statements.

Allocations of costs

The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.

NOTES TO THE FINANCIAL STATEMENTS

3. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

GROUP	Turnover £000	2026 Cost of Sales £000	Operating Costs £000	Operating Surplus/(Loss) £000
Social housing lettings	39,024	-	(21,940)	17,084
Other social housing activities				
First tranche sales	3,561	(3,242)	-	319
Leasehold ground rent/service charges	84	-	(26)	58
Development costs on abortive schemes	-	-	(144)	(144)
Other development costs not capitalised	-	-	(587)	(587)
Management services	44	-	(38)	6
Community development	-	-	(44)	(44)
Other	-	-	(69)	(69)
	3689	(3,242)	(908)	(461)
Non social housing activities				
Leasehold/freehold service charges	1,074	-	(741)	333
Other	680	-	(292)	388
Impairment on other fixed assets	-	-	(203)	(203)
	1,754	-	(1,236)	518
Gain on disposal of properties				2,344
	44,467	(3,242)	(24,084)	19,485

GROUP	Turnover £000	2025 Cost of Sales £000	Operating Costs £000	Operating Surplus/(Loss) £000
Social housing lettings	36,676	-	(22,930)	13,746
Other social housing activities				
First tranche sales	1,214	(1,001)	-	213
Leasehold ground rent/service charges	78	-	(23)	55
Development costs on abortive schemes	-	-	(115)	(115)
Other development costs not capitalised	-	-	(549)	(549)
Management services	26	-	(20)	6
Community development	-	-	(67)	(67)
Other	-	-	(55)	(55)
	1,318	(1,001)	(829)	(512)
Non social housing activities				
Leasehold/freehold service charges	972	-	(983)	(11)
Other	700	-	(390)	310
	1,672	-	(1,373)	299
Gain on disposal of properties				2,437
	39,666	(1,001)	(25,132)	15,970

NOTES TO THE FINANCIAL STATEMENTS

3. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (CONTINUED)

ASSOCIATION	Turnover £000	2026 Cost of Sales £000	Operating Costs £000	Operating Surplus/(Loss) £000
Social housing lettings	39,024	-	(21,940)	17,084
Other social housing activities				
First tranche sales	3,561	(3,242)	-	319
Leasehold ground rent/service charges	84	-	(26)	58
Development costs on abortive schemes	-	-	(12)	(12)
Other development costs not capitalised	-	-	(251)	(251)
Management services	1,128	-	(1,073)	55
Community development	-	-	(44)	(44)
Others	-	-	(69)	(69)
	4,773	(3,242)	(1,475)	56
Non social housing activities				
Leasehold/freehold service charges	1,074	-	(741)	333
Other	451	-	(137)	314
Impairment on other fixed assets	-	-	(203)	(203)
Gift Aid income	189	-	-	189
	1,713	-	(1,081)	633
Gain on disposal of properties				2,344
	45,511	(3,242)	(24,496)	20,117

ASSOCIATION	Turnover £000	2025 Cost of Sales £000	Operating Costs £000	Operating Surplus/(Loss) £000
Social housing lettings	36,676	-	(22,930)	13,746
Other social housing activities				
First tranche sales	1,214	(1,001)	-	213
Leasehold ground rent/service charges	78	-	(23)	55
Development costs on abortive schemes	-	-	(43)	(43)
Other development costs not capitalised	-	-	(271)	(271)
Management services	1,018	-	(982)	36
Community development	-	-	(67)	(67)
Others	-	-	(55)	(55)
	2,310	(1,001)	(1,441)	(132)
Non social housing activities				
Leasehold/freehold service charges	972	-	(984)	(12)
Other	401	-	(123)	278
Gift Aid income	133	-	-	133
	1,506	-	(1,107)	399
Gain on disposal of properties				2,437
	40,492	(1,001)	(25,478)	16,450

3. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS

PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

GROUP & ASSOCIATION	General Needs £000	Shared ownership £000	2026 Total £000	2025 Total £000
Rent receivable net of identifiable service charges	31,055	4,009	35,064	33,472
Service charge income	1,101	514	1,615	1,471
Amortised government grant	2,278	67	2,345	1,733
Turnover from social housing lettings	34,434	4,590	39,024	36,676
Management	(3,821)	(846)	(4,667)	(4,221)
Service charge costs	(1,412)	(659)	(2,071)	(2,101)
Routine maintenance	(5,153)	-	(5,153)	(6,358)
Planned maintenance	(1,676)	-	(1,676)	(1,265)
Major repairs expenditure	(1,815)	-	(1,815)	(2,421)
Bad debts	(7)	-	(7)	(170)
Property lease charges	(31)	-	(31)	(39)
Depreciation of housing properties	(5,529)	-	(5,529)	(5,064)
Accelerated depreciation on component disposals	(660)	-	(660)	(635)
Impairment of housing properties	(229)	-	(229)	(518)
Other costs	(102)	-	(102)	(138)
Operating costs on social housing lettings	(20,435)	(1,505)	(21,940)	(22,930)
Operating surplus on social housing lettings	13,999	3,085	17,084	13,746
Void losses	195	-	195	195

NOTES TO THE FINANCIAL STATEMENTS

4. ACCOMMODATION IN MANAGEMENT

At the end of the year accommodation in management for each class of accommodation was as follows:

GROUP AND ASSOCIATION	2025 No.	Additions	Disposals	2026 No.
Social housing				
General needs - social rents	3,317	39	(11)	3,345
General needs - affordable rents	968	1	(2)	967
Shared ownership	881	19	(15)	885
Leasehold	<u>271</u>	<u>-</u>	<u>(26)</u>	<u>245</u>
Total owned	5,437	59	(54)	5,442
Accommodation managed for others	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
Total owned and managed	<u>5,447</u>	<u>59</u>	<u>(54)</u>	<u>5,452</u>
Non-social housing				
Market rented	6	-	-	6
Leasehold	<u>2,109</u>	<u>18</u>	<u>(1)</u>	<u>2,126</u>
Total owned	2,115	18	(1)	2,132
Accommodation managed for others	<u>309</u>	<u>5</u>	<u>-</u>	<u>314</u>
Total owned and managed	<u>2,424</u>	<u>23</u>	<u>(1)</u>	<u>2,446</u>

The Group owns 3 hostels (2025: 4) that are managed on its behalf, under management agreements, by other bodies that contract with Supporting People Administering Authorities. The Group does not carry the financial risk relating to the supported housing activities.

NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING SURPLUS

This is arrived at after charging/(crediting):

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Operating surplus is stated after charging/(crediting):				
Grant amortised	(2,345)	(1,773)	(2,345)	(1,733)
Depreciation – housing properties	5,646	5,181	5,529	5,063
Depreciation – component replacement	660	636	660	636
Depreciation – other fixed assets	284	258	284	258
Impairment of housing properties	432	518	432	518
Operating lease charges:				
- Land & building	-	17	-	17
- Office equipment	3	18	3	7
- Motor vehicles	-	3	-	3
Auditors' remuneration (excluding VAT):				
- in respect of audit services	120	120	98	98
- in respect of audit related assurance services	16	16	16	16
Donations	4	4	4	4

6. SURPLUS ON SALE OF FIXED ASSETS – HOUSING PROPERTIES

	GROUP & ASSOCIATION			
	Shared ownership	Other	Total	Total
	2026	2026	2026	2025
	£000	£000	£000	£000
Disposal proceeds	1,963	2,715	4,678	3,498
Cost of disposals	(846)	(743)	(1,589)	(675)
Selling costs	(77)	(211)	(288)	(237)
Grant recycled	(130)	(327)	(457)	(150)
	910	1,434	2,344	2,436

7. INTEREST RECEIVABLE

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Interest receivable	159	204	143	187
From subsidiary undertaking	-	-	125	137
	159	204	268	324

NOTES TO THE FINANCIAL STATEMENTS

8. INTEREST PAYABLE AND FINANCING COSTS

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Loans and bank overdraft	11,532	11,559	11,532	11,559
Commitment fee on loans	136	161	136	161
Amortisation of loan issue costs	109	156	109	156
Movement in amortised cost of financial instruments	290	290	290	290
Unwinding of discount factor on defined benefit pension liability	87	101	87	101
	12,154	12,267	12,154	12,267
Interest capitalised on construction of housing properties	(203)	(648)	(203)	(648)
	11,951	11,619	11,951	11,619
Capitalisation rate used to determine the finance cost capitalised during the year	5.0%	6.0%	5.0%	6.0%

9. EMPLOYEES

Average monthly number of employees expressed in full time equivalents (calculated based on a standard working week of 35 hours):

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	FTE	FTE	FTE	FTE
Administration	29	29	29	29
Development	10	13	10	13
Operations	64	57	64	57
	103	99	103	99

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Staff costs (including directors) consist of:				
Wages & salaries	4,903	4,508	4,903	4,508
Social security costs	620	469	620	469
Pension costs	319	293	319	293
	5,842	5,270	5,842	5,270

NOTES TO THE FINANCIAL STATEMENTS

9. EMPLOYEES (CONTINUED)

NUMBER OF EMPLOYEES (FULL TIME EQUIVALENTS) WITH REMUNERATION OVER £60,000

Band	GROUP AND ASSOCIATION	
	2026 Employees	2025 Employees
£60,000 - £70,000	6	8
£70,001 - £80,000	4	2
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	3	2
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	1	1
£160,001 - £170,000	-	-
£170,001 - £180,000	-	-
£180,001 - £190,000	1	1
	<u>17</u>	<u>17</u>

10. BOARD MEMBERS AND EXECUTIVE DIRECTORS

	Basic salary £000	Benefits in kind £000	Pension contr'n's £000	2026 Total £000	2025 Total £000
Executive directors	682	5	58	745	728
Non-executive directors	53	-	-	53	53
	<u>735</u>	<u>5</u>	<u>58</u>	<u>798</u>	<u>781</u>

The terms of payment for non-executive directors are set out in their agreement for services and follow best practice in the sector.

The aggregate amount of remuneration paid to executive directors¹ per social housing unit (owned and / or managed) was £136 (2025: £133).

The remuneration of the Chief Executive, who was the highest paid director, in the year was as follows:

	Basic salary £000	Benefits in kind £000	Pension contr'n's £000	2026 Total £000	2025 Total £000
Chief Executive	188	-	15	203	198

The remuneration payable to the highest paid director¹ per social housing unit (owned and / or managed) was £37 (2025: £36).

The executive directors are members of the defined contribution Social Housing Pension Scheme. They are ordinary members of the pension scheme and no enhanced or special terms apply. Hastoe

NOTES TO THE FINANCIAL STATEMENTS

10. BOARD MEMBERS AND EXECUTIVE DIRECTORS (CONTINUED)

Housing Association Limited does not make any further contribution to an individual pension arrangement for any of the executive directors.

¹ For the purposes of this calculation "Directors" means the members of the governing body, the Chief Executive (or equivalent) and any other person who is a member of the executive management team, or its equivalent of the registered provider.

11. TAXATION

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Current Tax				
Current tax on income for the period	-	-	-	-
Adjustment in respect of previous periods	-	-	-	-
Total current tax	-	-	-	-
	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Reconciliation of tax recognised in income and expenditure				
Surplus on ordinary activities before taxation	6,959	4,581	7,700	5,181
Theoretical tax charged at 25% (2025: 25%)	1,740	1,145	1,925	1,295
Effects of				
Surplus arising in charitable entities	(1,740)	(1,145)	(1,925)	(1,295)
Deferred tax not recognised	-	-	-	-
Group relief (claimed)/surrendered	-	-	-	-
Adjustment in respect of prior periods	-	-	-	-
Total tax	-	-	-	-

Factors that may affect future tax charges

The Group has tax losses of £169,000 as at 31 March 2026 (2025: £194,000) all of which may be set against certain profits arising in future accounting periods. The resultant deferred tax asset of £54,000 as at 31 March 2026 (2025: £54,000) has not been recognised due to uncertainties as to the extent and timing of its future recovery.

NOTES TO THE FINANCIAL STATEMENTS

12. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

GROUP	Components £'000	Land and residual building £'000	Social housing properties held for letting * £'000	Social housing properties for letting under construction £'000	Shared ownership properties under construction £'000	Completed shared ownership housing properties £'000	Total £'000
Cost							
At 1 April 2025	97,306	340,917	438,223	15,308	6,779	58,430	518,740
Additions	-	-	-	6,212	2,463	-	8,675
Works to existing properties	3,033	-	3,033	-	-	-	3,033
Interest capitalised	-	-	-	134	68	-	202
Schemes completed	2,474	11,837	14,311	(14,311)	(10,329)	10,329	-
Stock corrections	-	-	-	-	1,611	(3,012)	(1,401)
Disposals	(2,564)	(786)	(3,350)	-	-	(1,220)	(4,570)
Adjustments	-	(146)	(146)	-	1	146	1
At 31 March 2026	100,249	351,822	452,071	7,343	593	64,673	524,680
Depreciation							
At 1 April 2025	43,813	32,477	76,290	-	-	-	76,290
Depreciation charged in year	3,445	2,201	5,646	-	-	-	5,646
Disposals**	(1,856)	(268)	(2,124)	-	-	-	(2,124)
Impairment***	58	473	531	-	-	-	531
At 31 March 2026	45,460	34,883	80,343	-	-	-	80,343
Net book value							
At 31 March 2026	54,789	316,939	371,728	7,343	593	64,673	444,337
At 31 March 2025	53,493	308,440	361,933	15,308	6,779	58,430	442,450

* Included within the social housing properties held for letting, 3 hostels valued at £2,043,000 (2025: 4 units at £2,043,000) and 2 rent to home buy properties valued at £217,000 (2025: 2 units at £220,000).

** The recognition of the impairment loss on a hostel unit disposed of during the year is included within disposals

*** Included within impairment is the release of an impairment previously recognised on a hostel unit intended for disposal, as shown below

NOTES TO THE FINANCIAL STATEMENTS

12. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (CONTINUED)

ASSOCIATION	Components £'000	Land and residual building £'000	Social housing properties held for letting * £'000	Social housing properties for letting under construction £'000	Shared ownership properties under construction £'000	Completed shared ownership housing properties £'000	Total £'000
Cost							
At 1 April 2025	95,838	344,822	440,660	12,370	7,882	59,603	520,515
Additions	-	-	-	7,554	3,318	-	10,872
Works to existing properties	3,033	-	3,033	-	-	-	3,033
Interest capitalised	-	-	-	134	68	-	202
Schemes completed	2,474	11,837	14,311	(14,311)	(10,329)	10,329	-
Stock corrections	-	-	-	-	1,611	(3,012)	(1,401)
Disposals	(2,564)	(786)	(3,350)	-	-	(1,220)	(4,570)
Adjustments	-	(146)	(146)	-	1	146	1
At 31 March 2026	98,781	355,727	454,508	5,747	2,551	65,846	528,652
Depreciation							
At 1 April 2025	42,608	32,476	75,084	-	-	-	75,084
Depreciation charged in year	3,328	2,201	5,529	-	-	-	5,529
Disposals**	(1,855)	(268)	(2,123)	-	-	-	(2,123)
Impairment***	58	473	531	-	-	-	531
At 31 March 2026	44,139	34,882	79,021	-	-	-	79,021
Net book value							
At 31 March 2026	54,642	320,845	375,487	5,747	2,551	65,846	449,631
At 31 March 2025	53,230	312,346	365,576	12,370	7,882	59,603	445,431

* Included within the social housing properties held for letting, 3 hostels valued at £2,043,000 (2025: 4 units at £2,043,000) and 2 rent to home buy properties valued at £217,000 (2025: 2 units at £220,000).

** The recognition of the impairment loss on a hostel unit disposed of during the year is included within disposals

*** Included within impairment is the release of an impairment previously recognised on a hostel unit intended for disposal, as shown below

NOTES TO THE FINANCIAL STATEMENTS

12. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (CONTINUED)

Completed housing properties historical cost, net of depreciation comprises:

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Freehold land and buildings	385,020	366,532	390,263	369,390
Long leasehold land and buildings	47,696	48,464	48,137	49,239
	432,716	414,996	438,400	418,629

Expenditure on works to existing properties:

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Amounts capitalised (components)	3,033	3,927	3,033	3,927
Amounts charged to income and expenditure account	6,365	8,222	6,353	8,148
	9,398	12,149	9,386	12,075

Housing properties with a net book value of £214,314,000 (2025: £214,891,000) are pledged as security for liabilities.

A number of potential indicators for impairment were assessed during the year, and impairment charges of £747,000 (2024: £518,000) were deemed necessary. £216,000 of the previous year's impairment charge was released during the year as the impairment was no longer necessary.

Social housing assistance:

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Previously recognised in the Statement of Comprehensive Income	35,051	32,900	35,051	32,900
Deferred capital grant (note 20)	129,694	129,771	129,694	129,771
	164,745	162,671	164,745	162,671

NOTES TO THE FINANCIAL STATEMENTS

13. TANGIBLE FIXED ASSETS – OTHER

GROUP	Land and building £000	Furniture and office equipment £000	Computer equipment & software £000	Motor Vehicles £000	Total £000
Cost					
At 1 April 2025	2,744	271	3,605	29	6,649
Additions during year	-	22	105	31	158
Disposals during year	-	-	(23)	-	(23)
At 31 March 2026	2,744	293	3,687	60	6,784
Depreciation					
At 1 April 2025	404	267	2,831	1	3,503
Charge for the year	28	4	239	13	284
Disposals during year	-	-	(23)	-	(23)
Impairment	203	-	-	-	203
At 31 March 2026	635	271	3,047	14	3,967
Net book value					
At 31 March 2026	2,109	22	640	46	2,817
At 31 March 2025	2,340	4	774	28	3,146

ASSOCIATION	Land and building £000	Furniture and office equipment £000	Computer equipment & software £000	Motor Vehicles £000	Total £000
Cost					
At 1 April 2025	2,744	271	3,521	29	6,565
Additions during year	-	22	105	31	158
Disposals during year	-	-	(24)	-	(24)
At 31 March 2026	2,744	293	3,602	60	6,699
Depreciation					
At 1 April 2025	404	267	2,747	1	3,419
Charge for the year	28	4	238	13	283
Disposals during year	-	-	(23)	-	(23)
Impairment	203	-	-	-	203
At 31 March 2026	635	271	2,962	14	3,882
Net book value					
At 31 March 2026	2,109	22	640	46	2,817
At 31 March 2025	2,340	4	774	28	3,146

NOTES TO THE FINANCIAL STATEMENTS

13. TANGIBLE FIXED ASSETS – OTHER (CONTINUED)

Uncertainty over future office requirements was considered to be an indicator of impairment at 31 March 2026

Office space is under-utilised following the implementation of a hybrid working policy. The property is currently being marketed for £1.9m, against the carrying value of £2.1m, and so an impairment of £0.2m is reflected within these statements.

14. TANGIBLE FIXED ASSETS – INVESTMENT PROPERTIES

GROUP & ASSOCIATION	Ground rent £000	Market rent £000	Garages £000	Total £000
At 1 April 2025	2,603	1,026	629	4,258
Gain/(loss) on revaluation	(734)	-	-	(734)
At 31 March 2026	1,869	1,026	629	3,524

The Group's market rent investment properties were subject to a desktop valuation as of 31 March 2026, by independent external valuers, Savills Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors on a Market Value – Subject to Tenancy basis.

In valuing housing properties, discounted cash flow methodology was adopted with key assumptions:

	2026	2025
Real discount rate	4.80%- 6.75%	5.00%- 6.50%
Annual inflation rate	2.0%	2.0%
Level of annual rent increase	3.0%	3.0%

The Group's ground rent investment properties were subject to a desktop valuation as of 31 March 2026, by independent external valuers, Savills Chartered Surveyors, on an indicative open market value basis. The value of the properties reduced in the year owing to investor uncertainty tied to leasehold and ground rent reform.

The Group's garage investment properties were not subject to any valuation in the year.

15. INVESTMENT IN SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS

	GROUP		ASSOCIATION	
	2026 £000	2025 £000	2026 £000	2025 £000
Investment in Hastoe Capital	-	-	50	50
Investment in Sustainable Homes	-	-	500	500
	-	-	550	550

As required by statute, the financial statements consolidate the results of Sustainable Homes Limited, Hastoe Homes Limited, Homes Limited and Hastoe Capital plc all of which were subsidiaries of the Association at the end of the year. The Association has the right to appoint members to the board of the subsidiaries and thereby exercises control over them. Hastoe Housing Association Limited is the ultimate parent undertaking.

NOTES TO THE FINANCIAL STATEMENTS

15 INVESTMENT IN SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS (CONTINUED)

Details of the subsidiaries are as follows:

Name of Company	Principal Activities	Country of Incorporation	Share Capital Held
Hastoe Homes Limited	Design and build services	England	100%
Hastoe Capital plc	Special Purpose Vehicle for bond issue	England	100%
Sustainable Homes Limited	Build and sell homes	England	100%

16. STOCK

	GROUP		ASSOCIATION	
	2026 £000	2025 £000	2026 £000	2025 £000
Completed - open market sale properties	-	-	-	-
Completed - shared ownership properties	640	856	640	856
Under construction - shared ownership properties	437	1,590	437	1,590
	1,077	2,446	1,077	2,446
Capitalised interest included in the above	27	61	27	61

17. DEBTORS

	GROUP		ASSOCIATION	
	2026 £000	2025 £000	2026 £000	2025 £000
Due within one year				
Rental and service charge arrears	1,481	1,544	1,481	1,544
Provision for doubtful debts	(739)	(761)	(739)	(761)
	742	783	742	783
Other debtors	459	415	411	339
Amounts owed by subsidiary undertakings	-	-	1,131	1,906
Prepayments and accrued income	1,368	1,461	1,162	1,352
Amount due from leaseholders and freeholders	1,089	1,164	1,089	1,164
	3,658	3,823	4,535	5,544

NOTES TO THE FINANCIAL STATEMENTS

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Loans and borrowings (note 22)	5,038	5,020	5,037	5,020
Accruals and deferred income	4,560	3,640	3,656	2,547
Sinking funds	4,917	4,382	4,917	4,382
Deferred capital grant (note 20)	2,674	2,082	2,674	2,082
Rent & service charges received in advance	1,171	1,097	1,171	1,097
Trade creditors	542	330	269	271
Other creditors	370	258	371	258
Amounts due to subsidiary undertakings	-	-	1,165	231
Recycled capital grant fund (note 21)	1	6	1	6
Grants received in advance	41	41	41	41
	19,314	16,856	19,302	15,935

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Loans and borrowings (note 22)	230,177	233,743	230,177	233,743
Deferred capital grant (note 20)	127,020	127,689	127,020	127,689
Recycled capital grant fund (note 21)	597	204	597	204
	357,794	361,636	357,794	361,636

NOTES TO THE FINANCIAL STATEMENTS

20. DEFERRED CAPITAL GRANT

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
As at 1 April	129,771	128,258	129,771	128,258
Grants received during the year	1,617	3,362	1,617	3,362
Grant recycled during the year	457	(150)	457	(150)
Grant repaid in the year	-	-	-	-
Grants amortised during the year	(2,263)	(1,733)	(2,263)	(1,733)
Grant amortisation released from disposal	112	34	112	34
At 31 March	129,694	129,771	129,694	129,771
Amounts to be released within one year	2,674	2,082	2,674	2,082
Amounts to be released in more than one year	127,020	127,689	127,020	127,689
At 31 March	129,694	129,771	129,694	129,771

The total amount of grant received prior to amortisation as at 31 March 2026 was £164,745,000 (2025: £162,671,000).

NOTES TO THE FINANCIAL STATEMENTS

21. RECYCLED CAPITAL GRANT FUND

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
As at 1 April	210	111	210	111
Grants recycled	458	150	458	150
Recycling of grant – new build	(75)	(54)	(75)	(54)
Repayment of grant to Homes England/GLA	(6)	-	(6)	-
Interest accrued	11	3	11	3
At 31 March	598	210	598	210
Closing balance consists of:				
Homes England Fund	590	205	590	205
Greater London Authority Fund	8	5	8	5
	598	210	598	210
Amount due for repayment to Homes England/ Greater London Authority				
Within one year	1	6	1	6
Within 2 to 3 years	597	204	597	204
	598	210	598	210

NOTES TO THE FINANCIAL STATEMENTS

22. DEBT AND RELATED AMOUNTS

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Debt:				
Outstanding principal amount	226,350	229,550	226,350	229,550
Cumulative movement in amortised cost	507	535	507	535
Amortised cost	226,857	230,085	226,857	230,085
Related amounts:				
Premium on bond issues	9,605	10,035	9,605	10,035
Loan arrangement fees	(1,248)	(1,357)	(1,248)	(1,357)
Net housing loans due within one year and after more than one year	235,214	238,763	235,214	238,763
Housing loans repayable:				
Within one year	5,037	5,020	5,037	5,020
One to two years	5,054	5,038	5,054	5,038
Two to five years	20,287	18,705	20,287	18,705
More than five years	204,836	210,000	204,836	210,000
	230,177	233,743	230,177	233,743
	235,214	238,763	235,214	238,763

Bank loans and bonds are secured by fixed charges on properties. The bond has a gross redemption value of £150 million and is repayable via Hastoe Capital plc, a wholly owned subsidiary of Hastoe Housing Association Limited, in March 2042.

The Group's loans along with key terms are summarised in the table below:

	Santander	AHGS	Barclays	HBOS	Bond
Value (£'000)	4,950	15,000	27,000	29,400	150,000
Interest Rate	6.4%	4.8%	2.6% - 6.2%	4.2% - 5.6%	5.60%
	Variable	Fixed	Fixed & Variable	Fixed	Fixed
Maturity	October 2028	November 2033	April 2037	June 2037	March 2042
Repayment Profile (£'000)					
Within 1 year	-	-	2,250	2,450	-
1-2 Years	-	-	2,250	2,450	-
2- 5 Years	4,950	-	6,750	7,350	-
After 5 years	-	15,000	15,750	17,150	150,000

At 31 March 2026, the Group had undrawn committed loan facilities of £33 million (2025: £34 million) and cash holdings of £5 million (2025: £4 million).

NOTES TO THE FINANCIAL STATEMENTS

22. DEBT AND RELATED AMOUNTS (CONTINUED)

The bank loans are repaid in quarterly and half-yearly instalments at rates of interest ranging from 2.6% to 6.4%. The proportion of drawn debt on fixed and floating rates is as follows:

	GROUP		ASSOCIATION	
	2026	2025	2026	2025
	£000	£000	£000	£000
Fixed rate	218,407	221,088	218,407	221,088
Floating rate	8,450	8,997	8,450	8,997
	<u>226,857</u>	<u>230,085</u>	<u>226,857</u>	<u>230,085</u>

Financial risk management

Risk management objectives and policies

The Hastoe Housing Association Limited Group Board govern the treasury activities of all the Group's legal entities. The Association's treasury function is responsible for the management of funds and control of associated risks. The treasury function does not operate as a profit centre.

Counterparty risk

It is recognised that movements in interest rates and inflation can put financial institutions under increased stress due to a prolonged period of loan defaults. The failure of a Group treasury counterparty is deemed a low risk, and the treasury function will continue to ensure that cash balances held are spread over a number of counterparties.

Interest rate risk

Hastoe Capital plc borrows funds on a fixed rate basis from the capital markets and then on-lends these funds to Hastoe Housing Association Limited on a similar fixed rate basis and as such there is no interest rate risk to the Group in relation to the bond.

Credit risk

The main risk facing the Group is that it will be unable to make its interest or principal payments when they fall due. This risk is through funding being arranged under a secured loan agreement, which is backed by housing assets of Hastoe Housing Association Limited.

Hastoe Housing Association Limited benefits from 'A3' credit rating from Moody's Investor Services.

23. NON-EQUITY SHARE CAPITAL

	ASSOCIATION	
	2026	2025
	£	£
At 1 April	8	8
Issued in year	2	-
Cancelled in year	(3)	-
At 31 March	<u>7</u>	<u>8</u>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL COMMITMENTS

Capital expenditure commitments were as follows:

	GROUP		ASSOCIATION	
	2026 £000	2025 £000	2026 £000	2025 £000
Capital expenditure contracted for but not provided for in the financial statement	15,901	11,647	15,901	11,647
Capital expenditure which has been authorised by the Board but not yet contracted for	28,501	28,908	28,501	28,908

The above commitments will be funded by cash holdings and borrowings of £25.1 million, property sales of £3.6 million and social housing grant of £15.6 million.

Operating leases

Non-cancellable operating lease rentals are payable as follows:

	GROUP		ASSOCIATION	
	2026 £000	2025 £000	2026 £000	2025 £000
Within one year	3	7	3	7
One to five years	3	7	3	7
	6	14	6	14

Operating leases relate to office equipment rental.

25. CONTINGENT LIABILITIES

Pension

The Group was notified in 2021 by the Trustee of the Pension Scheme (see note 29) that it had performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes.

The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, with the Court's determination expected no earlier than autumn 2026. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis.

Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply, and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

The Group and Association had no other material contingent liabilities at 31 March 2026 (2025: nil).

NOTES TO THE FINANCIAL STATEMENTS

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

GROUP	2026 £000	2025 £000
Increase/(decrease) in cash	5,939	(9,239)
Cash outflow from decrease in debt and lease finance	7,701	4,746
Decrease/(increase) in net debt from cash flows	13,640	(4,493)
Movement in amortised cost of financial instruments	28	69
Amortisation of premium on bond issue	430	414
Amortisation of issue costs	(109)	(156)
	349	327
Total changes in net debt for the year	13,989	(4,166)
Net debt at 1 April	(211,785)	(207,573)
Net debt at 31 March	(197,796)	(211,739)

27. ANALYSIS OF NET DEBT

GROUP	1 April 2025 £000	Cashflow £000	Non-cash movement £000	31 March 2026 £000
Cash and cash equivalent	4,078	1,939	-	6,017
Short term investments	-	4,000		4,000
Loans	(215,862)	7,701	349	(207,812)
Change in net debt	(211,784)	13,640	349	(197,795)

28. RELATED PARTIES

The following table summarises the companies in the Group and their legal status:

Company	Legal Status
Hastoe Housing Association Limited	Registered Social Housing Provider
Hastoe Capital plc	Unlisted Public Limited Company
Hastoe Homes Limited	Company Limited by Shares
Sustainable Homes Limited	Company Limited by Shares

All subsidiaries are wholly owned by the parent company, Hastoe Housing Association Limited.

Hastoe Housing Association Limited is registered with and regulated by the Regulator of Social Housing. The activities of Hastoe Homes Limited, Sustainable Homes Limited and Hastoe Capital plc are not regulated. Charges for development services made by Hastoe Homes Limited are subject to 14 day payment terms with a commercial mark-up applied to the charges. Interest charges made by Hastoe Capital plc match its funding costs.

NOTES TO THE FINANCIAL STATEMENTS

28. RELATED PARTIES (CONTINUED)

At 31 March 2026 Hastoe Housing Association Limited owed Hastoe Homes Limited £989,000 (2025: £55,000) relating to design and build services. Hastoe Homes Limited owed £nil (2025: £190,000) related to working capital. During the year Hastoe Homes made charges of £4,942,000 to Hastoe Housing Association Limited (2025: £6,765,000). Hastoe Housing Association Limited made charges of £1,036,000 to Hastoe Homes Limited (2025: £980,000).

Hastoe Housing Association Limited has loaned £1,129,000 to Sustainable Homes Limited (2025: £1,715,000). Interest on the loan is charged at the Bank of England Base Rate plus 3.25% and has a maturity date of October 2027. During the year Hastoe Housing Association Limited made charges of £24,000 to Sustainable Homes Limited (2025: £9,000).

At 31 March 2026, Hastoe Housing Association Limited owed £159,604,000 to Hastoe Capital plc (2025: £160,035,000) relating to the on lending of a fixed rate bond repayable in full in March 2042, as well as £38,000 relating to unpaid share capital. During the year Hastoe Capital plc charged £7,970,000 for interest on loans (2025: £7,986,000).

Hastoe Housing Association Limited is the corporate trustee of Gaymer Memorial Cottages, a registered charity that owns four homes which are managed by Hastoe Housing Association Limited. At 31 March 2026, Gaymer Memorial Cottages owed Hastoe Housing Association Limited £10,000 (2025: nil) relating to working capital balances repayable on demand. Hastoe Housing Association Limited charged £5,000 for services provided to Gaymer Memorial Cottages (2025: £4,000).

Hastoe Housing Association Limited is the corporate trustee of the Bernard Herridge Charity, a registered charity that owns six homes which are managed by Hastoe Housing Association Limited. At 31 March 2026, Bernard Herridge Charity owed Hastoe Housing Association Limited £73,000 (2025: Hastoe Housing Association owed the Bernard Herridge Charity £5,000) relating to working capital balances repayable on demand. During the year, Hastoe Housing Association Limited charged £48,000 (2025: £26,000) for services provided to the Bernard Herridge Charity.

Hastoe Housing Association received gift aid payments from Hastoe Homes Limited of £189,000 (2025: £132,000) and from Hastoe Capital plc of £nil (2025: £1,000) during the year.

The aggregate amount of emoluments paid to key management personnel during the year was £798,000 (2025: £781,000).

Julie Pearce-Martin is a board member and a tenant. Her tenancy is on normal commercial terms and she is not able to use her position to her advantage. The rent charged in the year was £10,875 and there was no amount owed at the year end.

29. PENSION LIABILITY

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive.

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

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET (LIABILITY)

	2026 £000	2025 £000
Fair value of plan assets	11,067	10,496
Present value of defined benefit obligation	12,314	12,298
Deficit in plan	(1,247)	(1,802)
Defined benefit liability to be recognised	(1,247)	(1,802)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Defined benefit obligation at start of period	12,298	13,144
Expenses	18	14
Interest expense	691	630
Actuarial (gains)/losses due to scheme experience	(87)	396
Actuarial losses due to changes in demographic assumptions	127	-
Actuarial gain due to changes in financial assumptions	(95)	(1,343)
Benefits paid and expenses	(638)	(543)
Defined benefit obligation at end of period	12,314	12,298

NOTES TO THE FINANCIAL STATEMENTS

29. PENSION LIABILITY (CONTINUED)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Fair value of plan assets at start of period	10,496	10,788
Interest income	604	529
Experience on plan assets (excluding amounts in interest income) – gain/(loss)	16	(877)
Employer contributions	589	599
Benefits paid and expenses	(638)	(543)
Fair value of plan assets at end of period	11,067	10,496

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Expenses	18	14
Net interest expense	87	101
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	105	115

	Year ended 31 March 2026 £000	Year ended 31 March 2025 £000
Experience on plan assets (excluding amounts included in net interest cost) – loss	16	(877)
Experience gains and losses arising on the plan liabilities – gain/(loss)	87	(396)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - loss	(127)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	94	1,343
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)	70	70
Total amount recognised in Other Comprehensive Income – gain/(loss)	70	70

NOTES TO THE FINANCIAL STATEMENTS

29. PENSION LIABILITY (CONTINUED)

ASSETS

	2026 £000	2025 £000
Global Equity	1,226	1,176
Liquid Alternatives	1,971	1,946
Insurance-Linked Securities	16	32
Property	540	526
Infrastructure	-	2
Private Equity	24	9
Real Assets	1,042	1,257
Private Credit	1,336	1,285
Credit	441	401
Investment Grade Credit	651	323
Cash	2	142
Long Lease Property	-	3
Secured Income	336	175
Liability Driven Investment	3,374	3,179
Currency Hedging	-	17
Net Current Assets	108	23
Total assets	11,067	10,496

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS

	2026 % per annum	2025 % per annum
Discount Rate	6.02%	5.77%
Inflation (RPI)	3.33%	3.11%
Inflation (CPI)	3.02%	2.78%
Salary Growth	4.02%	3.78%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

NOTES TO THE FINANCIAL STATEMENTS

29. PENSION LIABILITY (CONTINUED)

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2023	20.9
Female retiring in 2023	23.2
Male retiring in 2043	22.2
Female retiring in 2043	24.6

30. Events after the end of the reporting period

There are no material events after the end of the reporting period to report.